

Roman Empire 511

Chapter 511: An Unfair Fight

Undoubtedly, the conditions offered by Ambassador Kompten were not something the Mexican Republican government could accept. Of the three choices, they dared not choose any.

If they could compromise on the issue of imperial rule, why would President Juárez have led a rebellion in the first place? After all, when Maximilian I took the throne, he pardoned political prisoners and even offered Juárez a high position.

Accepting the restoration of Maximilian I now would be a complete negation of the past ten years of revolution. This uprising would not be seen as a fight against imperialism and feudalism, but rather as a mere political power struggle.

As for paying reparations, that's out of the question. If they had that kind of money, the Republicans would have long since used force to eliminate domestic opposition, avoiding the need for compromise altogether.

Going to war with the Austrians is also something the Republican government cannot afford. After clashing with the French, President Juárez has a clear understanding of the military power of the great powers.

In normal circumstances, it was often ten thousand French soldiers chasing down hundreds of thousands of rebels—a sight too embarrassing to witness. Except in special circumstances, the rebel forces almost never secured any significant victories.

The data speaks for itself: from the start of the French invasion in 1861 until their withdrawal in 1871, there were hundreds of battles, but the number of French casualties was under ten thousand.

The idea that the uprising severely weakened France and forced them into retreat was purely political propaganda. In reality, the French consistently had the upper hand.

But Napoleon III eventually lost patience, recognizing that Maximilian I was hopeless and that the investment wasn't worth the return, leading to his decision to cut his losses.

If the Mexican Republican government were truly as strong as they claimed, they would have defaulted on their debts long ago. If they could defeat the French, why would they fear a debt collection through force?

Russia is a prime example. After the Russian government declared a debt default, European countries responded with protests and economic sanctions, but did anyone suggest collecting the debt by force?

It's not that the creditors were merciful. It's that the cost of attacking the Russian Empire would have been many times greater than the debt itself.

Everyone tacitly agreed to negotiate, employing tactics like extending payment deadlines, offering compensation in goods, or reducing interest on the debt—all handled with great flexibility.

In a world where weak nations have no diplomacy, lacking strength means your words carry no weight. Now, the Mexican government is forced to accept Austria's political extortion. Even though they know Kompten's demands are excessive, they still have to sit down and negotiate.

Aim high, settle for less.

President Juárez was fully aware that after ousting Maximilian I, the Austrian government would inevitably be hostile toward Mexico. For a long time to come, relations between the two countries will not normalize.

What they didn't expect was that the Austrians would stoop to such tactics. Franz's careful image management deceived many which was why suddenly dropping their standards caught Juárez off guard.

If those victims had known earlier that they had become Austrian citizens, the subsequent tragedies would never have occurred. As long as they had declared their status as foreign citizens, the Republican Army would have treated them with great care.

British citizens, French citizens... all can testify to this. The Mexican Republican government's military has always understood the rules and treated international friends with respect.

President Juárez anxiously asked, "How are the talks going? Are they willing to..."

There's still a way out of this predicament: if those "Austrian citizens" could be persuaded to change their stance, or perhaps to drop the matter entirely, then Austria's reason for extortion would no longer exist.

The Republicans have plenty of experience with this kind of situation—convincing people is their specialty. Patriotism is a strong banner to rally under, urging them to consider the bigger picture.

The idea was to confuse them first, then compensate them for their losses. The Republican government was feeling generous this time, offering several times the usual amount.

Whatever the case, the money spent on buying these people off is far less than the cost of giving in to Austrian extortion.

The middle-aged man lowered his head and replied, "The situation isn't looking good. Most people are hesitating, they're worried..."

Before he could finish, President Juárez waved his hand and said, "Alright, I understand. You're exhausted because of another sleepless night. Go get some rest."

If the two countries were equally matched in strength, this situation might be an opportunity to gain some leverage. Unfortunately, the power gap between Mexico and Austria is too vast.

If not everyone can be convinced to change their stance, it's as good as a wasted effort. The fact that the great powers are even willing to discuss things is already something. Trying to play tricks on them will only result in them speaking with bayonets instead.

President Juárez hadn't expected this little trick to succeed in the first place. No matter how persuasive the arguments, the seeds of hatred were already sown during the purge.

Patriotism? These people love the Mexican Empire, not the Mexican Republic. As supporters of Maximilian I, their real desire is the restoration of the Emperor.

Now that Austria has intervened, they're thrilled—there's no way they would speak up for the Republican government.

Moreover, they're Austrian citizens now. If they suddenly changed their stance, wouldn't that be treason? The usual methods of persuasion hit a dead end here.

But making the attempt was still better than doing nothing. If these people accept compensation, it strengthens the Republican government's bargaining position at the negotiating table.

President Juárez no longer cared about personal honor and disgrace. From the moment he resolved to overthrow Maximilian I, he had prepared himself for the worst.

This time, the Austrians deliberately targeted and directly hit the Republican government's weak spot. They cannot accept the restoration of Maximilian I. No matter how things turn out, they are bound to face criticism.

The average person might not understand the political disaster of having a puppet emperor, only thinking that Juárez was willing to sell out national interests for his own power.

The constitutionalists have already started spreading this idea, even though they themselves are quite opposed to Maximilian I. But it doesn't matter—after the restoration, the Emperor can always be made to abdicate, and someone else can take his place.

In any case, Mexico cannot be without an Emperor. Otherwise, how would these nobles safeguard their interests?

President Juárez doesn't need to think too hard to know that soon this viewpoint will become mainstream, and his political opponents won't miss the chance to kick him while he's down.

There's only one way to turn the situation around: the Republicans must win the power struggle and take control of the narrative, giving President Juárez a chance to clear his name.

Politics is cruel like that, and Juárez's misfortune lies in the fact that his enemies are simply too powerful—it's far from a fair fight.

Now, he isn't just facing Maximilian I but the House of Habsburg behind him. Maximilian's failures in Mexico were so disastrous that Franz had to step in to clean up the mess.

To salvage the family's reputation, they now need an even worse "Mexican government" to contrast with Maximilian. That way, they can shift the blame, saying, "It's the Mexican people who are at fault, not the Emperor from the Habsburgs."

Maximilian himself has no personal shortcomings. This is the only positive thing that can be said about him. So, the one chosen to be contrasted with him, President Juárez, is destined to be labeled as a "notorious, power-hungry troublemaker who brought chaos to Mexico."

If Juárez were 20 or 30 years younger, he might still have a chance to lead Mexico through internal reforms, build a moderately strong nation, and wash away this stain.

But his health is failing. Once President Juárez is gone, and the Republicans lose their strong leadership, internal conflicts in Mexico will explode.

When that civil war erupts, it will be the perfect time to whitewash Maximilian I's image. Of course, Franz still has his pride and won't blatantly lie to paint Maximilian in a better light.

Terms like "wise and decisive," "brilliant strategist," "majestic and dignified," "open to counsel," "stabilized the country," "dedicated to governance," "appointed the capable and reformed the system"—none of these can be applied to Maximilian, though they might fit Franz himself.

When the time comes, a wealth of evidence will be presented to show that Maximilian was a compassionate emperor and that the real reason for the government's collapse was that "the Mexican people were corrupt, and there were too many traitors."

This wasn't a useless effort as it had profound political significance. If Maximilian I wasn't competent, it meant that the Habsburg family's education had failed.

This would make people wonder, what if such a self-destructive emperor appeared in Austria in the future? Some might begin to prepare for that eventuality, giving rise to the spread of all sorts of disruptive ideas.

If such ideas were to be exploited by ambitious individuals, they might start advocating for the British-style constitutional monarchy, or worse, they might manipulate public opinion and force the monarch to relinquish power.

In the original timeline, the British constitutional monarchy was ruined this way. Initially, it was meant to limit the monarch's power and prevent the King from acting recklessly, but it eventually turned the King into nothing more than a figurehead.

Don't be fooled by the superficial appearance of the monarch having the upper hand in the game between sovereigns and ministers. Ministers were constantly being replaced, generation after generation, while the monarch only needed one incompetent ruler to lose all advantages.

To prevent this scenario, Franz has been laying the groundwork. Until the system is fully established, any potential threats to royal authority must be quashed before they can grow.

In this broader context, the only way for Mexico to rise is to keep Maximilian I as a figurehead Emperor, even if just as a rubber stamp.

Otherwise, the better they do, the worse their fate will be. The moment they show signs of progress, they'll face overwhelming retaliation.

Franz's true intentions remain hidden, so no one is aware of them.

From the outside perspective, it was nothing more than Maximilian I being ousted, causing the Habsburg family to lose face, and Franz, as the head of the family, venting his anger on the Mexican Republican government.

Chapter 512: Unexpected Incident

After ensuring Maximilian's safety, Franz immediately ordered that he be placed under house arrest to prevent any complications.

There was no other choice—Franz simply didn't trust his unreliable brother. As the saying goes, "If you don't court death, you won't die."

Don't think that things are truly safe now. There are plenty of people who want Maximilian I dead—enough to encircle Mexico City several times over.

As long as he stays within the Austrian camp, he's relatively safe. It's all their own people, and no one there wants him dead. But if he were to wander outside, there would undoubtedly be plenty of people ready to shoot him or throw bombs.

Of course, keeping him from interfering with the negotiations was another important reason for the house arrest. Maximilian I's status is a valuable bargaining chip in negotiations with the Republican government, something they can leverage to their advantage.

As long as Maximilian I hasn't officially abdicated, he remains the legitimate Emperor of Mexico, and any treaty signed with him still holds legal validity.

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Inside the Austrian Embassy, Mexico City.

Ambassador Kompten threatened, "Mr. President, this is our final offer. For every day of delay, your country will need to pay an additional 100,000 guilders in military expenses. Prolonging this will do you no good."

President Juárez felt deeply anxious, but he kept a calm exterior, forcing himself to maintain composure.

"Ambassador, your country's demands are excessive. We've already compensated the victims. At most, we can offer an additional 1 million guilders for military expenses. That's our absolute limit."

Ceding territory to cover the indemnity was the last resort. After losing several northern states to the United States, Mexico had grown much more protective of its remaining land.

Juárez knew full well that the Austrians were extorting them. The more aggressive their threats, the more it indicated that Austria hadn't prepared to completely destroy Mexico.

Strategically, Mexico was an important counterbalance to the United States, even if it had been split into two countries. A stable Mexico was essential for stopping American expansion, which aligned with Austria's interests.

However, President Juárez overestimated Mexico's importance. Franz never believed that Mexico could effectively counterbalance the United States. The current stability in North America was more a result of the mutual restraint between the United States and the Confederacy, as well as the suppression by the great powers.

History has proven that those who tried to use Mexico to counterbalance the United States ended up being bitterly disappointed.

The difference between the two was a matter of quality. Compared to the fertile lands of the United States and the Confederacy, Mexico's land was comparatively poor.

Of course, that's not the worst of it. The United States was blessed with natural advantages. Compared to their fertile lands, resources, and climate, over 80% of the world's land could be considered poor.

Mexico, despite being mountainous, still had rich mineral resources and decent agricultural potential. With proper development, it could have become a strong middle-tier nation.

Unfortunately, it had the misfortune of being next to the United States. Not only was there a significant difference in population size but also in the quality of the population. Even though both

the Union and Confederacy had a majority of semi-literate people during this period, they were still far more advanced than Mexico's tribal societies.

This isn't an exaggeration— a significant portion of Mexico's population still lived in tribal communities, much like those in the Austrian colonies in Central America.

However, Mexico was in a worse situation. The Austrian colonies in Central America had the backing of Austria, and just by selling agricultural products and industrial raw materials, their local economy was developing quite well.

Who would support Mexico now? It's safe to say that as soon as President Juárez is out of the picture, a civil war in Mexico will break out.

This conflict would be even more severe than in the original timeline. The United States and the Confederate States were bitter enemies, each supporting different political factions in Mexico, with neither side's financial backers behind the scenes willing to compromise.

This doesn't even take into account the roles that Britain, France, and Austria might play. Achieving a stable Mexico was challenging because none of the political factions within the country were strong enough to lead effectively.

Including Juárez, none were qualified leaders. His prestige was based solely on his stance against imperialism and the establishment of a republican government, but his actual contributions to the country were minimal.

Although he implemented social reforms, these reforms ended in failure. Compared to Maximilian I, the only difference was that Juárez's reforms were somewhat more moderate, as he knew how to compromise with interest groups.

The lack of convincing achievements was the root cause of Mexico's unstable political situation. Many opposed the republican government not out of ambition or self-interest but simply because they believed it was incapable of governing.

This judgment wasn't wrong. If they had been capable, Mexico wouldn't have plunged into civil war in the original timeline.

It's worth noting that after the fall of Maximilian I, Mexico didn't immediately descend into full-blown civil war. The republican government under Juárez managed to hold on for a while.

If there had been a competent governing team, they might have been able to navigate through the crisis instead of plunging the country into a century of chaos.

Kompten smiled slightly and said, "It doesn't matter. I believe in your country's capacity to endure. Even if you refuse, it's of no concern to us—we can just take matters into our own hands.

But if it comes to that, everyone will lose face, and the price your country will pay will be much higher."

This wasn't a threat. It was already in motion. The driving force behind this wasn't the Mexican government but the rising class of plantation owners and ambitious young men who aspired to become plantation owners.

The Austrian colonies in Central America were different from the United States. Fertile land was limited, and the number of plantations that could be established was no longer enough to satisfy demand.

Expansion had become the only option, and there were only two neighbors: Colombia and Mexico. In this two-choice scenario, Mexico unfortunately became the target.

If you flip through the history books, you'll find that Mexico was once quite prosperous. Right after gaining independence from Spain, it was one of the largest countries in the world.

But their good fortune ended there. First, Central America broke away, and then the United States bit off 2.3 million square kilometers of territory, ending Mexico's imperial dreams.

Everyone knows that gaining land at the negotiating table is nearly impossible. Almost all expansions are achieved through military force, creating facts on the ground before they are finalized.

This time was no different. While Ambassador Kompten was negotiating, Governor Hümmel wasn't idle. Only one division was stationed outside Mexico City, while the rest of the troops, apart from those securing logistics, were engaged in a war of expansion.

The fighting had just begun, and with Mexico's poor communication infrastructure and the lack of a widespread telegraph system, President Juárez had no way of receiving the news in advance.

In a fit of rage, President Juárez slammed the table, stood up, and shouted angrily, "This is an invasion, a shameless act of..."

Before he could finish his sentence, he suddenly collapsed. Ambassador Kompten's face instantly darkened, and the expressions of those present varied from tense to delighted to gloating.

Kompten didn't care about President Juárez's life or death, but the problem was that he couldn't allow Juárez to die in the Austrian embassy. Otherwise, it would severely undermine the ongoing negotiations.

"Guards, get Dr. Rehl here, quickly!"

Without any hesitation, Ambassador Kompten immediately ordered to save him. The Austrian government had a reputation to uphold, and if Juárez died here, who knows what stories might circulate outside.

The people present probably wouldn't refrain from embellishing the story. Kompten certainly didn't expect them to say anything fair.

One of them might even write in their memoirs that President Juárez was killed while valiantly standing his ground in negotiations with Austria.

Soon, a middle-aged man in a white coat entered the conference room and immediately began resuscitating President Juárez.

Suppressing his emotions, Ambassador Kompten said, "Mr. Kurd, President Juárez's life is in danger, and the embassy's medical staff is insufficient. You should send someone over."

Juárez was the leader of the Republican faction, and if he died at this moment, the Republicans would be left leaderless. Kurd was just as anxious as Kompten.

“No problem, I’ll arrange it right away.”

As soon as Kurd finished speaking, someone from the Mexican delegation jumped up and accused them, “You poisoned President Juárez and now you want to shirk responsibility!”

Both Kompten and Kurd shot murderous glares at the man. Juárez wasn’t even dead yet, and this guy was already making such accusations.

While it might benefit Mexico in the negotiations if President Juárez died now and they could blame the Austrians, Kurd couldn’t accept this outcome.

Ignoring the ranting of the middle-aged man, Kurd continued to go out to find help. Given the gravity of the situation, Kurd couldn’t trust anyone else to handle it, especially since there were undoubtedly several people within the Mexican government who wanted Juárez dead.

Ambassador Kompten mockingly ordered, “Guards, take this lunatic away. If anything happens to President Juárez, he’ll be the prime suspect.”

Attempting to accuse Austria of poisoning a negotiator was a serious charge, and in Kompten’s mind, this foolish man had already signed his own death warrant.

Even if someone wanted to spread rumors, they should at least wait until they were outside and do it secretly. Shouting accusations so openly was like asking for a swift death.

The great powers of this era were not to be trifled with. If the situation had been different, and it had happened in another place, killing a person or two would have been a trivial matter.

Soon, the bad news arrived. President Juárez, who was already at the last of his strength, had reached the end of his life.

On January 21, 1872, President Juárez, after suffering severe stress, died in the Austrian embassy despite attempts to save him. His death occurred six months earlier than it had in the original timeline.

This is understandable, considering that the situation he faced was much worse than in the original timeline. Not only had he endured several more years of civil war, but Austria had also come knocking on his door.

After going through so much, his body simply couldn’t take it anymore, and once he collapsed, he couldn’t get back up.

Even more tragically, due to his physical condition, President Juárez had been relying on drugs to forcibly support himself to have the energy to handle state affairs.

This autopsy result left Ambassador Kompten in a difficult position. The Mexican doctors insisted that Juárez had died from poisoning.

Doctors sent by the British and French also reached the same conclusion, though they remained impartial in their assessment by noting that the death was caused by long-term drug use.

With such a major incident, Ambassador Kompten couldn’t handle it on his own. He immediately sent someone to inform the Austrian government.

There was no other choice. Since Mexico didn’t have a direct telegraph connection to Austria, the message had to be sent via Austrian Central America. To be precise, it was more of a relay.

Transmitting a message from the Americas to Vienna required several relay steps. That's just how cumbersome wired telegraphs were.

Chapter 513: Different Paths, Same Destination

In the Vienna Palace, Franz looked at the telegram in his hand and didn't know what to say. Describing the situation as "out of the blue, trouble finds you" might seem a bit off.

This time, Austria had caused the situation themselves. If the negotiations hadn't taken place in the Austrian embassy, it wouldn't have mattered how President Juárez died as it wouldn't have been Austria's problem.

Blaming Ambassador Kompten? That wouldn't be right either. He had been doing his job diligently. Holding the negotiations at the Austrian embassy was meant to give Austria an advantage and secure greater benefits for the country.

President Juárez's death was merely an accident. Ambassador Kompten bore no responsibility and shouldn't be held accountable.

Now, a heavy burden had suddenly fallen from the sky. No matter how it was explained, there would still be accusations. Either that Austria had poisoned President Juárez or that Maximilian I had taken revenge by having him killed.

In reality, Franz had never intended to kill President Juárez. His existence wasn't a threat to Austria. In fact, keeping him alive was more valuable than eliminating him.

As for Maximilian I, if he had been capable of assassinating President Juárez during the negotiations, he wouldn't have ended up in his current situation.

Prime Minister Felix suggested, "Your Majesty, given what has happened, we should withdraw our troops from Mexico. At this point, holding them accountable wouldn't be morally justifiable."

Franz nodded. No matter how solid the previous reasons were, now that a Mexican president had died in the Austrian embassy, that alone could serve as an explanation.

Continuing to press Mexico would ruin Austria's international reputation. This would go against the long-standing principles of the Austrian government. Even the notoriously shameless British wouldn't do something like this.

"Order Governor Hümmel to withdraw the troops. We should also evacuate the embassy and our citizens. Mexico is about to descend into chaos, and we shouldn't get involved in this mess."

The process didn't matter as much since the ultimate goal had been achieved. With Juárez's sudden death, the Republican faction would inevitably engage in fierce infighting over his successor.

Juárez had been president over a decade ago, and his term had long since ended. During the past ten years of guerrilla warfare, elections were impossible.

Since overthrowing Maximilian I, preparations for a Mexican election had been underway. Had President Juárez not died, his chances of being re-elected would have been very high.

But reality had no "what ifs." Without Juárez, there was no other political figure in Mexico who could command the same authority.

The central government's lack of authority and the brewing internal conflicts, combined with the meddling of foreign powers, make it almost inevitable that civil war will break out in Mexico.

Soon enough, one might see the American Civil War reenacted on Mexican soil. Both the Confederacy and the Union are eager to back a puppet government in Mexico to bolster their influence in North America.

The British, French, and Austrians aren't the type to sit idly by, either. The French may be pulling back strategically, but as Mexico's biggest creditor, staying low-key isn't an option.

Meanwhile, the British and Austrians are itching for action. It seems Austria, under the influence of the British, has become quite skilled at stirring up trouble during its colonial expansion.

Foreign Minister Wessenberg spoke up, "Your Majesty, withdrawing from Mexico City should suffice. We've already occupied several southern states so we can afford to hold our position for now.

The Austrian colonies in Central America have long had territorial disputes with Mexico. These issues can be settled gradually. We'll wait until Mexico forms a new government, then discuss terms."

With President Juárez's death, Austria must put on a show for the world. Pulling out of Mexico is inevitable, but how they do it will require finesse.

They can't afford to have mobilized their forces for nothing. At the very least, they need to recoup their expenses. If Austria delayed just a bit longer, waiting for Mexico's civil war to break out, they could solidify their hold on the southern territories.

As long as Mexico doesn't elect a government that Austria recognizes, they can keep those territories. It won't take long—just three to five years—and they'll be Austria's for good.

This move isn't just strategic. It's also to placate the plantation owners in Austrian Central America, who have been itching to expand.

The Austrian government needed them to maintain a certain strength to prevent the Americans from extending their reach into Central America. As long as Austria occupied the Central American region, the Panama Canal wouldn't be able to start construction.

After some thought, Franz made his decision, "We won't occupy their territory under our government's banner. Austria has never invaded Mexico.

The southern part of Mexico is simply a region where the locals refuse to accept the Mexican government's rule. If the Mexican government can't manage its own people, that's their problem, not ours."

Once he lowered his bottom line, Franz wasn't afraid to play the fool. As long as Austria didn't officially claim Mexican territory, the international community couldn't say much.

If the Mexican government is strong enough, they're welcome to send troops to reclaim these areas. But they'd better succeed on the first try. If they fail, the rebellion will only spread. Losing a few more states would just highlight their incompetence.

In three to five years, when the dust has settled, those regions can quietly be integrated into the Austrian colonies in Central America.

That's just how the game is played. When it's time to be hypocritical, so be it. As long as the real gains are in hand, the formalities don't matter.

Most of the spoils from this expansion will go to the plantation owners in Austrian Central America. But with those gains comes the responsibility—they're the ones who will have to govern these new territories.

Mexico is no easy prize. If the French couldn't swallow it whole, Franz wasn't naive enough to think Austria could either.

So, Franz decided to let the colonialists handle it. They could take as much land as their strength allowed. However far they expanded was up to them, and if they failed, they'd have to deal with the consequences themselves.

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In Mexico City, the death of President Juárez had already stirred up a storm. Under the orchestration of certain individuals, a massive crowd of protesters had surrounded the Austrian embassy, leaving no way in or out.

People tend to be more forgiving of the dead than the living. Before his death, President Juárez was widely criticized, but now that he's gone, his image has suddenly become exalted, as if he had transformed into a saint overnight.

Inside the embassy, Ambassador Kompten was growing increasingly uneasy. Outside, the protesters kept up their demonstrations around the clock, their chants so loud they shook the entire embassy district that even the embassy's guard dog was trembling.

To prevent the protesters from storming the embassy, Kompten had already called in a battalion from outside the city. They had set up a perimeter and even mounted a Gatling gun at the front gate.

This wasn't an overreaction. In just a few days, there had already been several attempts to breach the embassy, and the bodies lying outside were proof of that.

In this light, Franz's order to evacuate the embassy seemed wise. Otherwise, it would have been difficult to ensure the safety of the embassy staff.

As Kompten pondered the situation, a young officer approached him with a telegram, whispering, "Sir, this is the latest order from the Austrian government."

Snatching the telegram, Kompten noticed it was dated five days earlier. He didn't dwell on the delay. Instead, he focused on the message instructing them to evacuate Mexico. For a moment, he was at a loss for words.

The order to evacuate the embassy clearly signaled a complete withdrawal from Mexico. After years of painstaking effort to establish the embassy district, the thought of abandoning it left Kompten with mixed emotions.

After a brief pause, Ambassador Kompten sternly ordered, "Notify the Mexican government that we are evacuating. They have three hours to disperse the crowd, or they will bear the consequences."

With the decision to leave, there was no need for restraint. The great powers had never lacked strong-arm tactics, and if the Mexican government continued to act recklessly, a bloodbath in Mexico City before their departure wasn't out of the question.

Not annexing Mexico didn't mean Austria feared its strength. The main issue was that defeating the government forces was easy, but ruling Mexico was a different story.

Mexico's territory had shrunk considerably, but it still covered nearly two million square kilometers, much of it mountainous. Clearing such a vast area would require at least hundreds of thousands of troops.

The cost had long exceeded the benefits. The French abandoned Mexico because they realized this and were unwilling to continue sinking resources into that black hole.

But now, things were different. Since Austria was pulling out anyway, even if things got ugly, Ambassador Kompten felt no pressure.

He knew exactly where the protesting crowds outside had come from. The Mexican government didn't dare confront Austria directly, so they pushed the people to the front, hiding in the background to watch the spectacle.

Kompten hadn't acted yet, not because he was afraid, but because it wasn't necessary. On the surface, it looked like this was causing trouble for Austria, but in reality, the biggest problem would eventually fall back on the Mexican government.

If they had any experience in governance, the Mexican government would never have done this. Public opinion is a double-edged sword. Once Austria withdrew, that overwhelming public sentiment would become the blade to cut down the republican government.

The truth was, from the moment the autopsy report on President Juárez was released, Austria's political extortion attempt was doomed to fail.

The Mexican government had been wasting its time from start to finish. Even without the protesting crowds, the Austrian government would have abandoned Mexico anyway.

Upon receiving news of Austria's withdrawal, the Mexican government, for once, acted with surprising efficiency. All the major factions within the government agreed on one thing—getting rid of this plague as quickly as possible.

But then the backlash hit. Violent clashes erupted between the protesters and the police sent to disperse them. Even the organizers couldn't control the highly agitated crowds.

The three-hour deadline passed quickly, and chaos reigned outside the embassy district. Watching the Mexican government suppress its own people, Kompten could only sneer.

Even though they were leaving, packing up wasn't something that could be done in just a few hours, so he had time to enjoy the show. As for any trouble, Kompten wasn't worried at all. The Mexican government was more concerned that they might refuse to leave.

Anyone daring to obstruct the Austrians from leaving would become the Mexican government's greatest enemy. The inexperienced Mexican government didn't realize that Austria's withdrawal was only the beginning of their troubles.

While the withdrawal was underway, military operations were intensifying elsewhere. The frustrated colonists wouldn't miss this rare opportunity for expansion.

Chapter 514: Trouble-stirring John Bull

With the withdrawal of the troops, the situation in Mexico was temporarily put to rest. As for the occupied southern territories, that would be a matter for future negotiations.

Colonial settlers of this era were not easily dealt with. Once they took something, they wouldn't give it up. Even if the Austrian government ordered them to relinquish the land, they might not comply. Given the current strength of the Mexican government forces, it wasn't certain they could defeat these plantation owners.

This had already been proven during the American Civil War—when fighting for themselves, plantation owners always seemed to muster extraordinary resolve.

Regardless of what Maximilian I might have had in mind, Franz immediately ordered him to be “escorted” back to Vienna. The term “escorted” alone suggests that the process wasn't exactly smooth.

But these were minor issues. The fact that they managed to bring him back to Vienna alive was enough for Franz to answer to the aging Archduchess Sophie. The farce that played out along the way was hardly worth mentioning.

Now, Franz found himself stunned by an unexpected invitation: Monaco had declared its independence, and Charles III was inviting him to the ceremony.

It must be said, the French knew how to play the game. In an attempt to improve their unfavorable image on the international stage, Napoleon III had actually allowed Monaco to become independent.

Monaco was just a tiny country with a territory of less than two square kilometers and a population of barely ten thousand. It was said that Charles III could probably name every citizen he passed on the street.

On the surface, Monaco's independence didn't seem to matter much to France. But politically, the situation was entirely different—it could spark the Italian independence movement.

If a tiny country like Monaco could achieve national independence through a movement, could the Italians hold themselves back?

Of course, there were significant benefits as well. Monaco's independence earned France high praise across Europe, and Napoleon III's image in the press saw a remarkable improvement.

If he could go further and support Italy's independence, he might even be hailed as the saint of the 19th century. He might even become the founding father of Italy, credited with bringing its fragmented states together.

Franz couldn't quite remember when Monaco had gained its independence in his previous life, but he knew it was during the time of Napoleon III.

Now, Franz had to admit that the keyboard warriors of his previous life had been right about Napoleon III: “Clever in small matters, foolish in large ones.”

This aligns perfectly with Napoleon III's character. As Kissinger once put it: “Napoleon III didn't care much for domestic affairs, yet he made outstanding contributions to France's internal governance. He loved diplomacy, but his foreign policy was a complete mess.

He spent his life pursuing colonial conquests without any clear strategy. He wanted to prevent the unification of the German states, yet he ended up helping Prussia achieve it, even at the cost of his own empire.”

Not only did he assist Prussia in unifying Germany, but he also helped the Kingdom of Sardinia unify Italy. In the original timeline, Napoleon III’s life was a series of self-destructive blunders.

And now, it’s much the same. It seems that Napoleon III’s so-called achievements have already surpassed those of his historical counterpart, yet here he goes, stirring up trouble once again.

For the current Greater French Empire to achieve long-term stability, it first needs to eliminate any possibility of independence movements and ruthlessly suppress any separatist organizations.

Without taking a hard stance to deter future threats, the Italian independence movement will never cease. While more conciliatory political methods could be used, they are too complicated to implement and carry significant risks.

Franz believed this was a task he could never complete, which is why Austria had always enforced a strict policy of ethnic integration. Even if there were some resistance, young children couldn’t resist.

Mandatory education was essentially an ambitious ethnic integration campaign. The new generation growing up, even if they still retained traces of their original ethnicity, had already become Germanized in terms of language and culture.

France now needs its own ethnic integration movement. Although the Italians are difficult to assimilate, it’s a necessary step. Otherwise, France and Italy will eventually go their separate ways.

Franz didn’t know what Napoleon III was thinking, but it was clear that this was yet another political blunder. Even if it was just to create a smokescreen to deceive the international community, allowing Monaco to gain independence at this time was a mistake.

If it were up to Franz, he would rather have let the Italian region become independent in exchange for an opportunity to unify the western banks of the Rhine.

Aside from its population, Italy offered little more than a relatively developed handicraft industry and an economy that seemed decent on the surface. But these people couldn’t be integrated, and they wouldn’t contribute to France’s national strength.

On the other hand, Belgium, Luxembourg, and the Rhineland had the coal and iron resources that France needed, which could significantly boost the nation’s overall power.

The population in these areas was also smaller than in Italy, making them easier to assimilate.

This wasn’t a matter of lacking opportunities. In fact, France had already missed two chances to annex these regions. The first was during Austria’s unification of Southern Germany, and the second was during the Russo-Prussian War—both times when France could have acted.

Don’t be fooled by Franz’s tough talk—if the French really wanted to annex the territory west of the Rhine, Austria wouldn’t be able to stop them.

The condition for this, however, would be Napoleon’s willingness to abandon the Italian region. Without a contiguous border, Austria would have to undertake a long-distance military campaign, and Franz had no interest in such internationalist endeavors.

If they won, they'd get a few words of thanks, but Austria would have to bear the costs of the war. Unless they could march all the way to Paris, the French wouldn't pay a cent. If they lost, it would be even worse—it might even trigger internal unrest.

“What does the Foreign Ministry think about Monaco's independence? What is Napoleon III up to this time?”

Even though Franz couldn't see the French's exact intentions, he was convinced there was more to this than met the eye. Even if Napoleon III had a moment of madness, it was unlikely that the entire French government would lose their senses as well.

Foreign Minister Wessenberg responded, “Your Majesty, Monaco's independence is a complex issue, involving both Britain and Spain.

Before the Napoleonic era, Monaco was a protectorate of Spain, only becoming a French protectorate in the late 18th century.

The French did a lot to try to annex Monaco, but frequent changes in government led to Monaco being gradually overlooked by the French government.

Over the years, calls for independence in Monaco have not diminished. The French were merely the nominal suzerain and had no real control over the area.

This time, Monaco's independence was orchestrated by the British. As part of the deal, Monaco's government renounced its sovereignty over the towns of Menton and Roquebrune, reducing its territory by 90%.

The French government agreed to Monaco's independence mainly to legally annex Menton and Roquebrune, and at the same time, to purge the radical independence elements.”

As expected, there was more to the story. Monaco, being such a tiny speck of land, wasn't something Franz would have paid much attention to—he already had his hands full with the small states in the German region.

On the surface, it seems like the French has won—they've annexed over 90% of Monaco's territory, and it's the economically developed area too, all while getting rid of independence agitators.

But this isn't just about immediate gains. The true impact will only be clear in the long run. It seems like the British are setting a trap for the French, and Franz started to be wary—if they weren't careful, they might also end up getting tricked by John Bull, and that would be a disaster.

“Hmm, since that's the case, as allies, let's help boost France's image a bit. Their international reputation is in shambles and could use some polishing.

But don't make it too obvious. The French should be aware of the potential consequences of Monaco's independence. If we push too hard, it might make them suspicious.”

This pitfall isn't large enough to bury the French Empire. Even if it provokes the Italian independence movement, it's unlikely to have any significant impact in the short term.

There are people who oppose merging with France, but there are also those who support it. Napoleon III hasn't been idle. He does have a base of support in the Italian region.

Although the opposition is larger in number, most of them would probably only voice their objections. When it comes to actually taking up arms and fighting the French, it's doubtful that many Italians would have the courage.

Water dripping on stone wears it away over time—it's not done overnight.

Since the British had made a move, Franz was naturally happy to play along. A strong France doesn't align with Austria's interests—it's better if they remain somewhat weakened.

After a pause, Franz added, "We must also be wary of the British and their subtle maneuvers. Some seemingly insignificant actions could lead to disaster in the future.

Any bait the British throw at us, if we can't be certain of the consequences, we should refuse outright. God has told us that greed is humanity's original sin, and we must be on guard."

Seeing Franz's serious warning, everyone exchanged glances. They secretly wondered: are the British really that terrifying?

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In Paris, Napoleon III put down the newspaper with satisfaction. Ever since he announced Monaco's independence, European public opinion had sung praises, making him feel somewhat elated.

A good reputation is not a bad thing. If a monarch doesn't even care about reputation, that would be disastrous. However, going overboard would be troublesome and might lead to paying a heavy price.

Napoleon III had been hesitant about granting Monaco independence. He had been considering it for years, but political considerations related to expansion in Italy had delayed the decision until now.

Even the great powers need to put on a show, and establishing a small principality like Monaco is an important part of it.

Across Europe, only France lacked small allies to support it, which made Napoleon III feel embarrassed.

At international conferences, French proposals had to wait until the major powers had spoken before receiving any response. If the big European countries remained silent, the proposals would fall flat.

Most of the small European countries are backed by a major power, and winning them over would come at a high cost.

Since there are no little brothers, why not create one? That's how Monaco's independence came about, contrary to outside speculation.

Without Napoleon III's needs, the British couldn't have succeeded no matter how hard they tried. Despite Monaco's independence, it's essentially a country within a country.

Apart from facing the sea on one side, it is surrounded on three sides by France, and its politics and economy are dependent on French control.

Napoleon III affectionately asked, "Eugène, do you understand?"

(Author's Note: Eugène's full name: Napoléon Eugène Louis Jean Joseph Bonaparte)

Napoleon III had several sons, but Eugène was the only legitimate one. Born when Napoleon III was in his middle age, he was naturally cherished.

Even though Eugène was not yet 16, Napoleon III was already involving him in state affairs. This young crown prince became a unique figure in French politics.

Crown Prince Eugène nodded, then shook his head and said, "I understand some of it, but I'm still a bit confused. If we know the British don't have good intentions, why did we accept their suggestion?"

Whether or not Monaco exists, it doesn't help France much but brings considerable risks. Why did we let them become independent?"

Napoleon III smiled slightly, patted his son's head, and said earnestly, "You can't just look at the surface of things. Monaco's independence will stimulate the Italians' desire for independence.

But without Monaco's independence, would the Italians not want independence?"

The British inciting Monaco's independence is indeed ill-intentioned, but if we don't deliberately show a flaw to them and draw their attention, they'll cause trouble elsewhere.

Remember, enemies in plain sight are never as dangerous as those hidden in the shadows. France is already very strong. The only ones who can defeat us are ourselves!

As for the Italian independence organizations, they're just clowns hiding in the corners. If they don't jump out, we can't find them but once they do, we can catch them all at once.

France's real enemies are not these rats that can't see the light of day. The only countries worthy of being taken seriously are Britain and Austria, while Prussia and Russia can only be considered half a threat to us."

Eugène nodded reluctantly, as if he had learned something, but also seemed...

Chapter 515: Cold Winter

In St. Petersburg, ever since Crown Prince Alexandrovich's failed visit to Austria, the Russian government had realized that the Russo-Austrian alliance had come to an end.

The ice that accumulated over three feet didn't freeze in just a single day. Over time, tensions between Russia and Austria gradually built up.

Previously, the two governments had suppressed discordant voices under the weight of the alliance, but now they could no longer be silenced.

The relationship between Russia and Austria had changed since Alexander II ascended to the throne. In monarchies, the personal inclinations of the emperor wield significant political influence.

When the Russo-Prussian War broke out, Austria did not fully support the Russians. Aside from differing interests, Austria's dissatisfaction with the Russian government played a significant role.

No great power is willing to be subordinate to another, especially when the balance of power shifts. The initial struggle between Russia and Austria was, in essence, a fight for dominance within the alliance.

Alexander II's actions were not wrong, but the Russian government's incompetent bureaucracy lost the Russo-Prussian War. As a result, the Russian Empire began its decline and lost its leadership within the alliance.

Had the Russian government been willing to concede, the matter would have ended there, and the Russo-Austrian alliance would have remained Europe's most significant political force.

But this was clearly impossible. The pride of the Russian Empire wasn't going to be shattered by a single defeat. Looking back at Russia's long history, the country had weathered worse crises, and the Tsar would never truly abandon its quest for European hegemony.

Franz may not have been particularly interested in European hegemony, but Austria's geographical position meant that it could not avoid the competition for power in Europe.

Austria's sheer size alone made it difficult to convince anyone that it had no interest in such matters. Given that, Austria had no choice but to confront the situation. The current shared dominance of Europe by France and Austria had emerged against this backdrop.

For the Russian government, the collapse of the Russo-Austrian alliance was indeed a heavy blow, but the treaty between the two nations still had several years left, so there was no immediate threat.

The most urgent task now is to find a wealthy backer, or else Alexander II's reforms won't be able to continue.

The ideal choice, of course, is Austria. The Russian government could use foreign debt to further bind the two countries together. Right now, the Austrian government dares to abandon the Russo-Austrian alliance because Russia doesn't owe enough money.

If the Russian government owed Austria not 183 million guilders, but 1.83 billion guilders, then no matter what, the Austrian government would have no choice but to stick with it.

Given the current situation, by the time the Russo-Austrian alliance expires, most of Russia's debts will have been repaid.

This is not something Alexander II can delay. Austria takes a commission from Russian tariffs, earning 12 million guilders each year.

The higher the Russian government sets its tariffs, the faster the repayment. Additionally, some mineral resources are being used to pay off the debt, allowing Russia to cover more than 90% of its annual obligations.

With collateral loans in place, Alexander II has no option to default. If he tried, the two nations would immediately turn against each other, and Austria could simply shut down trade routes. This would immediately throw Russia into an economic crisis.

There's no way around it—this is dictated by geography. If Austria blocked the routes, over 70% of Russia's exports would be ruined.

If the grain from the Ukrainian region couldn't go through the Dardanelles Strait, it couldn't possibly be transported by land to St. Petersburg and then shipped for export, could it?

Given the current international situation, if the Russo-Austrian relationship were to collapse, the Russian Empire would face a complete blockade. Austria could even instigate matters by sponsoring two ironclads, then Prussia would gladly block the Baltic Sea.

It was now in the age of ironclad ships, and Russia's navy was so outdated that its old wooden ships, many of which hadn't been updated in over 20 years, were practically ready to be dismantled into firewood. What can they do with that?

It's not that Alexander II didn't care about the navy or didn't know the ships needed upgrading—it's simply that the government had no money. Ever since the Near East War broke out, the Russian government's finances have never recovered.

Alexander II wasn't worried about Prussia and Austria getting closer. Although the Kingdom of Prussia had abandoned its strategy to unify the German territories, Austria had not, and this remained an insurmountable obstacle.

Alexander II asked with concern, "How are the negotiations with the British going? Are they willing to provide us with a loan?"

This loan was no ordinary matter, as the Russians were planning to repay it with grain. If the British agreed to issue the loan, the Russian government would have to send 1.2 million tons of wheat, 400,000 tons of corn, and 300,000 tons of barley to Britain each year.

Although it appeared to be a loan, it was essentially an agreement to export grain. However, Russian agricultural products had very low competitiveness in the international market.

If they simply dumped the grain at low prices, it would drive down global grain prices, making Russian agricultural products, with their relatively high production costs, unprofitable.

To avoid the worst-case scenario, Russian economists proposed bundling the loan with grain exports, allowing one country to purchase the grain at a price lower than the international market rate.

The reduced profit would be considered the cost of the loan. It was better than engaging in a price war with competitors, which could end up being a loss-making endeavor.

"Your Majesty, the British are asking to halve the loan amount and also want the price of the grain repayment to be reduced by 20%, which would be about 70% of the current international grain export price."

Foreign Minister Ivanov's response made Alexander II's face change drastically. Grain exports were not a highly profitable industry, and if the price were reduced by 30%, they wouldn't even cover the costs.

Alexander II, unwilling to give up, asked, "What if we agree to join the free trade system and peg the ruble to the pound?"

Ivanov replied, "If that's the case, the loan won't be a problem, but there's still no room for negotiation on the grain prices."

British grain merchants believe that current global grain prices are too high and expect them to fall sharply in the near future. They insist on only accepting 70% of the current market price."

Based on the current market price, the total value of the agricultural products Russia planned to send to Britain amounted to 38 million pounds. If the price were reduced by 30%, it would only be 26.6 million pounds, leaving a difference of 11.4 million pounds.

With a grim expression, Alexandrovich said, “The British are blackmailing us! We absolutely cannot accept such conditions!

At 70% of the market price, we won’t be able to make any profit from exporting the grain and instead, we’ll suffer losses.

The only way to make up for it would be to further lower the grain purchase price, but domestic grain prices are already very low. If we reduce them further, the people farming the land will be doing it at a loss.”

Grain is a bulk commodity, and transportation has always been a major issue. The Russian Empire’s transportation infrastructure is poor, and transportation costs are high, which must be factored in.

These costs typically end up falling on the farmers who produce the grain, and now, if the grain is exported at 70% of the market price, the burden will again fall on the farmers, and they will face bankruptcy.

The peasant class is the Tsar’s largest support base and the foundation of the regime. If they are driven to bankruptcy, the stability of the Russian government’s rule will be in jeopardy.

Alexander II sighed and shook his head, saying, “A sharp decline in international grain prices is already inevitable, and the British aren’t wrong in their judgment.

The international market is only so big, and we are producing so much additional grain that once it floods the market, global grain prices will collapse.

To put it bluntly, if all of Russia’s surplus grain could be exported, even if all other grain-exporting countries stopped exporting, there still wouldn’t be a grain shortage in Europe.”

This is the aftermath of the large-scale land reclamation. While it solved domestic land issues, overproduction of grain has now become a serious societal problem.

Even more tragically, the newly land-owning peasants are highly motivated to produce, and Russia’s grain output continues to rise.

As grain prices dropped, Russia’s grain brewing industry began to flourish. However, this high-end alcohol was far beyond the reach of the common people, and the market for it was very limited. Relying on the brewing industry to absorb the surplus grain production capacity was simply not feasible.

After some thought, Alexandrovich suggested, “We should guide the peasants to switch to cash crops. Whatever the market is lacking, we should plant it.

If we don’t reduce domestic grain production, the international grain market will eventually be oversaturated. As far as I know, the Austrian government is already planning to eliminate agricultural taxes.

Their grain production costs are already lower than ours, and they have a complete processing industry chain, so they are more resilient to risks than we are. If a price war breaks out, we might see millions of bankrupt farmers every year in our country.”

Alexander II nodded, not doubting Alexandrovich’s words. This was simply the reality. Aside from the Ukrainian region, the cost of grain production in other parts of Russia was relatively high.

Even in Ukraine, due to underdevelopment, the agricultural production techniques were backward. Despite its fertile black soil, grain yields per acre were still lower than in Austria.

This is the aftermath of insufficient market demand. No matter how you look at it, the population of continental Europe is still less than 300 million, and the grain production of most countries already meets the majority of their needs.

The only way to expand the grain export market is to first flood the market with cheap grain, crushing agricultural production in other countries.

This was Alexander II's original plan—once the agriculture of other countries collapsed, Russia would hold the lifeline of the European continent.

It was a good plan, but the only problem was the Russian government's lack of financial resources. The competitors were too strong, and while playing the game of low-price dumping, it was possible that Russia's own agriculture would also collapse alongside those of other nations.

In fact, it wasn't just Alexander II who had this plan. Franz had also considered a similar strategy but ultimately abandoned it.

There was no choice. After all, this was the colonial era—what great power lacked a region to produce grain? If domestic grain production wasn't enough, couldn't they rely on their colonies?

Without achieving a monopoly, engaging in low-price dumping is essentially burning money. Agriculture is still profitable at the moment, and there is no need to reduce profits to nothing.

Alexander II, feeling a bit down, said earnestly, "Reducing grain production and switching to cash crops is necessary, but this is not something that can be accomplished overnight. Grain farming is relatively simple, and the farmers are used to it.

To change this traditional farming model, we must learn from Austria. Alexandrovich, you've been to Austria—you should have seen how developed their agriculture is. Did you notice where the gap between us lies?"

Alexandrovich fell into deep thought. He hadn't stayed in Austria for long and his understanding was mostly limited to Vienna, with much of his information coming from newspapers.

"The difference might be in climate, transportation, agricultural techniques, and supporting processing industries. We can't do anything about the climate, but we can gradually catch up in the other three areas."

Alexander II nodded and said, "If that's the case, then we must accept this loss. If we don't reach an agreement with the British now, a few months from now, after the autumn harvest, we won't even be able to sell our grain at 70% of the current market price. Even at a lower price, it's better than letting it rot in our hands.

If no major natural disaster occurs and our grain floods the international market after a bumper harvest, this year will inevitably be an agricultural winter, with large quantities of agricultural products going unsold.

Since we'll lose money either way, we might as well secure the loan now. Then, we can reduce agricultural taxes and minimize the farmers' losses.

Only when the railroads are completed and our domestic transportation issues are resolved will the Russian Empire have a future. For now, let the British have their moment!

If it weren't for the purpose of dealing a blow to Austria, the British might not have even made this offer. They don't really need this batch of cheap grain, and their food processing industry is not particularly developed.

If the British government doesn't provide favorable policies, these grain merchants won't invest in the agricultural processing industry. After all, Austria is the dominant player in that field, and the British have no advantage."

Chapter 516: Rising Tides of Unrest

On March 22, 1872, Britain and Russia signed the Anglo-Russian Bilateral Trade Agreement, the Anglo-Russian Grain Collateral Loan Agreement, and the Anglo-Russian Financial Mutual Trust Agreement...

Although no formal alliance was formed, the Russian government had already leaned heavily towards Britain economically, becoming an established fact.

According to the terms of the treaties, Russia had officially joined the pound-gold system, confirming the pound's status as the dominant global currency.

As part of the deal, the British would provide interest-free loans totaling 150 million pounds to the Russian government over the next five years, to be repaid entirely with agricultural products.

It was clear to any observer that this so-called "loan" was just a pretext. The annual loans matched the value of Russia's agricultural exports, making it essentially a large-scale procurement contract.

The only difference was that these agricultural products from Russia came at lower prices, and the British government waived import tariffs. Through these low prices, Britain would capture the market share from other countries exporting agricultural products to Britain.

The biggest loser in all of this would be Austria. As the world's largest exporter of agricultural products, Austria would suffer the greatest losses. Up to 65% of Britain's annual agricultural imports came from Austria, and now that market had all but vanished.

"Free trade"—it's a nice slogan, but if you take it seriously, you're doomed. Although the British were shouting their free trade slogans loudly, when it came to their own interests, they had no hesitation in throwing them aside.

If Austria wanted to maintain its market in Britain, it would now need to cut the prices of its agricultural products by half, just to survive the competition.

As a result of the Anglo-Russian treaty, the international agricultural market began to plummet in April. Capitalists rushed to clear their inventories and sell off stock, amassing cash flow to avoid being wiped out in the coming agricultural downturn.

Ironically, the central figure in this turmoil, Franz, was not overly concerned. Although he hadn't expected Britain to act so suddenly, the Austrian government had anticipated the impact on the international agricultural market.

At the previous annual meeting, the Austrian government had already set a grain production reduction plan, focusing primarily on wheat, corn, and beans—agricultural products where Russia had a large production capacity.

At the Vienna Palace, during a special economic meeting on agriculture, Franz picked up a baton and drew a curve across the world map.

“The Russians are coming in strong, and the British are adding fuel to the fire. The agricultural winter has arrived. This is a challenge for Austria, and we must take all possible measures to prepare. Holz, start by discussing the Ministry of Agriculture’s plan.”

Holz, the Minister of Agriculture, stood up from his seat, adjusted his clothes, and adopted a serious and tense expression, clearly aware of the gravity of the situation.

“Two years ago, the Ministry of Agriculture began preparing for the return of Russian agricultural products to the international market.

To this end, we have taken various measures, including adjusting the structure of agricultural industries, reducing staple crop production, clearing out stockpiles, and developing animal husbandry.

However, these measures can only mitigate our losses. They cannot address the root of the problem. The international agricultural market is only so large, and we cannot simply reduce production to survive the crisis.

As this agricultural winter spreads, no country’s agriculture will remain unscathed, and there’s no reason we should bear the brunt of the burden.

The collapse in agricultural prices this time is primarily due to the Russians, so we should take advantage of the situation and allow the crisis to intensify.

The Ministry of Agriculture plans to drive international grain prices down by half over the next three years, effectively crippling the agricultural production of other European nations.

Although Russia’s agricultural capacity is large, they lack resilience. The Russian government’s financial resources are limited, and they cannot provide full support for their farmers.

Once grain prices crash, it will inevitably lead to a wave of farmer bankruptcies. If we’re lucky, we may even deal a severe blow to Russia’s agricultural production system.

To compensate for the losses to our own farmers, the Ministry of Agriculture proposes suspending the collection of agricultural taxes, grain trade taxes, and agricultural export tariffs, as well as prohibiting the church from collecting the tithe. Additionally, we should set a minimum guaranteed price for grain to ensure that farmers do not incur losses.”

Destroying the agricultural production systems of European countries was something the Austrian government wanted to avoid, not only due to concerns about others reaping the benefits but also because they didn’t want to attract such animosity.

Austria had already secured the largest share of the international grain export market, so with the majority of the benefits already in hand, why go to the extremes?

Now, with the Russians stepping in, it was easy. With just a bit of propaganda, they could shift the blame to the Russian government and even throw some shade at the British. After all, both countries already had bad reputations, so adding more hatred wouldn't make much difference.

The Anglo-Russian Agreement was the perfect evidence. They slashed grain export prices by 30% and even removed tariffs. Both governments directly intervened in trade, undermining the free trade system. This was the root cause of why all European nations were losing money on grain production.

It was blatant dumping, and no one could deny it. With someone taking the lead in lowering prices, those following suit wouldn't be noticeable. If a price war accidentally broke out, driving prices even lower, that would be unavoidable.

The Anglo-Russian collaboration aimed to suppress Austria's grain exports, so instead of letting domestic grain go unsold, Austria could just slash prices to rock bottom.

Once international grain prices were halved, who knew if British grain merchants would still honor their contracts? After all, no one liked losing money, and if the British were to breach the agreement, it would be quite a show.

It may seem like a strategy to attack other countries' agricultural systems, but in reality, it was also a way to weaken the growing ties between Britain and Russia. Nothing undermines an alliance more than conflicting interests.

Moreover, Britain and Russia were not even formal allies—merely aligned out of convenience. Once the costs of this alignment exceeded the benefits, it would be hard for them to avoid parting ways.

The room fell into deep thought as everyone processed what Holz had just said.

Prime Minister Felix was the one to break the silence with a series of questions, "If grain prices drop by half, what will be the impact on the country? Will it cause widespread bankruptcy among farmers? Will it affect the entire agricultural system? How much funding will we need to invest?"

Agriculture had always been Austria's backbone, and the Austrian government couldn't afford to take it lightly. If this plan backfired, the resulting consequences could be disastrous.

"Mr. Prime Minister, please rest assured. The Ministry of Agriculture has conducted a special assessment, and after suspending the collection of agricultural taxes, the tithe, the grain trade tax, and grain export tariffs, the impact on the domestic market from a 50% drop in international grain prices has been minimized.

In the grain procurement market, the purchasing price of grain will likely drop by about 20%. The Ministry of Agriculture will monitor the situation, and if market fluctuations exceed this margin, we will directly intervene in the purchasing process.

Since the cost of grain production varies across regions, the situation cannot be generalized. In areas with favorable natural conditions, such as the Wallachian Plains, there might even be a small profit. However, in provinces with harsher conditions, losses are inevitable.

Some level of farmer bankruptcy is certain to occur. With the progression of the times, the small-scale farming economy will inevitably be destroyed. This primitive mode of production is too costly and cannot compete with mechanized farms.

Domestic farmers typically have a relatively large amount of land per capita, and they often grow multiple crops simultaneously, which gives them some resilience to risks. A massive wave of farmer bankruptcies will not happen in Austria.

However, to implement this plan, significant funds will be required—at least 120 million guilders. Additionally, financial revenues will drop by approximately 21 million guilders annually, and the government will need to fill a gap of 15 million guilders in education.”

In the end, it all came down to money. Once this plan was enacted, the era of using agriculture to subsidize industry and education would be over.

In fact, agricultural taxes in Austria had always been very low, at just 5%, placing Austria at the lowest among the major agricultural producers on the European continent.

Grain export tariffs were as high as 15%, but for processed grain products, the export tariffs were only 3–5%, adjusted according to the actual situation, and at times, it had been as low as 1%.

As a result of this policy, Austria predominantly exported processed grain products, with very little direct export of raw grain.

Other related taxes were also very low. The grain trade tax was 5%, transportation taxes for vehicles and ships were directly exempt, and there were almost no additional surcharges.

Even so, these taxes still accounted for a significant portion of Austria’s financial revenue. Although they had declined in recent years, they were still a substantial figure.

Franz fell into deep thought. Allocating 120 million guilders for operational funds wasn’t a big issue. With some effort, the one-time investment could be managed, and if necessary, they could rely on bank loans or issue bonds. This amount of money wouldn’t be a problem for Austria.

The real trouble lay in the loss of fiscal revenue and the increase in educational expenses. The 36 million guilders wasn’t just a one-time cost but a permanent loss.

“Temporarily exempt” in reality meant “permanently,” and once the agricultural boom period ended, the industrial sector would have to start subsidizing agriculture.

This meant that Austria’s annual revenue would immediately shrink by 8.3%, and its expenditures would increase by 6.1%.

After hearing the Ministry of Agriculture’s plan, Finance Minister Karl furrowed his brows, setting down his water cup after a moment of silence.

“This is too aggressive. We don’t need to go to such extremes to crush Europe’s agricultural production system. It’s enough to drive international grain prices to a point where farmers in other countries can’t make a profit. We don’t need to achieve this all at once.

In agriculture, we hold an advantage. Our grain production costs are the lowest on the European continent. We also have a complete supporting industrial system, allowing us to extract more profit.

Once farmers in other European countries start losing money, our farmers will still have some profit. As long as we drag this out, the others won't be able to hold on.

Economically speaking, the Russians are likely to fold first. Unless the Russian government steps in to subsidize their agriculture, the high costs will eventually strip Russian agricultural products of their market competitiveness.

If we manage this situation carefully, we won't need to bear too much of a burden. Right now, all we need to do is reduce the grain export tariffs and exempt agricultural taxes to withstand the first wave of impact.

The Russians' grain hasn't yet been exported to Britain, so if we release our stockpiled grain now, flood the international market, and drive prices below the Britain-Russia contract price, we'll see whether the British uphold their agreement.

If they don't, the Russians will be in serious trouble. I wonder if the Russian government's wallet can handle the pressure. If their stockpiled grain remains unsold, the consequences will be very severe."

One has to admit that professionals can be ruthless. What's being crushed here is not just grain prices, but the Russian government's finances. Once large-scale grain stagnation occurs, Alexander II will be in trouble.

There's no way around it—farmers only have grain left to sell. The government would either have to requisition the grain and let it rot in warehouses, or they would need to waive taxes.

Once the market is saturated, no matter how cheap the grain gets, no one would dare to buy it. Every time there's an economic collapse, capitalists are known to pour milk into rivers just to avoid a price crash.

Karl's plan now is to crash the price of British grain before the Anglo-Russian deal can be finalized.

Naturally, international grain prices wouldn't be spared, and Austria would suffer greatly as well. But if the British break the agreement, the severely affected Russians won't sit by quietly. They might not be able to take action against the British government, but withdrawing from the pound-gold system would be inevitable.

At that time, even if the Russian government is unwilling, they will have to grit their teeth and join the guilden-gold system. The losses in the grain market could then be compensated for in the financial market.

Holz furrowed his brows, expressing doubt, "But what if the British uphold the agreement? The benefits of monetary hegemony are enormous. They have no reason to give that up."

Karl responded with a calm smile, "Then all grain-exporting countries will suffer through a tough year together. Even if international grain prices drop by 30%, the impact on Austria, which exports processed grain, won't be as severe.

Don't forget that the food processing industry itself has a profit margin of over 10%, and these companies can absorb some of the losses.

Overall, if raw grain prices drop by 70%, domestic agricultural production will still break even. That's enough. I don't believe Russian farmers can profit from the current grain export prices.

The only cost the government needs to bear is some of the reserve grain and a reduction in annual revenue of 8–10 million guilders.

If we directly attack the agricultural systems of European countries and blame the Russians, it might fool the general public, but politicians would see through it clearly.

If they implement countermeasures like raising grain import tariffs, what can cheap grain do other than increase their financial revenues?”

This is the reality. In the face of self-interest, flipping the table is common. It's normal to impose trade barriers to protect domestic agriculture.

Chapter 517: Loot A Burning House

The agricultural crisis had been brewing for a long time, and Russia's large-scale land reclamation movement was merely the fuse that ignited it.

In the 19th century, agricultural production techniques developed rapidly, especially with the introduction of crop rotation across Europe, which greatly improved land utilization.

New farming tools were constantly being developed, marking the dawn of the mechanized agriculture era, allowing a single farmer to cultivate much more land.

During this period, agricultural output also began to increase significantly. Grain production in various countries was constantly breaking records. Taking Austria as an example, the growth rate of grain production exceeded 3% for many years.

However, population growth during this same period lagged far behind the increase in grain production. The biggest benefit of this agricultural boom was that most people could now afford to fill their stomachs. The increase in related agricultural byproducts also enriched people's diets.

As the population grew, so did the agricultural workforce. Although industrialization and urbanization saw large numbers of rural laborers becoming factory workers, the total number of people involved in agriculture continued to rise, even though their proportion of the total population was declining.

Against this backdrop, people began spontaneously engaging in land reclamation in pursuit of greater income. Russia's large-scale reclamation wasn't the first of its kind—it was Austria that initially set this trend.

Austria's internal land reforms were incomplete, with the nobility still owning vast amounts of land. To satisfy the growing demand for land, Austria opened up the Balkan Peninsula for development.

Compared with 1850, the arable land area in Austria proper had already doubled. With the pie growing larger, the domestic land problem was naturally resolved.

When Alexander II launched Russia's large-scale land reclamation movement, he was essentially following Austria's successful example. Since the peasants needed land, the solution was simply to increase the supply. More land meant that the tensions surrounding the land issue would naturally be resolved.

With this, the surplus in grain production became inevitable. During Austria's agricultural development, the Austrian government actively guided citizens toward planting cash crops.

For example, in Lombardy and Venice, there was a program to replace rice fields with mulberry trees, which led to the development of the silk industry. In Bosnia, vineyards were established, promoting the production of raisins and wine.

These planned initiatives aimed to avoid excessive grain production. However, this was merely a drop in the ocean, and total grain output continued to rise.

Had it not been for the outbreak of the Russo-Prussian War and Russia's subsequent civil war, which severely damaged Russian agriculture, this crisis would have erupted several years earlier.

With one less major grain exporter, Europe didn't even experience a grain shortage. Now that Russia had reentered the grain export market, with even greater production capacity than before, the market could no longer absorb it all.

There were only three European countries that did not fear being impacted by falling grain prices. Britain was one of them—otherwise, they wouldn't have dared to ignite this fire.

Britain had industrialized early, with its industrial population long surpassing the agricultural population, and agriculture now accounted for a very small portion of its GDP.

The smallholder economy had collapsed during the enclosure movement, leading to more concentrated landholdings with greater resilience to risks. As the world's largest importer of agricultural products, Britain had little reason to fear a crash in grain prices.

The other two countries were Belgium and Monaco. The latter, of course, was insignificant. Given its small land area, it resembled a coastal village with virtually no agriculture to speak of.

Belgium, also a grain-importing country, was the first industrialized nation on the European continent. With a highly developed industrial sector and a low agricultural output, it did not have to worry about being affected either.

Purely from an economic standpoint, Austria would undoubtedly suffer the most from the agricultural crisis. As the largest exporter of agricultural products, Austria would also face the greatest impact.

Agricultural workers make up over half of Austria's total population, making it fair to call Austria an agricultural country. However, as the economy developed, many farmers with smaller landholdings had family members who worked in the cities.

These individuals, who farmed and worked as laborers, could not be classified solely as farmers or as workers. In statistical data, they were often counted in both categories.

The proportion of the agricultural population varies by province. In the more economically developed region of Bohemia, the agricultural population accounts for less than 40%. However, in the agriculturally dominant region of Hungary, the agricultural population makes up 70–80%.

Among these, a significant number are migrant workers. In some densely populated villages, as much as 90% of the young labor force works in the cities.

France's situation is even more severe, with Italy dragging down the numbers, especially in Southern Italy. If you compare urban and rural incomes, you'll find little difference, and in some cases, urban workers even earn less than farmers.

This doesn't suggest that Italy's agriculture is highly developed, but rather that the cities' economies are struggling. Although many Italian cities industrialized early, Italy's industrial development has been stunted due to limited resources.

This is also why Russia has aligned itself with Britain instead of France. The British can withstand agricultural shocks and are willing to allow Russian agricultural products into their market, but the French cannot.

France already has a large agricultural population, and when you add the economically weak regions of Italy, a crash in grain prices could wreak havoc, potentially leading to widespread unrest.

“The price of grain is of great significance, and any abrupt shock to international markets would inevitably provoke a fierce backlash.

Moreover, agriculture is different from industry. Even if there is overproduction in the market, producers won't immediately adjust. In fact, production might even continue to increase.

We can regulate our domestic market and guide our citizens to reduce grain cultivation, but we can't influence other countries. At best, we can only push Russian farmers into bankruptcy, but we can't force them to reduce production.

Crippling agricultural markets in other countries to establish a monopoly in agricultural exports? Frankly speaking, I don't see this plan succeeding.

The world has too much arable land, and the market for agricultural products is too small.

Not to mention others, just understanding the situation in Austrian Africa, everyone should know that if needed, Austria's grain production capacity can be multiplied at any time.

The British, Portuguese, Dutch, and French also don't lack colonies where they can grow food. If they detect that we are trying to monopolize the international grain export market, resistance will certainly arise.”

Obviously, Prime Minister Felix was a rational person. He did not support the grand plan of the Ministry of Agriculture and instead favored the long-term strategy proposed by the Minister of Finance.

With a cost advantage in production, Austria is bound to secure an important position in the agricultural export market by slowly wearing down its competitors.

As for the potential biggest competitor, the Confederate States of America, they are not a real threat. When it comes to interests, the plantation owners will naturally make the right choice.

In the original timeline, the United States did not experience division. After the Civil War, the U.S. lost its dominance in the international cotton market, which led to the development of the grain farming industry.

Now, the United States is a wealthy agricultural nation, still dominating the cotton production market. Without experiencing defeat and suppression, no other cotton-producing region can compete with them.

Who would give up generous profits in the cotton industry to jump into the giant pit that is the grain export market?

Indeed, the international grain export market has become a giant pit. Until a clear winner emerges, the producers in various countries won't have an easy time in the foreseeable future.

If Austria had the same natural advantages as the Americans, it wouldn't insist on battling in the grain market either. The Ministry of Agriculture's proposal to crush the agricultural production systems of European countries is actually being pushed by the large aristocrats.

On the surface, it seems that the profits from agriculture are no longer enough to satisfy their appetite, and they want to monopolize Europe's grain supply to gain greater profits.

In reality, what they truly desire is to eliminate a series of taxes to increase their income. Everyone knows that monopolizing Europe's grain supply is a long shot, but reducing taxes is something everyone likes!

Beforehand, Franz had received numerous lobbyists who all essentially said that the country had become wealthy enough and no longer needed that small bit of agricultural revenue, so perhaps it was time to...

As a representative of the aristocratic class, Franz couldn't refuse them. However, as emperor, he had to consider the national interest, which is why this agricultural economic conference was held.

The final result was that the government cut some taxes to compensate for their losses in this economic turmoil and appease the aristocratic class. However, mindful of the national finances, it did not fully eliminate the taxes.

As for the peasant class, they essentially caught a free ride. Otherwise, how could tax cuts and grain price protection, policies that protect their interests, be brought up by the bureaucrats?

The reason behind it doesn't matter—as long as the tangible benefits reach them, that's what counts. By now, Austrian peasants actually own more land than the aristocrats, holding about 34% of the country's land.

Unknowingly, the aristocracy had become the political spokesperson for the peasant class. This outcome was entirely unexpected for Franz.

Seeing that the meeting was progressing and the Ministry of Agriculture's radical plan had already been rejected by the cabinet, Franz knew it was time for him to step in.

“Monopolizing Europe's grain supply has too low a chance of success. We should still disrupt the agricultural systems of other countries, but not in an overly extreme way.

The Minister of Finance's suggestion is good. We can start with the Anglo-Russian agreement, test the strength of Anglo-Russian relations, and at the same time clear out some of our old grain reserves.

The Ministry of Agriculture should take its plan back for revision, with a focus on reducing our visibility in this turmoil as much as possible. The reason for the grain price crash must be attributed to the Russians.

Once the agricultural crisis fully breaks out, Europe will undoubtedly see a wave of peasant bankruptcies, which could last for a long time.

The Colonial Ministry should immediately take action to recruit people from European countries, especially from the Russian Empire, which will be one of the hardest-hit regions in this crisis. As allies, we have an obligation to help them eliminate this hidden danger.”

In the original timeline, during this agricultural crisis, the German region was hit the hardest, and millions of Germans emigrated to the United States during this period.

But now, things have changed. Austria has already carried out several rounds of recruitment in the German region, resolving the issue of overpopulation.

The best evidence of this is the German Federal Empire, which, after all these years, still hasn’t surpassed ten million in total population—it’s practically stagnant.

If you look at their emigration data, you won’t be surprised. From 1854 until now, around 3.5 million people have left the German Federal Empire.

With so many people having left, the local population hasn’t grown much. If these people had stayed and reproduced, based on local birth and death rates, the German Federal Empire’s population would have already surpassed 16 million.

After shearing this sheep almost bare, Franz then turned his attention to the Russian Empire. Despite losing millions of square kilometers of territory after the Russo-Prussian War, the Russian Empire still had a population of 74 million.

Franz had already implemented policies for promoting the birth rate in Austria, but even so, the birth rate in many parts of Austria remained lower than that of Russia. If it weren’t for Austria’s lower mortality rate, its population growth rate would have been unable to keep pace with Russia’s.

According to sociologists, the Russian Empire is expected to experience a continuous baby boom in the coming years. Farmers who had gained land would push the birth rate even higher, with the potential to surpass 6%.

This figure isn’t surprising. The average lifespan in the Russian Empire is short, and the population structure is dominated by children, teenagers, and middle-aged people, with very few people over the age of 45.

From the data, it’s clear that over half of the Russian population is of reproductive age. With such a high proportion of young and able-bodied people, combined with the lack of entertainment activities, many would simply return home to start families, naturally leading to a high birth rate.

It’s not just the Russian Empire with a large proportion of people of childbearing age. Nearly every country has a similar situation, with over 40% of the population being in this age group.

In the 19th century, Europe’s population began to skyrocket, with most countries experiencing rapid growth. The slowest growth rates were in France, followed by Spain and Italy.

The main reason for this is economic—farmers without enough land can no longer afford to have many children. As for workers, the high rate of infant abandonment speaks volumes.

Of course, government policies also played a significant role in limiting population growth in these three countries. At the time, it couldn’t be said that these policies were entirely wrong.

With no visible improvement in economic development, if population growth wasn’t curbed, how could the extra people be supported?

France is an exception—its problem isn't the inability to support its population but rather its internal disarray.

With grain prices plummeting, the Russian Empire with its high birth rate will definitely be the hardest-hit region. Families with many children won't be able to support them if they stay in Russia.

During this period, emigration would actually relieve the pressure on Alexander II. No matter how reluctant the Russian government may be, during this crisis, they won't be able to stop people from leaving.

In this sense, both sides benefit. For the Russian government, which prioritizes stability, eliminating internal risks far outweighs any potential long-term consequences.

Chapter 518: Triggering the Crisis

After the conclusion of Austria's agricultural economic conference, the Austrian government announced plans to replace part of its strategic grain reserves before the new harvest.

This happened almost every year, typically done when international grain prices were low, with the government buying grain and then selling it when prices rose.

However, this time was different. Although no one knew exactly how much grain the Austrian government planned to sell, the international grain market experienced intense turmoil.

Compared to earlier in the year, international grain prices had already dropped by 9%, and now, under the influence of Austria's sale, prices suddenly plummeted by another 4%.

The speculators and capitalists in the market were no longer able to hold on. The Anglo-Russian grain deal had already caused them significant losses, and now Austria had delivered another blow.

Fortunately, the Austrian government had announced this as a grain replacement rather than a straightforward sell-off, or else the impact would have been even more severe.

In the London grain exchange, a middle-aged man dressed in fine clothes was, as usual, checking the prices.

The middle-aged man, named James, was a small-time capitalist who owned a flour mill. Ever since the Anglo-Russian grain agreement was signed, he had been panicking.

Russia's cheap grain hadn't even entered the market yet, and well-connected capitalists had already taken the quotas. By the time James realized what was happening, it was too late.

Of course, even if he had reacted sooner, it wouldn't have made a difference—such lucrative deals weren't within his reach. James had originally been purchasing domestic wheat for processing, but now that was no longer feasible.

Domestic wheat wasn't cheap, and if he tried to push the purchase price down, he would likely be thrown out.

In search of a cheaper grain supply, James turned to the grain exchange market. Sure enough, the price drop here, influenced by international grain prices, was much more significant.

Suddenly, he noticed Austrian wheat appear on the billboards, and James immediately stopped in his tracks. Austrian wheat had rarely appeared on the international market in the past decade. What was usually seen were already processed products like flour.

“Raul, is there something wrong with this batch of grain? Why is the price so low? I remember Austria doesn’t export raw wheat—this isn’t smuggled, is it?” James half-jokingly asked. His surprise was understandable, as the price wasn’t just low—it had hit rock bottom, a price far beyond what James had expected.

“Mr. James, you’re quite the joker. If we were smuggling, it certainly wouldn’t be grain! Bulk commodities like this are hard to transport, and the taxes are low. There’s no reason to take that kind of risk.”

James ignored Raul’s lighthearted comment and grabbed a handful of wheat, examining it closely. He could tell it was old grain, but that alone didn’t seem enough to explain the rock-bottom price.

“Cut the nonsense and just tell me what’s wrong with this batch of grain. Don’t try to convince me that a deal this good would fall into our laps!”

Raul smiled calmly and took out a newspaper to hand to James.

“Mr. James, you’ve already figured it out—this is old grain. Not long ago, the Austrian government announced they were rotating their reserve stock, so the older grain from their warehouses is being sold off at a discount.

As an expert in the field, you must know that old grain typically comes discounted. This batch has been stored for over three years, so if it’s milled into flour, the quality won’t be as good.

In Austria, this kind of grain usually isn’t turned into flour but is used for brewing or processed into animal feed.

The Austrian government released a large amount of this reserve grain, which is why it ended up on the international market. And the reason it’s so cheap? Well, you can thank those bureaucrats in London for that.

With Russian grain being so cheap, this older stock has to be even cheaper to sell. Otherwise, who would buy it?”

It was clear Raul was quite resentful of the British government. The Anglo-Russian trade deal allowed businesses to sign contracts directly with Russian suppliers, cutting out middlemen like Raul.

If they hadn’t brought back Austria’s old grain for sale, they would have had to close down. The prices on the international market were nowhere near as low as Russian grain.

James put down the wheat in his hand, grabbed another handful, and rubbed it between his fingers.

“You’re sure there’s nothing wrong with this grain?”

Raul replied, “Of course. If there is, I’ll go to hell!”

Seeing that James was still hesitant, Raul added, “Mr. James, if you have any doubts, you can inspect the grain yourself.

Opportunities to snatch up deals like this don’t come around often. No matter how much international grain prices drop in the future, they’ll never sink this low again.

You should know that if we sold at this price on a larger scale, farmers across the world would go bankrupt. This price has already dropped below production cost—it's just this batch."

James was tempted. If the grain had no serious issues and was merely old stock, it would still be worth buying. After a moment of internal struggle, he seemed to make up his mind.

"I'll take 30,000 tons. Can you give me a better price?"

This was nearly all the funds James could gather, but to secure a bigger profit, he decided to take the gamble.

The price of this batch of grain was 15% cheaper than the grain the British government got from the Russians. On the surface, it seemed normal for old grain to be priced differently from new grain, but in reality, this price was still excessively cheap.

James wisely chose not to dig deeper into the underlying reasons. As long as he could make a fortune, why worry about the rest?

...

Starting in May, Austrian grain quickly flooded the British market. The moment this cheap grain appeared, it was eagerly snapped up by unscrupulous capitalists.

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Everyone knew that such low prices were abnormal, with some speculating that Austria intended to disrupt the Anglo-Russian trade agreement. However, this didn't stop them from making a profit.

Grain, unlike other commodities, can be stored for three to five years without issue. Since it was already old stock, keeping it in storage longer didn't change its status.

The fact that the taste had deteriorated was a minor concern. As long as the flour produced from it was cheap, there would be no shortage of buyers on the market.

For the average British citizen, being able to fill their stomachs was already good enough. They couldn't afford to be picky about the taste.

Such large-scale action naturally caught the attention of the British government. However, this operation wasn't solely orchestrated by Austria—there were also British capitalists involved.

Not everyone benefited from the trade deals between London and Russia and many capitalists had actually suffered losses. Without action, they would struggle to survive once the Russian grain flooded the market.

Under these circumstances, these capitalists didn't mind cooperating with Austria. After all, it was all legal trade, and the British government had no right to interfere.

If they tried to impose restrictions to prevent Austrian grain dumping, Parliament would pose a significant hurdle. Opponents, waving the flag of free trade to protect their interests, left Benjamin Disraeli's cabinet powerless.

The free trade system was not to be overturned, as it was the cornerstone of British economic policy. Of course, this issue didn't trouble Prime Minister Benjamin too much.

The results of the new election had already been announced, and he was now the former prime minister. The person who had to worry about this was William Ewart Gladstone, who was forming the new Liberal cabinet. This grain crisis was essentially a trap set for his rival.

In the critical moment of the transition, the Benjamin Cabinet took a passive stance, and by the time the power handover was complete, it was too late for the British government to take effective measures.

In just a few months, Austria had already dumped 8.5 million tons of rye, 3 million tons of wheat, 4.3 million tons of corn, and 3.2 million tons of soybeans onto the British market...

The events in Britain also had a significant impact on the international grain market, leading to a dramatic price crash, with prices plunging by 15% almost overnight.

Russian grain hadn't even hit the international market yet, but prices had already dropped significantly.

At the beginning of the year, rye on the international grain market was priced at 25 guilders per ton, but it had now dropped to 18.6 guilders per ton. Corn had also fallen, from 18.8 guilders to 14.1 guilders per ton...

In short, the prices of all staple grains were plummeting, and this decline was dragging down the prices of other agricultural products as well. The root cause of all this was the widespread panic among people.

At this point, everyone might as well lose money together. It was clear to everyone that the current prices weren't the lowest yet, and after the autumn harvest, grain prices were expected to hit new lows.

The oversupply of grain meant that the good times for major grain-exporting countries were over. If it weren't for the Anglo-Russian grain loan agreement and the grain dumping by the Austrian government, this agricultural crisis would have developed more slowly.

But now, the crisis had been triggered immediately, even before it had fully arrived. The year 1872 was destined to be a tragic one, with the issue of unsold grain likely to dominate discussions in the second half of the year.

This was no longer just a pricing issue—it was a matter of not being able to sell the grain at all. The best way to stabilize grain prices was to reduce grain production and destroy the surplus agricultural products.

As a responsible major power, Austria naturally had to take active measures. In July, the Austrian Ministry of Agriculture called on the world's major grain-producing countries to reduce their grain production simultaneously.

On August 12, the Austrian government introduced the "Fallow Land Act," which legally stipulated that land used for growing grain must be left to fallow. The specific fallow periods were to be determined by local governments based on their circumstances.

Although the law seemed effective, its actual impact was limited. Austria already had a tradition of leaving agricultural land fallow, and this law merely formalized it.

According to the Ministry of Agriculture's estimates, this could reduce Austria's grain production by 2-3%, which was not an insignificant number, and could help alleviate the crisis of overproduction.

On August 15, the Austrian government issued the "New Land Cultivation Act," which explicitly prohibited the planting of wheat, corn, rye, potatoes, and other crops on newly cultivated land in Europe for five years.

These measures were far from solving the immediate problem. No matter what, the crops already planted in the fields couldn't be pulled out.

Austria's grain production in 1872 would still not decrease, and the short-term impact on international grain prices would be minimal.

Chapter 519: Good News

The sharp plunge in international grain prices also had an impact on Austria's domestic grain market, causing grain prices to fall as well.

Grain prices in Austria had always been lower than in the international market, but now, they have finally caught up with global prices.

Not only did grain prices drop further, but the prices of other agricultural products followed suit. Although capitalists were trying to prop up the market, their efforts were futile in the face of such massive supply.

As the international grain market became more turbulent, a large amount of raw grain was dumped onto the market, which also affected processed grain exports.

Take flour exports as an example: prices not only fell by 9% compared to the same period last year, but the total export volume also shrank by 4%.

This was a consequence of the Austrian government's dumping of old grain onto the British market. British capitalists, armed with cheap raw materials, ramped up production and took over existing markets.

There was no other option. Flour couldn't be stored long-term, so the only way to disrupt the Anglo-Russian grain trade was through raw grain.

With prices dropping and exports shrinking, companies involved in agricultural exports were struggling, especially those in low-tech processing industries.

In Austria, the agricultural processing industry had formed a massive industrial chain, employing more than three million workers. The flour processing sector alone employed over 800,000 people.

This issue also affected millions of farmers. The grain processing industry's downturn would inevitably impact the purchase of new grain.

At the Vienna Palace, Franz set down the documents in his hand, lifted his teacup, and watched as faint smoke rose, filling the air with a fragrant aroma.

"We must quickly stabilize the domestic market. With raw grain prices crashing on the international market, it won't be long before the price of processed grain also collapses.

The capitalists won't be able to hold out for long. In the face of profit, few can remain rational, and the processed grain market won't stay stable for long.

We can't control the international market. We should keep whatever market share we can, without worrying too much about short-term gains and losses. But we must stabilize our domestic and colonial markets.

Domestic grain consumption is growing at almost 2% per year. If we can hold out for 2-3 years, when the wave of bankruptcies among European farmers hits, we'll be able to weather the crisis.

However, the government must take more proactive measures and not wait for the market to adjust on its own. We don't have that much time to waste. Otherwise, the advantages we've built up will be wasted."

The primary reason for the increase in consumption is population growth, followed by economic development and rising incomes, which naturally lead to increased consumption.

Franz's earlier proposal to absorb immigrants from various European countries was, in fact, a strategy to boost grain consumption.

Of course, the main goal of absorbing immigrants was to increase the labor force. Austria's colonies already covered a vast area, and developing these regions would require a large population.

Even in the most prioritized area, the African continent, after years of immigration efforts, the population of Austrian Africa had barely reached 10 million.

This number was still far from enough. Other colonies were even worse off. Due to the lack of population, they couldn't even begin basic development.

The Minister of Agriculture, Holz, stood up, took a report from his folder, walked up and handed it to Franz.

"Your Majesty, the Ministry of Agriculture recommends raising tariffs on agricultural imports to prevent foreign agricultural products from impacting the domestic market. We also suggest implementing a minimum purchase price guarantee for grain and issuing price guidance for domestic processed grain.

For processed grain export companies that have suffered losses, the Ministry of Agriculture proposes offering tax rebates on exports to offset some of their losses.

Here are the detailed measures and corresponding plans. Once implemented, domestic agricultural product prices will stabilize in the shortest time possible."

Raising tariffs on agricultural imports was aimed at Russia. In recent years, grain exports from the Russian Empire had decreased, but they hadn't completely disappeared.

However, these grains didn't directly enter the international raw grain market. Instead, they were sold to Austrian grain processing companies, which processed the grains and then sold the products on the international market, including selling them back to the Russian Empire.

Austria had managed to capture up to 70% of the international agricultural export market, thanks in no small part to the Russians.

Now, with Russia's agricultural production booming, Austria could no longer absorb it all. Combined with the fact that many countries have been boosting their grain production in recent years, leading to an oversupply in the international market, the Ministry of Agriculture naturally prioritized protecting the interests of domestic nobles and farmers.

The minimum purchase price guarantee was another measure to protect farmers' interests. The price guidance for domestic processed grain was also part of this protection strategy.

In simple terms, the government would set a retail price range for processed grain, and companies would have to price their products within that range.

Before this, the Austrian government had already imposed a price ceiling on agricultural products, and now they added a price floor as well.

"Free market economy"—unfortunately, while Austria had a market economy, it did not have a free market economy. The government's intervention in the market was nothing new.

Of course, if the industry was unrelated to international livelihood, the Austrian government never interfered. Sectors like crafts and luxury goods, for example, were entirely free from any interference.

After a quick review of the report, Franz nodded but also shook his head.

"The rest of the plan is good, but raising agricultural import tariffs can't be implemented for now. If we raise tariffs, the Russians will certainly retaliate by increasing tariffs on Austrian industrial and commercial products.

It's enough for this crisis to be limited to agriculture. If it spreads to other industries, the consequences will be even harder to control.

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We can impose restrictions when implementing the minimum purchase price for grain, applying it only to domestic, newly harvested grain from this year. The tax rebate subsidies for companies should also be limited to products processed from local grains.

To prevent companies from fraudulently claiming subsidies, any company that applies for tax rebate subsidies should be prohibited from purchasing foreign agricultural products for six months."

Franz recalled that one of the main reasons for the German-Russian rift in the original timeline was the issue of agricultural tariffs. Of course, the current situation was different, and the Russians lacked the leverage to fall out with Austria.

Escalating tensions would bring no benefits. Although the Russian Empire's market wasn't flourishing due to its poor economic development, it was still an important sales market for Austrian industrial and commercial products.

Moreover, the Austro-Russian alliance hadn't completely collapsed, and the trade agreements between the two countries were still in effect. Unless the agreement was violated, raising tariffs would be a joke.

The agreement explicitly stated that tariff increases could not exceed 5% of the original rate, and the same product could only be adjusted once every three years.

The agricultural trade tariff between Russia and Austria stood at 4%. Raising it by 5% would bring it to 4.2%, a negligible increase that Franz didn't consider worthwhile.

The fact that Austrian goods still fill the shelves of Russian stores, despite the Russian government's multiple increases in tariffs on Austrian industrial and commercial products, is enough to illustrate the point.

Under the terms of the agreement, no single product's tariff rate could exceed 10%, and most were only a few percentage.

If they wanted to bypass the agreement, it was simple—they could just break it. But this treaty was something Franz had worked hard to get the Russians to sign, so how could he willingly break it?

In this sense, the Minister of Agriculture still had room to improve his broader perspective. But Franz, ever magnanimous, was willing to overlook such minor issues—after all, one can't demand too much from technical bureaucrats.

While Holz's abilities in other areas were average, he excelled in his professional field. Under his leadership of the Ministry of Agriculture, Austria's agriculture had seen significant improvements.

Optimizing the agricultural structure, promoting new agricultural technologies, and improving the agricultural supply chain were all achievements completed under his leadership.

Now that Austria's agricultural production capacity was in surplus, Holz could claim some credit for that too. Of course, it wasn't his fault. Changing farmers' planting habits was incredibly difficult when they were still making money.

In the original timeline, this agricultural crisis lasted more than 20 years, forcing one farmer after another into bankruptcy before a new balance was reached. The difficulty of that can be easily imagined.

Growing cash crops isn't a matter of just a few words—it must also ensure profitability. Unfortunately, due to the lack of transparent market information, no one could provide such a guarantee.

Austria wasn't a planned economy, and farmers could plant whatever they wanted. What might be scarce this year could rot in the fields next year because no one wanted it.

In comparison, grain was still a relatively stable product. The return might be lower, but at least it wouldn't result in total loss.

After pausing for a moment to digest Franz's words, Colonial Minister Stephen took out a document and handed it to him.

"Your Majesty, gold mines have been frequently discovered in the South African region recently. Both the quality and quantity of these newly found gold mines are astonishing.

This is a report submitted by Viscount Falkner, the Governor of South Africa. Preliminary assessments suggest that this could be a gold mine cluster even larger than those in West Africa, with reserves potentially exceeding those in the United States.”

This was good news. Austria’s defeat in the race for monetary dominance was partly due to its lack of gold reserves under the gold standard.

Franz was naturally well aware of how rich South Africa’s gold reserves were. Knowing was one thing, but explaining how he knew would be difficult.

Austria already had a strong religious atmosphere, and Franz had no desire to give the Church more ammunition to throw at him. He had managed not to reveal any flaws in all these years since his rebirth by being cautious.

In any case, the gold was buried underground and wasn’t going anywhere. Since South Africa was already under Austrian control, those gold mines would eventually be discovered, and in the end, the gold would still flow into Austria.

In reality, Austria had been quite lucky with gold as almost every colony had some. This wasn’t something Franz had specifically planned—Austria’s direction of expansion was dictated by circumstances.

When Franz first began to expand into Africa, he never imagined that it would lead to such a vast empire. If the European powers hadn’t neglected the African continent, there’s no way Austria could have gotten such a bargain.

The expansion into Southeast Asia was completely accidental but unexpectedly successful. The presence of colonies in Central America was initially meant only to intervene in the American Civil War, but the scale of their growth far exceeded Franz’s expectations.

Before taking action, Franz had no idea how weak those small Central American nations were.

Initially, he just wanted a foothold there but unexpectedly managed to lure a group of German immigrants from the United States, directly becoming the dominant force.

Of course, those in power in those small nations probably wouldn’t agree with this statement. With only a few tens of thousands of white people in the whole country and armies never larger than a regiment, how could they have resisted Austria?

As for Alaska, it could be said the Russians practically forced it upon Austria. Ignoring the behind-the-scenes lobbying Franz had orchestrated, that’s basically what happened.

Austria’s development to its current state was not only due to effort but also heavily reliant on luck. Franz could only marvel at how reality had unfolded so dramatically.

He picked up the document and skimmed through it. Nothing unexpected. The historical mission of the two republics, the Transvaal Republic and the Orange Free State, was now over and they could finally return to Austria’s embrace.

There was nothing wrong with this—most of the local population had become supporters of Austria. The Republicans had likely met their end, though the report didn’t specify, and Franz didn’t need to know the details.

“If everything is ready, then let’s stage a little farce to dissolve these two republics! If we’re going to develop the South African region, we can’t let them remain in the way.”

Franz, being a man of dignity, would never directly annex a sovereign state. However, if the Transvaal Republic and the Orange Free State dissolved on their own and the locals willingly returned to Austria, then no issue would arise.

Franz believed Viscount Falkner could handle this issue well. After such a long time, the local power players, if they hadn’t gone to meet God already, must surely be on their side by now.

Even if there was trouble, it wouldn’t be a big deal. At this point, African colonies were known to be chaotic, so any unexpected events would be seen as normal occurrences.

Chapter 520: Scheming

Developing South Africa was also one of Austria’s measures to cope with the agricultural crisis, with the newly created jobs providing a solution for bankrupt farmers and preventing a wave of unemployment.

The European public had always been deeply interested in gold, and in this era, gold mining was seen as the quickest way to get rich. If one was lucky enough, they could strike it rich.

Among the first Austrian immigrants who made it big in Africa, five out of ten did so through gold mining, and another two out of the remaining five made their fortunes by providing services to gold miners.

In this era, every colonial power was desperate for immigrants, and to stand out in the competition, effective propaganda was essential.

A beautiful promise was a must, but whether people could actually find gold and get rich once they arrived? Franz could confidently say that 99% of them would not.

There’s a joke that goes: two brothers went looking for gold, only to realize when they got there that they had no idea how to prospect.

This joke reflects reality. Unless it’s an open-pit gold mine with particularly high gold content that’s visible to the naked eye, ordinary people wouldn’t recognize it even if they stumbled upon it.

Now that gold has been discovered, who knows how many prospecting teams are going to operate in South Africa? Even the domestic elites are organizing their own teams, and most of the gold mines will likely end up in their hands.

If it weren’t for the Austrian government setting up a gold-buying program, allowing ordinary people to sell their gold directly to the government, those who discovered gold might not have the means to mine it and could even find themselves in danger of losing their lives.

While everyone else was eagerly searching for gold, Franz took a more laid-back approach. While others were trying to strike it rich, he was investing in farms and plantations.

This experience proved that time travelers aren’t omniscient. A point on the map could translate to several thousand square kilometers on the ground, and a slight deviation could mean being off by hundreds of kilometers.

Whether or not you could find gold depended entirely on luck. While South Africa's gold deposits were extensive, they weren't so vast as to cover tens of thousands of square kilometers.

Relying on theoretical knowledge to find gold was not much different from relying on luck. Famous gold mining locations in later eras hadn't even been named yet.

Even if the names appeared, after Franz's butterfly effect, only God knew how big the error would be.

Given that, he figured it was better to take it easy. Gold miners might not always make money, but those providing support services certainly would.

Investing in nearby farms and plantations to sell essential goods like bread, cheese, fruits, vegetables, and meat products will definitely not lose money.

Despite the agricultural crisis causing a significant drop in agricultural product prices in various regions, this doesn't heavily impact inland Africa.

While grain can be imported, items like cheese, fruits, vegetables, and fresh meat products can't all be brought in from elsewhere. Although canned food had already appeared, not many people could stand eating it every day.

And who knows? Maybe you'll get lucky, and there could be a gold mine beneath the farm. Who can say for sure? When Franz established royal plantations in West Africa, minerals were discovered beneath them more than once.

The same was even more true in South Africa, where gold mines appeared in clusters. Buying land near a gold mine is a sure bet—if there's gold, you strike it rich; if not, you still make a small profit.

The news of large gold deposits being discovered in South Africa is still circulating within small circles, while the outside world remains consumed by the panic of the agricultural crisis.

In Berlin, the Prussian government grew anxious after the agricultural crisis erupted. This was a matter of self-interest and couldn't be taken lightly.

At some point, Austria had become the agricultural trendsetter in Europe, and William I kept a close eye on the Austrian government.

Watching as the Austrian government enacted a fallow law, restricted increases in grain planting areas, and called on other countries to reduce production, William I felt even more troubled.

Reducing grain production isn't just a matter of issuing a decree. It involves a wide range of interests, and crucially, it affects the interests of the Junker aristocrats in agriculture.

Times have changed. Prussia used to be a grain-importing country and didn't have to worry about these issues, but now they have become a grain exporter.

If the Russians were the most aggressive in land reclamation, with Austria following closely behind, then the Kingdom of Prussia ranked third. In recent years, the arable land area in Prussia has also increased by half.

Everyone is highly motivated to grow grain, and land that was once wasted in Russian hands is now being efficiently utilized by the Junker aristocrats.

Now, the problem has arisen: grain production capacity has exceeded demand. And this isn't just a minor surplus—according to data released by the Austrian Ministry of Agriculture, Europe's grain production capacity exceeds demand by over 21%.

Regardless of how much grain production capacity is in surplus, grain-importing countries are unlikely to reduce their production. The need to cut production mainly falls on grain-exporting countries.

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Even if some of this grain is wasted for various reasons, the amount of production that needs to be reduced, when distributed among the countries, is still significant.

The main culprit behind this situation is the Russians. Based on the estimated agricultural land area in Russia, if all the grain produced there could be exported, even if other agricultural exporting countries stopped exporting grain altogether, Europe still wouldn't face a shortage.

The reality is harsh—the international market is simply too small.

As agricultural populations increase in various countries, the amount of cultivated land continues to grow, and with improvements in agricultural technology, grain production is steadily rising. However, the market's growth rate is nowhere near fast enough to keep up.

Take France, for example. Due to the increase in domestic grain production, its expected grain imports this year will drop by 2%.

These figures are all published by the Austrian Ministry of Agriculture, which releases such data annually. Its reputation for accuracy is well-established, and William I has no doubts about it.

This isn't the first time Austria has called for a collective reduction in grain production capacity. Since 1870, the Austrian Ministry of Agriculture has been issuing warnings about grain overproduction.

However, these warnings have had no effect. Even Austria itself hasn't managed to reduce its production capacity, let alone other countries.

“The agricultural crisis is truly here, and the Austrians have already taken concrete steps to cut production. The reason I've called everyone together today is to discuss whether we should follow suit.”

Deep down, William I agrees with the need to reduce grain production capacity. If the market isn't restored to normal, no one will be having a good time.

“Your Majesty, Austria is the world's largest agricultural exporter, and with the outbreak of the agricultural crisis, they have been hit the hardest.

Their current move to reduce production is actually out of necessity. The prices on the international grain market have collapsed, and now the more they export, the more they lose.

On the surface, it seems that the Anglo-Russian agreement triggered this agricultural crisis, but in reality, Russian grain has only just begun to enter the international market. The real cause of the price collapse was Austria's dumping activities earlier this year.

According to the information we've gathered, as of now, Austria has offloaded about 34.2 million tons of agricultural products onto the international market, of which over 30 million tons were grain alone.

This amount already exceeds 81% of their total transactions on the international grain market in 1871. If the Austrian government doesn't restore its strategic reserves and start purchasing grain from the market in the second half of the year, prices will continue to plummet.

While it may seem like they're just trying to block the Russians from re-entering the international market, in reality, it's an excuse to drag everyone down with them.

If no action is taken, international grain prices will continue to lower for the next two to three years. During this time, the more grain you sell, the more you lose, and if you don't sell it, you can't recoup your funds.

We only hold a 6.6% share of international grain exports, so even if we reduce our production capacity, it won't change the situation. Unless the Russians agree to reduce production as well, this crisis won't end anytime soon.

The immediate priority is to protect the domestic market. I recommend reducing or eliminating agricultural taxes and export duties on agricultural products, while simultaneously raising import tariffs on agricultural goods. If necessary, we could follow Austria's lead and implement a minimum grain purchase price to ensure farmers' income."

Moltke's opinion is very clear: the government should not interfere with people's freedom to cultivate. The reasoning is simple: if Prussia reduces production while the Russians do not, they would just be doing the enemy a favor.

"Prime Minister, raising import tariffs on agricultural products is easy, but we must consider the ripple effects.

Prussian-Polish relations are at a critical juncture. If we raise import tariffs on agricultural products now, what will the Poles think?

If they retaliate by raising import tariffs on our industrial goods, then the agricultural crisis could spread to industry as well.

Let's not forget that our financial situation is already very dire. If we go down this path, this year's budget deficit will increase significantly. It may not be long before we have to declare bankruptcy."

It wasn't that Graumann was unwilling to protect agriculture. The problem was that as the Minister of Finance, he was acutely aware of how precarious Prussia's finances were.

Simply reducing or eliminating agricultural taxes and export duties on agricultural products would already result in a decrease of 56 million marks in Prussia's revenue, which was extremely risky.

If Prussia were to raise import tariffs on agricultural products, leading Poland to raise import tariffs on Prussian industrial goods in retaliation, Prussia's fragile industrial and commercial sectors would also suffer a severe blow.

This could trigger a chain reaction, potentially leading to an industrial crisis, with losses that would far exceed the initial impact.

Prussia didn't have colonial markets to offload its excess products, and it couldn't compete internationally against the British, French, and Austrian industries. The Polish market was therefore vital to Prussia.

Moltke smiled calmly and explained nonchalantly, "It's not that serious. The Poles wouldn't dare to confront us directly.

It's easy to deal with them. All we need to do is stir up the radical Polish groups, get them to make territorial demands on Austria, and then we can step in to clean up the mess.

After offending two powerful neighbors, what choice would the Polish government have?"

This explanation left Graumann speechless. There was no denying it. Poland wasn't a normal country at the moment, as it was already in turmoil internally.

This tactic might not work on other countries—no one else would be so reckless—but Poland was an exception. They were indeed capable of such actions.