Germany on the Eve of the World Economic Crisis of 1901-1903

Abstract

On the eve of the global economic crisis that engulfed 1901-1903, the German Empire achieved many successes in the social, political, and economic fields. During this period, the industrial revolution ended in Germany, German industrial products strengthened their positions on the world market due to their quality. The reforms carried out in the field of agriculture and the introduction of new technologies have led to the development of the agricultural sector, as well as other industries. During this period, the reconstruction of the German naval forces was completed. The German fleet rose to the level of the most powerful fleet of its time. The purpose of the scientific article is to reveal and show the main directions of industrial development, which led to the strengthening of the German economy.

The relevance of the problem. As we know, the years 1901-1903 were difficult for the whole world. These are the years of global overproduction, which was characterized by a general increase in production and construction worldwide and had deplorable results for the population. The global crisis began, which first of all affected all the world powers. The years 1901-1903 in Germany were different, this period of history has always been of great interest, since it was the first period of the global crisis.

The results of the study were to show how in 1902, against the background of the global crisis, Germany rose to the level of the leading European and world states in terms of the welfare of the population, as well as the level of developed industry.

Conclusions. The general development in the country was facilitated by the adoption of a compromise project - the "Bulova tariff". From a political point of view, this law was the success of the "merger policy", which united the magnates of heavy industry and Junkers. Bulov's successes in foreign policy have strengthened Germany’s authority in the international arena. Various political factions within the bureau successfully maneuvered between factions, winning the sympathy of all segments of the population. The Navy of the German Empire was considered one of the strongest naval powers in the world. As a result of the military reforms carried out in the country, the modernization of the German troops was completed. The army is equipped with the latest and modern armed military equipment and ammunition. The German army at that time was already considered the most powerful military force in the world.

Keywords: World economic crisis, industry, tycoons, syndicates, Reichstag, Junkers, Kaiser

Німецчина напередодні світової економічної кризи 1901-1903 років

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Анотація

Напередодні світової економічної кризи, що охопила 1901-1903 роки, Німецька імперія досягла багатьох успіхів у соціальній, політичній та економічній сферах. У цей період в Німеччині завершилася промислова переворот, німецька промислова продукція зміцнила свої позиції на світовому ринку завдяки своїй якості. Проведені реформи в сфері сільського господарства і впровадження нових технологій привели до розвитку аграрного сектора, а також інших галузей. У цей період була завершена реконструкція німецьких військово-морських сил. Німецький флот піднявся до рівня найпотужнішого флоту свого часу. Метою наукової статті є розкриття та показ основних напрямків промислового розвитку, які призвели до зміцнення німецької економіки.

Актуальність проблеми. Як відомо, 1901-1903 роки були важкими для всього світу. Це роки світового перевиробництва, яке характеризувалося загальним зростанням виробництва і будівництва в усьому світі і мало плачевні результати для населення. Почалася світова криза, яка в першу чергу торкнулася всіх світових держав. 1901-1903 роки в Німеччині були різними, цей період історії завжди викликає великий інтерес, так як що був перший період світової кризи.

Результати дослідження повинні бути показани, як в 1902 році на тлі світової кризи Німеччина піднялася до рівня провідних європейських і світових держав за рівнем добробуту населення, а також рівнем розвиненої промисловості.

Висновки. Загальному розвитку в країні сприяло прийняття компромісного проєкту - "тарифу Бюлова". З політичної точки зору цей закон був успіхом "політики злиття", яка об'єднала магнатів важкої промисловості і юнкерів. Успіхи Бюлова у зовнішній політиці зміцнили авторитет Німеччини на міжнародній арені. Різні політичні фракції всередині бюро успішно завірювали між фракціями, завойовуючи симпатії всіх верств населення. Військово-морський флот Німецької імперії вважався однією з найсильніших військово-морських держав світу. В результаті проведених в країні військових реформ була завершена модернізація німецьких військ. Армія оснащена новітньою та сучасною військовою технікою та боєприпасами. Німецька армія на той момент вже вважалася найпотужнішою військовою силою в світі.

Ключові слова: світова економічна криза, промисловість, магнати, синдикати, рейхстаг, юнкери, кайзер
Introduction.

The economic crisis of 1900-1903 covered most developed countries. This crisis resulted in the bankruptcy of industrial enterprises in many countries. Product production fell sharply that the demand for industrial products fell sharply. The manufactured industrial products were collected and left in warehouses. During this period, the economic and political situation in Germany was unstable. Germany had declared itself an empire since 1871. The basis of the Empire was considered the Prussian state. It was the Prussian Kingdom that United small German states around itself (Vlasov, 2022).

The newly formed German Empire was a federation of 22 provinces and 3 Free Cities. Lubeck, Bremen, and Hamburg were included in the Empire. In 1871, the adoption of the alumnus Constitution formalized the model of federal centralized state structure. Each subject of the federation had a certain autonomy. The country's supreme legislative body, the Federal Assembly, consisted of the Bundesrat and the Reichstag. It was the representative legislative body of the United Provinces from the Bundesrat and Reichstag. The Prussian province was considered the largest province in the Union in terms of population and economic and political power. Therefore, out of 58 places in the Bundesrat, which is considered the Supreme Assembly of Germany, it was the Prussians who owned 17 chests. Due to this advantage, no provisions of the Constitution could be amended or amended without the consent of the Prussia. The Reichstag, considered the lower house, consisted of 382 deputy seats.

When the Reichstag was created by voters, it was under Kaiser's control. Under the authority of the Reichstag were initiatives related to legislation, discussion of draft laws, as well as approval of the country and the military budget. He was considered the Supreme Judge of Kaiser Imperia. He could also appoint or dismiss the chancellor, who headed the government, high officials. The Kaiser also had the authority to convene and dissolve the Bundesrat and Reichstag, approve or reject bills (Maqdana, 2004, p. 11).

In the German Empire, the chancellor had a wide range of powers, he was engaged in the administration of such vital tasks for the state as trade, customs policy, fleet development, transport system, managed banking, coins, foreign payments, consular service determination. The chancellor was considered accountable only to the emperor. For the first time in all German history, the adopted Constitution gave its citizens the right to elections. The electorate consisted of men who had turned 25 years old. Women and poor residents could not participate in the elections. This Constitution confirmed that for the first time in history, German Jews were given the same rights as citizens of German origin. The Constitution defended the interests of Junkers and representatives of the large bourgeoisie under the hegemony of Prussia.

In 1871-1890 the chancellor of the German Empire was Otto von Bismarck. The years of Bismarck's reign were marked in the history of Germany as the «Bismarck era». The main task that Bismarck set for himself was the creation of a national state. However, the citizens of the German Empire did not consider themselves a single people. The German Empire seemed to give the impression of a conglomerate of national formations with polycentric power. In such conditions, it was very difficult to create a centralized state with citizens with a sense of national identity with common national values. The government has used the Franco – Prussian war to shape a nationwide sense of Homeland. Calls for consolidation to the common German people were carried out in society in propaganda as resistance to the “common enemy” – France, where revanchism sentiments were strong. With the unification of Germany, a single economic space was formed. Switch the end of the industrial revolution, there was a wide opportunity to enter World Markets. The unification of the efforts of the chancellor and Parliament made it possible in a short time to create infrastructure for the development of the country's economy.

Research results.

The period from 1871 to 1878 is marked as a period of economic liberalism since the state used only indirect methods of regulation of the economy and adhered to a free trade policy. In November 1871, the government issued an order to issue the gold standard and Reichsmarks. The Reichsbank, founded in 1871, was given the right to issue banknotes and coins. After the unification of the German provinces, the level of economic development in the provinces was unevenly developed (Vlasov, 2022, p.47).

Beginning in 1873, all German industry entered a period of modernization. This process continued until 1900. The years 871 - 1873 are recorded in German historiography as the years of «grunderst» (from German gründen-to create, build). In those years, numerous joint-stock companies, banks, insurance companies, railways, etc.it was marked by the massively irregular creation of the Banks' low-interest loans were the main reason for the establishment of new institutions. The banks' assets were renewed at the expense of 5 billion francs in compensation received from France. Buda allowed banks to issue low-interest credit. Despite the devastating consequences of the crisis, it had some positive impact on the German economy.

The crisis has encouraged the weak competitiveness of German goods in world markets, the ability to calculate development prospects, focus on stable growth, and explore the possibility of obtaining optimal income. After the crisis, the painful restructuring of the economy, the study of the demand of the foreign market, the search for ways to rationalize and increase labor productivity began. The solution of all these problems subsequently ensured the access of German industrial products to world markets. Germany entered the stage of completion of the Industrial Revolution late but received a number of
important advantages from this delay. German industry was able to widely adopt the technical and technological practices of the leading industrial countries and further develop them. The rapid construction of Railways has been an exceptional benefit to the development of industry in Germany. The expansion of the railway network contributed to the emergence of a unified transport system and the formation of the national market. The rearmament of the German army further influenced the development of industry (Bonwetsch, Orlov, & Sindeev, 2007, p. 54).

The owners of the military industry received assistance in providing government orders, investments, raw materials, and labor. In the early 90s, more than 50% of the population worked in industry, trade and in the transport sector. Almanya agricultural areas developed more slowly than other industries. In most parts of the country, capitalist relations developed according to the so-called “Prussian way”. Most of the land in Germany was concentrated in the hands of Junkers. Junkers were mainly called large landowners with large capital and property. In rural areas, small landowners could not compete with the Junkers, so most of them went bankrupt and lost their land. Most of the peasants who were left without land moved to the cities and the rest worked in the Junkers’ farms. The agricultural crisis of the late XIX century radically changed the situation in the agrarian market.

During this period, the development of maritime transport in Argentina from Canada and the United States ensured the introduction of agricultural products to Europe at low prices. The fall in prices for agricultural products on the world market caused an agrarian crisis in Germany. Agriculture was rebuilt in the western provinces of the country. In the southern regions of the country, the improvement of animal races in large and medium-sized farms specialized in the provision of feed bases and breeding of thoroughbred animals. The agricultural sector was mechanized. Such measures have promoted agriculture in Germany (Mering, 2008, p. 24).

German agricultural product has cemented their place on the world. The Junkers demanded that the government subsidize their farms and also close the German market for foreign producers by imposing high duties. This demand of the Junkers was supported by the industrial magnate. Industrialization development led to an increase in the country’s population. The main reasons for the increase in the population are the improvement of health care, a decrease in infant mortality, an improvement in the well-being of residents as a result of these listed, the extension of the average life expectancy of the country’s population in general.

One of the factors that influenced the growth of the population in Germany was the influx of immigrants from Eastern Europe. The development of industry led to the acceleration of the urbanization process throughout the country. In developed industrial regions, the population grew more rapidly. As industry developed, the bourgeoisie became richer, and the representatives of the bourgeoisie, who became richer, tried to imitate the way of life of the nobility. The emerging stratum of the rich in the country made a lot of efforts to penetrate into the “elite society”, receive the status of a reserve officer, honorary orders and ranks, and provide access to government positions were. The upper class of the bourgeoisie was traded with women of noble origin for the title of nobility. The “new middle classes” were formed more dynamically. In the process of modernization, the developing production and infrastructure, the system of Public Administration and education, health care, science and culture required a large number of specialists. Workers constituted a key element of this nascent class (Lamar, 1989, p. 13).

The emerging middle class included the rapidly growing scientific and technical creative intelligentsia. The formation of this layer was associated with the process of industrialization, the expansion of the service sphere and the education system, which required a large number of engineers, designers, scientists to serve science-intensive, technological industries. Higher education was already within reach of three non-nobles. The development in the field of Education led to the formation of such intellectual cuts as «urban intelligentsia», «intelligentsia».

The “destructive” effect of modernization turned out to be even more disastrous for the petty merchant bourgeoisie. Small business enterprises could not compete with large markets. In trade, as in other sectors of the economy, there was a process of concentration, which was expressed in the creation of a network of markets. The industrial proletariat was developing rapidly. The working class was gradually becoming the largest social group in German society. In the German Empire, the process of forming a multi-party system was still going on, which began in the 1860s.

As a continuation of these processes, one of the most influential parties in the 1870s was the National Liberal Party (NLP), which led the national movement and supported Bismarck in the unification of Germany. The party represented the largest faction in the Reichstag. The National Liberal Party supported the Chancellor’s course towards the creation of a centralized state. The National Liberal Party tried mainly to develop parliamentarism, to gain control over the government. In subsequent periods, members of the National Liberal Party had the opportunity to restrict Bismarck’s authoritarian course, but they did not use it (Bonwetsch, Orlov, & Sindeev, 2007, p. 21).

At first, party members were not interested in solving social problems. While members of the National Liberal Party took the route of non-interference in the economy during their first establishment, the fall of grunderism and economic depression in the subsequent period led to a struggle among party members between supporters and opponents of protectionism, which ultimately resulted in the victory of nationalism over liberalism. In the political course of the National Liberal Party, there was a tilt to the
right. To maintain their influence, the National liberalists took a course in supporting the policy of occupation of the new colonies, the strengthening of the army and the naval arms race.

The formation of an industrial society was accompanied by an increase in the number and organization of the working class, the revival of the strike movement. In Germany, two political organizations were active in the Workers Movement: the General German Workers Union (“Lassalists”) and the Social Democratic Workers Party (“Eisenach”). These organizations competed with each other.

The national issue occupied an important place in Bismarck's domestic policy. The government did not have any concept to solve the problems of the non-Germanic peoples that were part of the Empire (Vlasov, 2022, p. 34). The problem of non-Germanic peoples, as a rule, arose depending on other important domestic and foreign policy issues. The government went in search of the «guilt», which led to the collapse of grunderism. The blame was laid on the Jews and liberals (it is noteworthy that the leaders of the national liberals were Jews). He tried to convince the population «of the idea that all failures were caused by Jews». The Conservatives used anti-Semitism as a means of attack against their opponents. Most media outlets published calls for the expulsion, sterilization and even extermination of Jews from Germany. Anti-Semitic organizations began to appear in the country. The most popular of these anti-Semitic organizations was considered the party of Christian Social Workers.

During Bismarck's tenure as chancellor, ethnic Poles were subjected to national separate elections. An attempt was made to Germanize the poles. Teaching polish in schools was prohibited. The policy of Germanization was also carried out in relation to the Danish population in Northern Schleswig, and in relation to the French-speaking population in Alsace and Lorraine.

By increasing its military power, Germany sought to strengthen its position in the whole of Europe. In October 1879, Germany entered into a secret alliance and defense treaty with Austria-Hungary. In May 1882, an allied treaty was signed between Germany, Austria-Hungary and Italy. In the 80s of the XIX century, the strengthening of the positions of the German Empire and the aggravation of contradictions in Europe created favorable conditions for the colonial policy of Germany. In 1882, the German colonial Union was created, and in 1884, the Society for German colonization.

The creator of the society, Karl Peters, urged the Germans to act quickly and ambitiously to “correct the shortcomings of the centuries”, ahead of other European countries in capturing colonial possessions. Bismarck, a supporter of colonizing outside Europe, changed his foreign course, not succumbing to the pressure of colonial-oriented forces. He declared the Protectorate of Germany in 1884 in the area of the Gulf of Angra-Pekena off the coast of Southwest Africa. In the summer of 1884-the territories of Cameroon and Togo were captured. In 1885 East Africa and then the northern part of the island of New Guinea were declared protectorate of the German Empire. As a result of pressure from Britain and France, Germany for some time ceased to send colonial challenges. Despite international pressure, the colonial mood of the Germans did not subside, and in 1887 the Society of German colonies was created.

Relations with France became more complicated in 1887—in connection with the appointment of the leader of the revanchists, general Boulanger, to the post of Minister of war. During this period, due to the aggravation of relations between England and Germany, Germany was trying to get closer to Russia. Bismarck's foreign policy was distinguished by purposefulness and the ability to skillfully play on the contradictions of the great powers. As a result of many years of efforts, the first chancellor managed to organize the “German world” – a complex system of alliances and groupings, which, according to his plan, should ensure the security and hegemony of Germany in Europe [5.21]. Thanks to Bismarck's non-offensive treaty with the Russian empire, he saved Germany from the threat of waging war on two fronts.

In 1888, the young Kaiser Wilhelm II ascended the throne. Disagreements arose between Kaiser and Bismarck over foreign and domestic policy, which led to the resignation of Bismarck, who became chancellor on March 1890, 17. Having taken power, Kaiser Wilhelm II did not know apart, a balanced policy between various political forces throughout the country. Wilhelm II sought to personally determine Germany's domestic and foreign policy. It interfered with the work of the local inappropriate Chancellor and other ministers. The young Kaiser pursued a policy that served the interests of the Prussian Junkers to a greater extent. Wilhelm II understood the importance of introducing new technologies into the development of science and industries. He knew that Germany's position in the international arena depends on the development of its industry. The Kaiser sought to become its full ruler over the Reichstag. This policy of Wilhelm II was supported by the Junkers and the bourgeoisie.

In the mid-1890s, the industrial revolution in Germany ended. After this time, the transition to the “second wave” began, based on the latest scientific and technical achievements, new energy sources, mass production and specialization. In this period, industrial production in Germany doubled. In terms of production of all-world industrial products, Germany rose to second place. In this period, the structural restructuring processes of the German industry were stat (Lamar, 1989, p. 12).

In the new industries, mainly electrical, chemical, mechanical engineering, precision mechanics and optics took the leading positions. The development of new industries strengthened Germany's position in the world market. Germany was in the second place in the world market for the export of industrial goods in the field of production and sale of artificial materials
and pharmaceutical products. The industrial products produced by Germany at that time became a symbol of quality in the world market. German manufacturers have mastered qualitatively new models of relations between science, technology and industry and laid the foundation for the development of knowledge-intensive industries. German entrepreneurs set up research laboratories and design departments. with the discoveries and inventions of the same laboratory employee, they gained a superior position over their competitors. Technical innovations played an important role in the development of the electrical industry. Mechanical Engineering has become the largest sector of the economy.

In the German economy, there was a process of concentration of production and capital, in which Germany surpassed other European countries. The most common form of monopoly in Germany were cartels. He was the Rhine-Westphalian coal syndicate, headed by Emil Kirdorf, the largest syndicate in the state. If in Germany in 1896 there were 260 cartels, then in 1911 the number of cartels was more than 600. Such organizations provided the developing industry with financial means.

Apparent, during this period, the German economy developed quite successfully. Both industry and agriculture were moving forward confidently, adapting to the requirements of the time and actively adopting innovations. During this period, the population of Germany began to grow rapidly. The population quickly moved from villages to cities. From the eastern provinces, which were the agrarian regions of Germany, the population moved to the western regions, which were considered industrial centers. 60% of the country's population consisted of urban residents. In the conditions of industrialization, the number of the working class dynamically increased. The concentration of workers in large enterprises helped them to realize the social significance of their labor.

In separate groups, there was a formation of class self-awareness, readiness for more radical methods of protecting interests. In the 90s of the XIX century, there is a process of formation of social democratic movements in the country. During this period, the German Social Democratic Party (ASDP) begins to play an important role in the political development of imperia. In 1890-94, the position of Imperial chancellor was held by General Leo von Caprivi. In his first speech in the Reichstag, Caprivi announced the “new order” to be introduced. The main political course of the Caprivi government was to focus on “class reconciliation” and cooperation with all parties and political forces “not hostile to the state.” The basis of Caprivi’s policy was to separate the workers from the Social Democrats and unite them around burja-oriented parties. Under Caprivi’s rule, a transition was made to industrial-agrarian development in the field of Economic Policy. The chancellor set himself the task of creating the best opportunities for the development of industry, even sometimes to the detriment of large landowners. Caprivi created a system of bilateral trade agreements with fixed tariffs for 12 years. Germany lowered import duties, gaining access to European markets in return. Caprivi attached great importance to trade agreements. He was confident that the conclusion of such agreements would contribute to the economic rapprochement of Germany with European states. Caprivi saw such treaties as an alternative to colonial policy.

Germany in 1891, Austria-Hungary, Italy, Belgium, Switzerland and in 1893-94, Spain, Serbia, Romania, and Russia signed agreements. In 1891, through the social orientation he supported in Wilhelm II, the labor protection law was passed in the Reichstag. During his tenure as chancellor, Caprivi tried to pass a bill on military issues in the Reichstag. This bill provided for an increase in the number of personal of the army by reducing the term of military service from 3 to 2 years, which would allow more conscripts to be trained. But the new military law did not pass through the Reichstag. After that, Caprivi achieved the holding of new elections to the Reichstag. The government achieved the acceptance of a military tribe in the Reichstag. The new project strengthened Caprivi's position, but in 1894 he began a political conflict with the head of the Prussian government, count Boto von Eulenburg, who advocated a new, stricter law against the Socialists. As a result, they were removed from their posts in both statesmen.

In October 1894, Kaiser appointed Prince Chlodwig von Hohenlohe as chancellor and Prime Minister of Prussia. Hohenlohe’s political views were not clearly expressed. These characteristics of the new chancellor were appropriate in the three of Wilhelm II, who thought he would be more manageable than his predecessor. However, it was difficult to get Hohenlohe to engage in any work that did not correspond to his own views. These characteristics of the new chancellor prevented Kaiser's projects, which were considered risky for the state.

During this period, under the leadership of Kaiser, Foreign Minister Bülow and admiral Tirpitz, who tried to strengthen Germany's position m on "world politics", managed to achieve the consolidation of all factions. All layers of the Empire knew about the need to establish freezing equal to the Britannian naval freezing in order for Germany to consolidate its place in world politics. But many deputies opposed the large-scale construction of the Navy. Therefore, Tirpitz began to shape public opinion in support of the creation of the Grand Fleet. On his initiative, the German Naval Union was created in 1898. The leaders of this alliance called for support for their plans to build a naval fleet, in which the great national task would be solved - the transformation of Germany into a world power.

In 1898, the Reichstag adopted the first law on the construction of a naval freeze. In 1900, the second program for the development of the Navy was approved. The adoption of the new GNU planned to double the power of the Navy freeze. The adoption of
the new GNU was made possible by the support of the Conservatives.

In October 1900, Hohenlohe voluntarily resigned. Bulow was appointed Imperial Chancellor. Bulow, who was good at making political maneuvers, was able to prevent Wilhelm II's interventions in the government's work. The Chancellor maneuvered between opposing socio-political forces, not allowing any of them to gain an advantage. Bulow himself instructed Count von Posadovsky to deal with domestic and social political issues, since Germany was more concerned mainly with foreign policy issues. The Chancellor chose the way of bringing together all social forces, which even led to a gradual reconciliation of social democracy with the authorities. Posadovsky carried out a number of social reforms (children under 12 were banned from working, the circle of persons insured against accidents was expanded, etc.).

Conclusions.

Despite the support of the Kaiser, Bulow faced resistance from the Junkers. The reason for the conflict with the Junkers took place in 1899 on the construction of the central German canal between the Rhine and the Elba was the project presented by the government the construction of the canal met the needs of Agriculture and the bourgeoisie. The Conservatives feared that this project would lead to an increase in imports of cheap grain, so they opposed the adoption of the project in the Reichstag. The Reichstag adopted the project for the construction of the canal only in 1905.

The government's new tariff policy became a controversial issue once Caprivi trade deals were coming to an end and farmers were demanding an increase in import duties. Bulow defended his interests in his industry, engaged in export, making a political maneuver. In 1902, a compromise project was adopted - the "Bülow tariff". Politically, this law was the success of the "unification policy" that brought together heavy industry tycoons and Junkers. Bulow's successes in foreign policy strengthened Germany's influence in the international arena. Bulow successfully maneuvered among the various political factions within the region and won the sympathy of all segments of the population. Over this period, Germany has grown to the level of European and world leaders due to the well-being of its population and developed industry. The Naval freeze of the German Empire was considered one of the most powerful naval powers in the world. As a result of the military reforms carried out in the country, the moderation of German troops was completed. The army is equipped with the latest and most modern weapons, military equipment and ammunition. The German army at that time was already considered the most powerful military power in the world.

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