

Unit1

DEVELOPMENT OF CAPITALISM AND NATIONALISM

1815 to 1914

Introduction:

This unit covers the significant changes in the West during the 19th and early 20th centuries, particularly the development of capitalism and nationalism. It explores the characteristics of capitalism, the effects of industrial capitalism, and the rise of nationalist movements, leading to the unification of Italy and Germany. Major topics include the features of capitalism, nationalism and nation-state formation, the unification of Italy and Germany, the American Civil War, and the Eastern Question.

Understanding Capitalism

Capitalism has been the dominant economic system in the West since the end of feudalism. In capitalism, the means of production, such as factories and land, are privately owned, usually by a small group of wealthy individuals known as capitalists or the bourgeoisie. The Industrial Revolution, which began in 18th-century England, played a crucial role in the growth of capitalism. It led to significant economic changes in Western Europe and the United States during the 19th century, with countries like Belgium, France, and Germany also becoming industrialized.

The Impact of the Industrial Revolution

The Industrial Revolution introduced new sources of energy, such as coal and steam, replacing older methods like wind and water power. The factory system, which brought workers together in large industrial settings, replaced the domestic system where people produced goods in their homes. This shift led to the development of new social classes: the proletariat, who worked for wages, and the bourgeoisie, who owned the means of production.

The Role of the Transatlantic Economy

During the early modern period, European economies were deeply connected with transatlantic trade, including the slave trade. The wealth generated from colonies and plantations in the Americas, especially in sugar, cotton, and

tobacco, played a key role in funding Europe's industrialization. This capital was essential for the rise of modern industrial capitalism.

Key Features of Capitalism

1. **Private Ownership:** Most means of production are owned by private individuals or corporations.
2. **Profit Maximization:** Businesses operate to maximize profits.
3. **Market Economy:** Economic activities are driven by supply and demand with minimal government intervention.
4. **Competition:** Businesses compete to offer better products and services, driving innovation and efficiency.

In contrast, a socialist or command economy is one where the government controls the economy, including production, distribution, and prices.

Nationalism and Unification Movements

Nationalism is a strong sense of pride and loyalty toward one's nation. Several factors contributed to the rise of nationalist sentiment in Europe, including the Renaissance, the Protestant Reformation, and the growth of commerce. These movements helped develop national consciousness and weaken the old order dominated by monarchies and religious authorities.

The Unification of Italy

Before 1815, Italy was a collection of fragmented states, with various obstacles to unification, including the Austrian occupation of the northern regions, the Papal States in the center, and several independent states in the south.

Key figures in the Italian unification include:

- **Giuseppe Mazzini:** Founded the movement "Young Italy" and played a leading role in the 1848 Revolution, aiming for a united, democratic Italy.
- **Count Camillo di Cavour:** As the Prime Minister of Sardinia, he strengthened the state and sought allies to drive Austria out of Italy. He played a crucial role in the unification process.
- **Giuseppe Garibaldi:** Led the Red Shirts in the south, capturing Sicily and the mainland, eventually handing over power to King Victor Emmanuel II of Sardinia.

The Kingdom of Italy was officially established in 1861, with Rome becoming the capital in 1871 after the final unification. However, Italy faced ongoing

challenges, including regional divisions, economic disparities, and tensions between the state and the Catholic Church.

The Unification of Germany

In the mid-19th century, many Germans were motivated by strong nationalistic feelings to support the idea of a unified Germany. Prior to unification, Germany was a collection of 39 independent states within the German Confederation, created by the Congress of Vienna in 1815. While the Austrian Empire was the dominant power in this confederation, Prussia emerged as the leading force in the movement toward unification. The Revolution of 1848, driven by liberal and nationalist aspirations, failed to unify the German states.

Obstacles to Unification

Before 1870, several forces opposed the unification of Germany:

- **Foreign Powers:** Austria, Russia, and France were against a unified Germany as it would shift the balance of power in Europe.
- **Small German States:** These states feared losing their independence and being dominated by Prussia.
- **Catholic States:** They were concerned about Protestant Prussian dominance in a unified Germany.

Steps Toward Unification

1. **Early Nationalism:** Under the influence of Napoleon's French Empire, Germans developed a sense of unity as they sought to remove French control and reclaim their territories. The construction of the German railway system further fueled the idea of unity by making travel and communication across the German states easier and more accessible.
2. **The Zollverein:** Established in 1834, the Zollverein was an economic alliance that united German states by eliminating tariffs on trade between them. This economic cooperation strengthened the German states and fostered a sense of unity.
3. **Revolution of 1848:** German liberals initiated a movement for unification, emphasizing shared traditions, education, and language. However, the revolution failed due to disagreements among the German ruling classes regarding the type of government to establish.

Otto von Bismarck's Role

Otto von Bismarck, a conservative Prussian statesman, was the key figure in the unification of Germany. Appointed as Prime Minister of Prussia in 1862 by King

Wilhelm I, Bismarck was a proponent of unifying Germany under Prussian leadership. He used a political strategy known as *Realpolitik* ("the politics of reality") and advocated for unification through military strength, famously summarizing his approach as one of "Blood and Iron."

The Wars of Unification

Bismarck orchestrated three key wars to achieve German unification:

1. **The Danish War (1864):** Bismarck allied with Austria to defeat Denmark and secure the duchies of Schleswig and Holstein. As a result, Schleswig was controlled by Prussia, while Holstein went to Austria.
2. **The Austro-Prussian War (1866):** Also known as the Seven Weeks' War, this conflict between Prussia and Austria was a struggle for dominance in Germany. Prussia, supported by Italy, quickly defeated Austria at the Battle of Königgrätz. This victory allowed Prussia to exclude Austria from German affairs and led to the creation of the North German Confederation, dominated by Prussia.
3. **The Franco-Prussian War (1870-1871):** Bismarck provoked France into declaring war on Prussia by manipulating a diplomatic communication known as the Ems Telegram. The southern German states, fearing French aggression, sided with Prussia. The Prussian-led forces defeated France, culminating in the capture of Napoleon III and the proclamation of the German Empire in the Hall of Mirrors at the Palace of Versailles in 1871.

The Treaty of Frankfurt

The Franco-Prussian War ended with the Treaty of Frankfurt on May 10, 1871. The terms of the treaty were:

- France ceded the territories of Alsace and Lorraine to Germany.
- France agreed to pay a significant war indemnity to Germany.

The Formation of the German Empire

On January 18, 1871, the German Empire was officially proclaimed in the Palace of Versailles, with King Wilhelm I of Prussia becoming the first German Emperor (Kaiser). The unification of Germany was a significant event in European history, altering the balance of power on the continent and setting the stage for future conflicts.