

CHAMBERS OF COMMERCE AND CZECH-GERMAN RELATIONS IN THE LATE NINETEENTH CENTURY

By Catherine Albrecht

Chambers of commerce and manufacturing were established in Austria in 1850 as official mediators between the interests of business and the government. As such, they displaced in importance voluntary associations that had been established before 1850 to represent business. In the era of Bach absolutism, the chambers were the only institutions representing liberal interests¹. At the same time, however, chambers of commerce were official government organs, and as such they performed important functions for the state, particularly collecting data on business and industry, soliciting policy recommendations their members, and informing the business community about government initiatives in economic affairs.

The five Bohemian chambers of commerce were located in Prague, Reichenberg (Liberec), Eger (Cheb), Plzeň (Pilsen), and České Budějovice (Budweis). From their inception until 1884 all five chambers were dominated by German business and industry, although there were Czech representatives on the chambers in Prague, Plzeň, and České Budějovice². These three chambers avoided national conflict and maintained a *ultraqu coast* position until the 1860s. The liberal view in the chambers suggested that economic questions were of universal significance and could be resolved by an understanding of common principles that applied equally to all situations. National or political differences had no place in economic decision making.

With the passage of the February patent and the October diploma and the establishment of representative government in 1861, Czechs began to seek greater representation in the chambers of commerce as well. During the 1860s and early 1870s, Czech businessmen and political leaders pressed for equality in language use in the chambers and for greater representation for small business, crafts, and even credit cooperatives, which were the most important financial institutions among the Czechs before 1873. The rapid growth of Czech industry, particularly agricultural industry, led to the creation of a Czech business class that demanded representation in the chambers. When this was not forthcoming, they used voluntary associations like the *Průmyslová jednota* (Industrial Union) and *Merkur* as surrogate chambers³.

¹ Stölzl, Christoph: Die Ära Bach in Böhmen. Sozialgeschichtliche Studien zum Neoabsolutismus, 1849–1859. München 1971.

² The chambers in Reichenberg and Eger never had any significant Czech representation.

³ Both of these organizations originally had both German and Czech members. The Industrial Union was dominated by Czech craftsmen and small businessmen from 1844. *Merkur* was dominated by Czech businessmen and merchants from 1868. The Germans withdrew from both organizations when a Czech leadership was elected. Obchodnický spolek „Merkur“ v Praze, na paměť svého 50 letého trvání [The Business Society „Merkur“ in Prague, in Remembrance of Fifty Years of Existence]. Praha 1912.

With a change in electoral regulations in 1884, the chambers in Prague, Plzeň, and České Budějovice became Czech. The chambers in Reichenberg and Eger remained German. The division of the chambers into two groups provides a useful basis for analyzing competition and cooperation between Czechs and Germans in economic affairs. Because the government often requested input from the chambers before passing new economic legislation, the positions of Czech and German business on specific issues can be compared. Areas of agreement and dissension are particularly evident in debates between Czech and German delegates within the Prague chamber of commerce.

A comparison between Czech and German chambers of commerce is not straightforward, however. Prague was the center of Czech political and cultural life, overshadowing its sister chambers in Plzeň and České Budějovice. Reichenberg likewise was the most important city for German Bohemia, and because its chamber remained dominated by large industry (particularly the textile industry), its interests diverged somewhat from the other chambers where small business and manufacturing had a greater degree of influence. The dominant chambers in Prague and Reichenberg were direct competitors and sometimes hostile opponents, but there was some friction between the larger and smaller chambers as well. In fact, differences in the size and economic significance of the five chambers of commerce in Bohemia are striking.

Tab. 1: *Population of Chamber of Commerce Regions in Bohemia, 1890*

Chamber	Czech Population	German Population	Total
Prague	1 694 754	1 115 83	1 806 803
Plzeň	578 524	194 716	773 368
Č. Budějovice	517 359	139 757	657 220
Reichenberg	801 955	1 030 585	1 832 688
Eger	51 596	682 370	733 986
Total	3 644 188	2 159 011	5 804 065

Source: SÚA/NRČ, Carton 406/1, Petition to Ministry of Trade concerning Zřízení nové obchodní a živnostenské komory pro východní Čechy se sídlem v Hradci Králové [On the Founding of a New Chamber of Commerce for Eastern Bohemia with its Seat in Hradec Králové], n.d.

An analysis of the Bohemian chambers of commerce demonstrates that when the control of institutions was involved, Germans and Czechs disagreed sharply along national lines. When economic policy issues could be divorced from their institutional context, however, the situation was more complex. Both Czech and German business communities were divided internally on such issues as monetary reform. In addition, Czechs and Germans occasionally cooperated on issues that could strengthen the competitive advantage of all business in Cisleithania, such as trade, taxes, or Austria's relationship with Hungary. However, as Lothar Höbelt has pointed out, cooperation on the basis of common economic interests could easily be derailed by political conflict⁴.

⁴ Höbelt, Lothar: *Kornblume und Kaiseradler: Die deutschfreiheitlichen Parteien Altösterreichs, 1882–1918*. Wien-München 1993.

*National Conflict in the Chambers**New Statutes*

The electoral law of 1882 created a new curia of "five-gulden men" who could vote for representatives to the provincial diet and imperial parliament. Electoral reform was extended to the chambers of commerce as part of Prime Minister Taaffe's effort to woo the Czechs and broaden the base of his political coalition. In 1883 the Ministry of Trade informed the chambers that they needed to revise their electoral statutes to conform to the new law. Each chamber was permitted to draft its own statutes reflecting the balance of business and industry in its territory. There were several issues to be addressed. First was the division of the chamber into sections, each representing a different group of industry or business. Second was the question of who was eligible to vote in each section, based on tax obligations. And third was the number of representatives elected from each section. In addition, the new electoral statutes were to spell out the procedures for voting.

In each chamber there was some resistance to the Ministry's directives, as the representatives of large industry and business, who had dominated the chambers for over thirty years, were not anxious to relinquish their influence. In Prague, Plzeň, and České Budějovice the issue of expanding the chamber's electoral base was complicated by the fact that most of the small businesses that would be included were Czech and any significant electoral reform would certainly bring in Czech leadership. Electoral reform was adopted relatively easily and with few hard feelings in Plzeň, where German and Czech businesses already had a tradition of cooperation. Likewise, the chamber in České Budějovice passed its new statutes relatively quickly. But in Prague, electoral reform was particularly contentious because the German majority on the chamber was unwilling to adopt reforms that would result in a loss of power⁵.

The chamber of commerce in Prague selected a committee of six Germans and three Czechs to draft its new electoral statutes. From the beginning the Germans and the Czechs on the committee adopted separate majority and minority proposals. Harsh debates throughout 1883 and into 1884 focused on the national implications of change. The German majority on the chamber sought to create an electoral geometry that would continue to give disproportionate weight to the interests of large business and industry and lump all of the smaller business into one or two sections. The Czech minority, led by Young Czechs Eduard Grégr, Bohumil Bondy, and Josef Wohanka, argued that representation on the chamber should reflect the fact that Czech business were a majority in the chamber's district. They sought a larger number of sections and lower tax thresholds for suffrage rights. In March 1884 the government intervened to end the debate by imposing an electoral system that was close to what the Czechs had sought.

⁵ On electoral reform in the Prague chamber of commerce, see *Verhandlung der Handels- und Gewerbekammer in Prag über den vom hohen kais. könig. Handelsministerium herabgelangten Entwurf einer Wahlordnung*, 3 vols. Praha 1883. — Gruber, Josef: *Obchodní a živnostenská komora v Praze v prvním půlstoletí svého trvání, 1850–1900* [The Chamber of Commerce in Prague in the First Half-Century of its Existence, 1850–1900]. Praha 1900, 228–241. — Kolmer, Gustav: *Parlament und Verfassung in Österreich*. Wien 1902–1914, vol. 3, 151–156.

Under the new regulations, the Prague chamber of commerce was organized into eight sections. Manufacturing and business were each divided into large firms, medium-sized firms, and artisans and small business. Separate sections were created for agricultural industry and mining. The tax thresholds for each section ensured that Germans would dominate large industry and large business. The other categories were carried by the Czechs. The predominance of Czechs in small manufacturing and small business was so overwhelming that the Germans did not bother to run any candidates in the elections which were held in the late spring of 1884. Genuinely competitive and hard-fought campaigns were waged in 1884 for representatives to the sections of medium-sized industry and business, since those two sections would hold the balance of power in the newly constituted chamber. Although the number of firms eligible to vote in chamber elections continued to increase in each election after 1884, the balance of power between Czech and German representatives in the Prague chamber of commerce was not altered until after 1918.

Table 2: *Election to the Prague Chamber of Commerce, 1884*

Section	Czech Votes	German Votes	Total
Business Section			
Large	42	104	146
Medium	1456	558	2014
Small	4439	—	4439
Manufacturing Section			
Agricultural Ind.	133	38	171
Large Industry	35	79	114
Mining	35	10	45
Medium Industry	469	75	544
Medium Artisans	6514	—	6514
Total	13123	864	13987

Source: Gruber, Josef: *Obchodní a živnostenská komora v Praze v prvním půlstoletí svého trvání, 1850–1900* [The Chamber of Commerce in Prague in the First Half-Century of its Existence, 1850–1900]. Praha 1900, 250.

The minority of German representatives who were reelected to the chamber after the 1884 elections continued to protest the imposition of electoral statutes that violated the will of the former German majority. The German delegates refused to attend the first two meetings of the new chamber and never again voted for the president of the chamber, using the occasion instead to reiterate their political objections to the whole electoral process. At the same time, however, the German delegates made it clear that they did not hold a personal grudge against the Czech presidium and were willing to work the Czechs on issues of common concern. Where possible, both sides stressed that the economic interests of the Prague district crossed national boundaries. In fact delegates were elected to the chambers who had served before 1884, and the more experienced delegates often recalled with some nostalgia the era when the Germans and Czechs had worked together harmoniously.

Austro-Hungarian Bank

The first major issue on which the new Prague chamber took a stand was designed to appeal to the small businessmen and artisans who were the mainstay of its support. In 1885 the Prague chamber prepared a series of proposals for reforming both the structure and lending practices of the Austro-Hungarian Bank. The chamber lamented the shortage of credit in Bohemia, which was felt acutely as a result of the collapse of the *Böhmische Bodencreditgesellschaft* in 1884 and the subsequent liquidity crisis among sugar manufacturers in 1885. Direct appeals to the Austro-Hungarian Bank and the Austrian government for emergency credit had been ignored. Therefore, in its proposals the Prague chamber asked that the Prague branch of the bank be raised in status to a "main branch" (*Hauptfiliale*) with its own directors. The directors of the branch office should reside in Bohemia with half chosen by the bank's Viennese direction and half by organizations in Bohemia itself. Additional branch offices should be established throughout Bohemia, and Bohemia should be granted 50 million fl in credit each year. The Prague chamber argued that Bohemia's economic growth was being held back by a shortage of credit.

In addition to these structural changes, the Prague chamber also recommended reforms that would benefit small business in Bohemia. It requested that the bank rediscount small bills of exchange, particularly bills that already had been discounted at credit cooperatives⁶. The Prague chamber argued that Czech credit cooperatives suffered discrimination at the bank, which ignored the financial stability and importance of cooperatives. The result was a shortage of credit for small businessmen in Bohemia as reflected in higher interest rates (cooperatives often charged 8–10 percent for discount loans; the Austro-Hungarian bank charged 4–4.5 percent). The chamber also requested that the censors who evaluated bills of exchange be selected from within Bohemia, with recommendations from the chambers of commerce, rather than by the bank's office in Vienna.

Finally, the chamber's proposals included a few purely national considerations relating to the language used by the Austro-Hungarian Bank. Bank officials in Bohemia should be able to use Czech and German with equal fluency, and Austrian banknotes should print the value of the note not just in German and Hungarian but in Czech as well⁷.

The proposals touched off a storm of protest. They were castigated by Germans not just in Reichenberg or in Prague but throughout the Austrian half of the monarchy.

⁶ A bill of exchange is an obligation presented from one business to another. If the credit of both firms is good, the bill can be taken by its holder for rediscounting at a bank, where the holder receives credit from the bank for what he is owed (the discount refers to the interest). The bank can then rediscount the bill by presenting it to another financial institution. Discount loans were usually issued for three to six months and helped provide working credit to business.

⁷ The chamber of commerce in České Budějovice noted in its discussion of this issue that banknotes had circulated in Bohemia in the early 1880s with the denomination handwritten in Czech. The Austro-Hungarian Bank refused to accept these notes because they had been defaced, but I suspect that they circulated locally without any problem. *Sitzungsprotokolle der Handels- und Gewerbekammer in Budweis, 1880–1888, Minutes for 11. 4. 1885.*

The chamber of commerce in Troppau sent a circular attacking the Prague proposals; ten or twelve out of twenty-nine chambers in Cisleithania endorsed the critique⁸. Each point of the Prague recommendation was challenged. The request to establish a *Hauptfiliale* was seen by Germans as an attempt to undermine dualism and move surreptitiously toward federalism. If Bohemia gained special status, would not other provinces seek the same concessions? It was suggested that the Czechs' ultimate aim was to establish a separate central bank with its own right to issue currency. The Prague proposal was criticized by the chambers in Reichenberg, Plzeň, and České Budějovice for presuming to speak for the province as a whole, since the reorganized branch office would serve all of Bohemia, not just the Prague region. The other Czech chambers clearly were offended by the failure of the Prague chamber to consult them before issuing its recommendations⁹. The Reichenberg chamber protested that Prague was trying to create centralization within Bohemia on the pretext of decentralization. Reichenberg firms looked to Vienna for their credit; they had no need of Prague financial markets and no desire to be financially dependent on Prague¹⁰. Germans saw the demand for a special branch for Bohemian as a political objective, not an economic aim.

The recommendation of more credit for Bohemia was also criticized, this time on economic grounds. In 1885 the Austro-Hungarian Bank provided 22 million fl of credit for Bohemia, but only 18 million fl was used¹¹. Clearly, Bohemian firms did not need 50 million fl. A fixed donation for Bohemia did not make economic sense, since credit must be able to flow to markets where it was needed, regardless of provincial boundaries. In addition, German critics pointed out that mature firms reinvest their profits and as Bohemia's economy developed it would depend less on credit from the central bank.

Prague's request that credit cooperatives be able to present bills of exchange for rediscounting at the Austro-Hungarian Bank was also attacked by critics. The main purpose of the bank was to provide credit to the state and to issue currency; its services to businesses were ancillary. Only well-established firms should receive credit with the central bank; otherwise, the bank's own credit rating would be hurt, undermining the international value of Austria's currency. At the base of the debate over rediscounting was the status of Czech credit cooperatives, whose significance Germans tended to undervalue and Czechs to overestimate. After the failure of the Prague proposals, the Czechs began to consider much more seriously the need to create a full-fledged network of financial institutions centred in Prague¹².

⁸ Verhandlung der Handels- und Gewerbekammer in Prag, 1887, Minutes for 19. 2. 1887.

⁹ Sitzungsprotokolle der Handels- und Gewerbekammer in Budweis, 1880–1888, Minutes for 11. 4. 1885; Sitzungsprotokolle der Handels- und Gewerbekammer in Pilsen, 1883–1885, Minutes for 9. 11. 1885.

¹⁰ Sitzungsprotokolle der Handels- und Gewerbekammer in Reichenberg, 1886–1888, Minutes for 30. 3. 1887.

¹¹ *Ibid.*

¹² The Czech delegates to the Prague chamber began immediately to prepare statutes for the *Zemská banka*, founded in 1889, to compensate for their failure to influence the policies of the Austro-Hungarian Bank. Gruber: *Obchodní a živnostenská komora v Praze* 303. – Bráf, Albín: *O Zemské bance království Českého* [On the Provincial Bank for

The issue of printing banknotes in Czech received a derisive response from the Germans, who argued that the Austrian gulden was an international currency and German an international language. If the bills were printed in a multitude of languages, then they would send a message to other European financial markets that Austria-Hungary was an unstable conglomerate of ethnic groups. The Prague chamber's Czech majority responded by reminding its critics that Austria-Hungary was already known to be a multinational state. And its currency was used much more widely within the country than in international transactions. The Prague chamber was not proposing that all information on the banknotes be printed in Czech but only the value of the currency, which would not present a problem in international markets.

The Prague chamber may have miscalculated when it made the proposals for reforming the Austro-Hungarian Bank. Despite the importance of the Czechs in supporting the Taaffe government, they did not have sufficient clout to get the government to consider their proposals seriously. None of the chamber's proposals was accepted when the bank's privileges were renewed as part of the *Ausgleich* in 1887. The storm of protest in the German chambers and press seems to have taken the Prague chamber's Czech majority by surprise. Even the chambers in Plzeň and České Budějovice protested the adoption of proposals for the province as a whole. But there were some political benefits as well. The Prague chamber of commerce established itself as the premier Czech chamber in Bohemia by its strong stance. It asserted its role in recommending policies that would benefit the Czechs as a whole, not just the area under its jurisdiction. In addition, the Prague chamber demonstrated that it would represent the interests of the small businessmen and artisans who were responsible for the Czech victory in the 1884 elections, even though its leadership was still drawn from an elite among Czech businessmen.

There were also a few financial benefits. The Austro-Hungarian Bank was not able to ignore completely the Czech complaints. The credit available for Bohemia increased by about 13 percent from 1886 to 1888, and the number of branch offices was increased from six to ten¹³. The Czechs began to make plans to establish a Provincial Bank to provide some of the services they had requested from the central bank. And surprisingly enough, one issue emerged that was of interest to both Czechs and Germans: the currency question, which was at the base of many of the German objections to the Prague proposals. In a second debate on the proposals in the Prague chamber of commerce, German delegate Josef Sobotka ended a bitter protest against the politicization of the bank issue with an invitation to work together on the currency question¹⁴. This was less divisive along the lines nationality because it was of general concern to all businessmen and did not involve control over institutions.

Bohemia]. In: Co vykonáno na sněmu království Českého v šestiletí od 1883–1889? [What Transpired in the Bohemian Diet in the Six Years from 1883 to 1889?]. Praha 1889.

¹³ Gruber: Obchodní a živnostenská komora v Praze 302–303. The Reichenberg chamber agreed that the number of branch offices needed to be increased. *Sitzungs-Protokolle der Handels- und Gewerbekammer in Reichenberg, 1886–1888*, Minutes for 30. 3. 1887.

¹⁴ *Verhandlungen der Handels- und Gewerbekammer in Prag, 1887*, Minutes for 19. 2. 1887.

A Sixth Chamber of Commerce for Eastern Bohemia

Another important issue of contention between Czech and German chambers of commerce in Bohemia was establishing a sixth chamber of commerce in eastern Bohemia. Because the Reichenberg district contained over 800,000 Czech inhabitants whose interests were not represented in the chamber, there were repeated attempts to create a separate Czech chamber with its seat in either Hradec Králové (Königgrätz), Chrudim, or Pardubice. Czech pressure began in the 1870s and 1880s when town councils, credit cooperatives, and savings banks began sending petitions to the imperial parliament requesting the establishment of a new chamber¹⁵. At the same time, small German businesses in northwest Bohemia also protested their lack of representation in the Reichenberg chamber, which remained dominated by the largest enterprises¹⁶. The issue was nearly resolved with the 1890 compromise between German and Czech political leaders, which would have granted the German areas of Bohemia more autonomy while giving the Czechs certain concessions, including the sixth chamber of commerce. When the compromise was rejected by the Young Czechs after a bitter electoral campaign, the new chamber of commerce for eastern Bohemia was also lost.

In the early twentieth century, Czech businesses in eastern Bohemia began to press again for a chamber to represent their interests. Their main complaints against the Reichenberg chamber were its failure to elect a single Czech representative to the chamber, its refusal to use the Czech language, and discrimination in allotting stipends and other resources. The large and unwieldy size of the Reichenberg district was also an issue, as the Czechs called for a more compact, economically viable geographic unit to be served by the new chamber¹⁷. Czech advocates, however, were not united on the new chamber¹⁸. There was competition among the towns that might be selected as its site¹⁹. In addition, establishing a sixth chamber of commerce carried some political risks because it would be made up of districts not only from the Reichenberg but also from Prague. This was likely to lead to a wholesale reshuffling of the borders of the

¹⁵ Bachmann, Harald: Die Handels- und Gewerbekammern Prag und Reichenberg und der bürgerliche Wirtschaftsnationalismus als sozialgeschichtliches Problem. *BohJb* 14 (1973) 278–288. – Jodl, Josef: Zur Eintheilung der Handels- und Gewerbekammern in Böhmen. Topographisch-statistisches Bild. Prag 1885.

¹⁶ Wirth, A.: Die Handelskammerfrage im nördlichen und nordwestlichen Böhmen. Offenes Schreiben eines Kammerkontribuenten. Leitmeritz 1882.

¹⁷ Státní ústřední archiv, Národní rada česká (State Central Archive, Czech National Council, hereafter SÚA, NRČ), carton 406/1, Petition to the Ministry of Trade concerning Zřízení nové obchodní a živnostenské komory pro východní Čechy se sídlem v Hradci Králové [On the Founding of a New Chamber of Commerce for Eastern Bohemia with its Seat in Hradec Králové], n. d. The petition was based on Gruber, Josef: O komorách obchodních a živnostenských [On Chambers of Commerce]. Praha 1904, and Gruber: Zur Frage der Einteilung der Handelskammerbezirke in Böhmen. *Čechische Revue* 1/1 (1906).

¹⁸ SÚA, NRČ, carton 406/1, Minutes of a meeting held 15. 4. 1909.

¹⁹ Representatives of Chrudim even went to far as to accuse the Old Czechs, whose political defeat was connected intimately with the failed *punktace* of 1890, with supporting Hradec Králové against such Young Czech strongholds as Chrudim and Pardubice. SÚA, NRČ, carton 406/1, article from *Český Východ* v. 22. 2. 1908.

five original chambers and might reduce the significance of the Prague chamber. The sixth chamber of commerce might even contribute to the administrative division of the province along national lines, an important demand of German Bohemians since the 1880s. Following the failure of several petition drives, the mayor of Hradec Králové created an informal regional economic center in 1910 that was to function as a chamber²⁰. This organization was given official recognition by the Czechoslovak government in 1919 but did not receive full legal status as a chamber until 1938.

Economic Issues: Potential for Cooperation

By the late 1880s and early 1890s, the growth of a more varied economic and political system led to tensions within Czech and German chambers of commerce. The emergence of German nationalism put some pressure on the traditionally liberal representatives in the Reichenberg chamber of commerce. Likewise, the division between large and small business became more pronounced. Because the region surrounding Eger had more small businesses, it felt the effects of the demand for protectionist policies especially strongly. The Eger chamber even recommended establishing a special *Volkswirtschaftsrat* to bring together representatives of agriculture and crafts in a large association to represent the interests of small producers²¹.

Similarly, the electoral victory of the Young Czechs displaced the traditional Old Czech leadership. The effect of this change was particularly striking in the Prague chamber of commerce, where the Old Czech leadership remained in power until 1896 when a Young Czech president, Josef Wohanka, was elected²². Nonetheless, the influence of the Young Czechs was felt quite strongly. They were more willing to support interventionist policies than the Old Czechs and were more active in collecting data, writing reports and proposals, and in general raising the professional calibre of the chamber. In the 1890s the Prague chamber of commerce expanded its staff to include a number of prominent economists, and it became the central economic policy-making organization among the Czechs.

By the early 1890s the chambers of commerce in Reichenberg and Prague had established themselves as the leading representatives of German and Czech economic interests in Bohemia. On certain economic matters, the representatives of business and industry found that they could cooperate across national lines. Disagreements on these issues were based mainly on differences in the constituencies of the chambers rather than on national political agendas. The changing dynamics can be seen particularly clearly in three important issues of the 1890s and 1900s: the currency question, the introduction of a progressive income tax, and trade policy.

²⁰ Archiv České akademie věd, Národohospodářský ústav (Archive of the Czech Academy of Sciences, Economics Institute, hereafter Archiv ČAV, NÚ), Osobní spisy členů (Personal Writings of Members), short biography of František Ulrich.

²¹ Sitzungsprotokolle der Handels- und Gewerbekammer in Eger, 1889–1893, Minutes for 20.7.1893; Sitzungsprotokolle der Handels- und Gewerbekammer in Eger, 1894–1899, Minutes for 15.3.1894.

²² Gruber: Obchodní a živnostenská komora v Praze 259–261.

Currency Reform

The currency question arose as a result of the instability of the Austrian gulden and its decline in value, particularly during the 1870s and 1880s. This was a common problem that affected not only European countries but also the United States. The cause of the currency crisis was a shortage in the supply of gold, which was not expanding rapidly enough to support the growth of economic activity, and an oversupply of silver, which resulted in the "demonetization" of silver currency. In Austria, as in the United States at the same time, the issue of currency reform was debated actively. Artisans, farmers, and those in debt tended to support bimetallism, or a currency based on silver but backed by gold. Silver was abundant, and a silver-based currency would be inflationary, helping to fuel economic growth and making it easier for small producers to pay off their debts. In the Austrian parliament, Christian Social delegate Joseph Schlesinger even proposed a "people's currency," not based on any precious metals at all²³. Large producers and exporters, however, favored a gold-backed currency, which would provide stability and hold its value in international markets. Exporters and creditors were particularly adamant in their support of the gold standard. The Reichenberg chamber of commerce issued two strong resolutions in favor of a gold-backed currency²⁴.

Czech political leaders were torn in their approach to the currency issue. On the one hand, Czech control of the Prague chamber of commerce was based on the support of small businessmen and artisans, who favored bimetallism. On the other hand, the economic experts in the Young Czech party formed an elite who recognized the value of a sound currency, especially at a time when the Czechs were trying to develop their financial markets and establish more banks. For this reason, the Prague chamber of commerce atypically did not issue any resolutions on the currency question and only debated it briefly after the legislation had already been passed²⁵. The political dilemma posed by the currency question can be seen in the statements of the chamber's parliamentary delegate, Josef Kaizl, who supported the gold standard for economic reasons²⁶, but criticized the government's proposal on political grounds²⁷. On this issue, therefore,

²³ Kolmer: *Parlament und Verfassung in Österreich*. Vol. 5, 205–206. Schlesinger's aim seems to have been to take control of money out of the hands of bankers, print enough money to make it unnecessary for small producers to take out loans, and gradually, pay off the state's debt as well. See also Boyer, John W.: *Political Radicalism in Late Imperial Vienna. Origins of the Christian Social Movement, 1848–1897*. Chicago 1981, 108.

²⁴ *Sitzungs-Protokolle der Handels- und Gewerbekammer in Reichenberg*, Minutes for 26. 9. 1890 and 10. 6. 1892.

²⁵ Gruber: *Obchodní a živnostenská komora v Praze* 315 f.

²⁶ Kaizl, Josef: *Náprava měny* [Currency Reform]. *Čas* (1890) 113–118; 129–132, 145–149; 162–167; 179–185. – For other commentary in favor of a gold-backed currency, see Bráf, Albín: *O nápravě měny* [On Currency Reform]. Praha 1892. – Koloušek, J.: *O chystané nápravě naší měny* [On Preparations for the Reform of our Currency]. *Čas* 6 (1892) 148–149, 182–184, 258–260, 290–292, and Ludvík, Emil: *Náprava naší měny* [Reform of Our Currency]. Praha 1892. See also Kamnitzer, Reinard: *Die österreichische Geld- und Währungspolitik von 1848 bis 1948*. In: *Hundert Jahre Österreichische Wirtschaftsentwicklung, 1848–1948*, Ed. by Hans Mayer. Wien 1949, 146–154.

²⁷ Kolmer: *Parlament und Verfassung in Österreich*. Vol. 5, 202–222; 430–435. Kaizl argued

the positions of the chambers of commerce in Reichenberg and Prague reflected not national tension but debate within each group over the economic benefits of the proposed reform.

Tax Reform

The adoption of the currency law in 1892 was accompanied by a reform of the tax system in 1896. Tax reform was intended to counteract some of the negative effects of the new gold-backed currency. All of the chambers of commerce made proposals on tax reform, which was a popular among small producers as well as professional economists and large businessmen. The thrust of tax reform was to introduce a progressive income tax and replace the outdated system of regressive indirect taxes with direct taxes on individual income and business profits. The chambers agreed that any change in the tax system must lower the tax burden on the less well-off members of society and that the overall tax burden must not be increased. Differences arose not over the basic principles but only over details.

The willingness of Czech and German chambers to cooperate on this issue was shown by the unprecedented decision of the three Czech chambers to participate in the sixth *Handelskammertag* in 1892, which was devoted to the tax issue. The chamber of commerce in Plzeň in 1892 issued an invitation to all chambers to meet in Vienna to form a unified platform on tax reform. Unfortunately, the Plzeň chamber was unaware that it had already been decided to hold the next meeting in Reichenberg, but after an exchange of letters and a suitable apology, the Reichenberg chamber agreed to the change in plans²⁸. At the meeting the Bohemian chambers voted together for a resolution that income taxes must replace the current system of indirect taxes. Although the resolution failed, it demonstrated the common interests of Bohemian businessmen²⁹.

Trade Policy

Another economic issue on which Czechs and Germans were able to take a common stand was trade policy, both with the Hungarian half of the monarchy and with foreign countries. In the 1890s and 1900s, agricultural interests were demanding protection from import competition from Hungary and the Balkans, while industrial interests were seeking to expand their export markets, particularly in the Balkans. Thus, on

that on political grounds the Czechs were unwilling to support the currency, because to do so would have reflected confidence in the government that they did not have. In addition, the currency question was tied with the Austro-Hungarian Bank, and Czech complaints about the management of the bank would have to be addressed in the context of the currency issue. Bráf, Koloušek, and Ludvík (cited in the previous note) also complained about the process by which the government made its decision on currency reform.

²⁸ Sitzungsprotokolle der Handels- und Gewerbekammer in Pilsen, Minutes for 8. 11. 1892; Sitzungs-Protokolle der Handels- und Gewerbekammer in Reichenberg, Minutes for 2. 12. 1892. At the end of the meeting, the Plzeň representatives graciously nominated Reichenberg for the honor of hosting the next *Handelskammertag*.

²⁹ Sitzungs-Protokolle der Handels- und Gewerbekammer in Reichenberg, Minutes for 27. 1. 1893.

issues of trade policy, Germans and Czechs were sometimes able to cooperate across national lines to support particular economic agendas. At the same time, however, trade within the monarchy was tied to its dualistic structure, a source of tension between Czechs and German Bohemians, while foreign trade was connected with Austria-Hungary's alliance with Germany and its relations with its Balkan neighbours, both of which were issues of contention in national politics. Large German industries with well-established export markets had different interests in trade policy than smaller Czech firms that were still trying to find their niche in international trade.

In preparation for the renewal of the *Ausgleich* in 1897, the Prague chamber of commerce undertook a survey of businesses in its region to determine their attitudes toward the customs union with Hungary. It found that certain industries, like the textile industry, depended on the market in Hungary, while others, like the machine-tool industry, faced stiff competition there. All parties were agreed that the terms of the customs union needed to be revised to benefit Austrian industry and protect Austrian agriculture. Czechs and Germans complained with equal force that the Hungarian government provided more active support for industry than did the Austrian government, and they were equally concerned by the rapid growth of Hungarian industry. In addition, they argued that the Hungarian economy was dependent on Austria as a market for its agricultural produce and as a source of credit. Therefore, the Austrian government was in a good position to negotiate a treaty that was more favorable to its economic interests. In a short discussion, both German and Czech delegates welcomed the unanimity with which the Prague chamber's report was accepted and the harmonious cooperation between the two factions. This agreement reflected not only the common interests of Czech and German business but also the fact that the Prague chamber had a staff of economic experts who were capable of undertaking careful statistical analysis that seemed to remove the issues from the political arena and make them more "objective."³⁰

Unfortunately, political events soon overwhelmed this promising cooperation as the Badeni language ordinances were introduced in 1897. Obstruction in the Austrian parliament prevented the timely renewal of the *Ausgleich*. When the treaty was imposed under Article 14 in 1898, it was greeted with anti-Hungarian protests throughout Austria, in part because of the high indirect taxes that were associated with it. In 1898 the Prague chamber of commerce again debated its proposals on the *Ausgleich*, but by this time the mood of cooperation had faded. The Czechs again brought up the reform of the Austro-Hungarian Bank, which the German minority would not accept³². The Czech report included a proposal to establish a new "economic parlia-

³⁰ Verhandlungen der Handels- und Gewerbekammer in Prag, 1896, Minutes for 31.3.1896. See also Archiv ČAV, NÚ, Osobní spisy členů, short biography of Josef Wohanka.

³¹ As Lothar Höbelt argues, during times of crisis the national conflict forced a unity in German and Czech camps that overwhelmed the obvious differences in economic interests within each national group (in Höbelt: Kornblume und Kaiseradler).

³² After 1898 the Czech began an active and successful campaign to purchase shares of the Austro-Hungarian Bank and attended its annual meeting en masse in an attempt to influence its policies directly. See SÚA, Polizej Präsidium-Vereine (hereafter, PP-V) (1900-07), inv. no. 21/28, Česká společnost národohospodářská (Czech Economic Societys), Annual Reports for

ment” to pass legislation that was blocked by political obstruction. Once again, this was an issue of control over institutions. German delegate Josef Sobotka argued that the proposal was unconstitutional, and the Germans refused to support it. However, and the chambers of commerce in Prague, Reichenberg, and Vienna cooperated on tariff legislation again in 1906³³.

Conclusion

The national conflict clearly undermined the ability of Germans and Czechs to work together in the Bohemian chambers of commerce. In every debate, delegates to the chambers were conscious of the impact of their recommendations and resolutions on national politics. Germans in both the Prague and Reichenberg chambers frequently accused the Czechs of basing their proposals on “political” rather than purely economic grounds. They were particularly wary of recommendations that might create the economic institutions that could lead to more autonomy for Bohemia. The Czechs for their part emphasized that their intentions were simply to improve the climate for business in the province. This rhetoric of national protestation, however, disguises real cooperation between the two national groups on issues of mutual concern.

Some policy disagreements were based on the different structure of industry and business in German and Czech communities. Czech competition in traditionally German fields like banking and textile manufacture served simultaneously to increase hostility and to promote common interests. Other disagreements arose out of a breakdown of trust as a result of conflicts in the political arena. Because the minutes of chamber of commerce meetings were published, Czechs and Germans sometimes felt compelled to take a strong stand in favour of a national program. There were also conflicts within the chambers between small and large industry, between manufacturers who were oriented toward the export market and those who depended on the domestic market, and among political parties. The debates within the chambers of commerce in Bohemia illustrate the complexity of economic policymaking in a society rent by national competition for political and economic influence.

1904 and 1906; SÚA, PP-V (1908–14), inv. no. 21/24, Česká společnost národohospodářská, Annual Reports for 1910–12; and SÚA, NRČ, inv. no. 408/1, *passim*.

³³ Verhandlungen der Handels- und Gewerbekammer in Prag, 1898, Minutes for 17. 6. 1898. On cooperation in the early twentieth century, see Archiv ČAV, NÚ, Osobní spisy členů, short biography of Rudolf Hotowetz.

* I would like to thank the professional staff of the Handelskammerbibliothek in Vienna for their help in undertaking the research for this project, and the Woodrow Wilson Center for International Scholars and the University of Baltimore for their financial support of this research.