

Wenzel Anton Kaunitz-Rietberg, “Most Graciously Commissioned Report on the Improvement of the Domestic System” for Maria Theresa (April 14, 1773)

Abstract

The following is an excerpt from an unpublished manuscript of nearly 250 pages. Chancellor Wenzel Anton Kaunitz-Rietberg (1711-94) criticizes the economic anemia of the Austrian-Bohemian hereditary lands, invoking the policies and statistics-based practices of Frederickian Prussia’s interventionist statism. In keeping with this, he advances reform from above as the path to enriching society and therewith government. At the same time, however, he also expresses ideas associated with the French “Physiocratic” theorists, namely views that favored laissez-faire and free trade policies in lieu of then-current tariff protections that favored local manufacturers to the detriment of the whole economy. Kaunitz also argues for an economics-oriented education of the common people and for the promotion of an active “national spirit” or patriotism.

Source

[...]

1^{mo} What kind of ailments afflict the political body.

Ad 1^{mo} Even if one undertakes only a cursory investigation of the domestic situation of the German hereditary lands, one sees all too clearly that they are far from the blossoming condition in which they could be, and that some are a bit feebler, others a bit less so, but all are weakened and so to say emaciated. The people are almost universally poor, oppressed, and troublesome. The rural towns are dreary, overburdened with debt, and diminished in terms of population. Rather than getting stronger, food production, manufacturing, and industry in general, as well as commerce, are falling into greater and greater decline. In ten years of peace, the debt burden of the state has not decreased, but rather increased, and instead of using this time to gather new strength to endure a future war, the hereditary lands assume a sadder appearance every day. In former times, the nobility of the hereditary lands numbered among the richest in Europe; now it is difficult for most of them to procure their own basic necessities. And their own indigence means that they are not in a position to offer the necessary help to their subjects. Members of the clergy, who previously lived in abundance and supported the state with their voluntary contributions, now find themselves in nearly the same hard-pressed circumstances. There is no group that does not feel a distinct diminishing of their inner strength. [...]

2^{do} Which political illnesses demand the fastest and most urgent attention on account of their danger.
[...]

3^{tio} What sorts of causes give rise to both types of political illnesses.

Ad 3^{tium}. Experience proves beyond a doubt that provinces and entire monarchies rise and fall in power and inner strength. However, nothing in the world happens without sufficient cause, and since it is all too certain that the German hereditary lands are not rising but rather declining in prosperity, everything depends on not being too shocked by this malady, and on not closing one's eyes, but rather opening them to get to the bottom of this malady, in unbiased fashion, and to investigate its actual causes.

These stem partially from external events, or they find their basis in human decrees and arbitrariness. The former applies recently only to Bohemia and its famine [1771]; [instances of] the latter are very frequent, and just as bodily sicknesses come from various causes, which destroy one's inner strength little by little, and result in prostration and finally incurable disease, political sicknesses follow the same course. [...]

The political ailment comes from, namely:

A) the disproportionately and all too heavy burden of taxes on the people, or

B) the moral failings of the administration, or

C) the defective form of government. [...]

B. The second main cause of the political ailment is the moral failings of the administration.

Ad B. Regarding the second fundamental cause of the political ailment, namely the moral failings of our government, I name first and foremost:

a) the double ignorance perceptible in most of the court- and territorial officers and in the councils and servants of Your Majesty in general; that is, ignorance with respect to theoretical knowledge and scholarship as well as the facts or actual state of affairs, wherein the strengths and innermost essence of any hereditary land lie.

A jurist, theologian, physician, philosopher, etc., must spend several years learning the relevant theory and preparing himself for his future practical occupation; yet, with regard to that upon which the prosperity of the entire state depends, namely finances, policy, commerce and other political matters, theoretical instruction and the recruitment of capable subjects was abandoned just a few years ago. [...] So we lack the only means to learn about foreign insights, inventions, advantages, and experiences, and how we could make use of them ourselves. How can it be that there are really various councilors who have never read a single book or theoretical statement on the subject of their work? [...]

Another very detrimental effect of theoretical ignorance is that these individuals view theoretically-based suggestions for improvements in entirely incorrect terms, and see them as an insult to their vanity, and receive them with distaste and more often genuine spitefulness. Where they do not entirely derail the most useful initiatives, they complicate and delay them for many years.

Your Majesty, on the advice of several members of the state council, has indeed remedied this great ailment by endowing various professorships in the aforementioned political sciences and by issuing the wise accompanying order that, in the future, no one who has not studied with those professors should be allowed to take office. In a few years, there will be no shortage of the most capable subjects in all areas of theoretical knowledge, and then good suggestions will not encounter so many arguments and obstacles. However, the full results will not be noticeable for several years to come, and the deficiency in theory will apply to the current generation, since it is not feasible to take up a new discipline or dispose of old preconceptions once one has reached a certain age.

b) Even more detrimental to the state is ignorance regarding the domestic situation that prevails in our realm. However, I could not describe such more briefly, lively, and convincingly than His Imperial Majesty has done in the attached plan. Anyone who would doubt this ignorance must be unaware of the sad incident in Bohemia. Just after complaints were made about an over-abundance of grain, famine suddenly broke out. The supply and distribution of grain could not be calculated with any reliability, and therefore the costliest loss of people and money resulted, and it may get worse in the future, if the cause of the malady is not remedied. Even though domestic information has increased recently, there is still a

lack; and the district offices, territorial and court positions do not have as much information as the welfare of the state necessitates. The potential [of this information] is dutifully brought to light in the territories of our neighbor, the King of Prussia. In the same realm, there is no village whose population, livestock, harvest, grain supply, etc., is not precisely tabulated and made known to the government for its further speculation and beneficial ordinances.

As certain as it is that we are far removed from this state of perfection, just as certainly can it be asserted that the fundamental cause is to be found mainly in our flawed form of government, and that it would not only be possible, but also easy to improve it and thereby at least attain the Prussians' level of domestic knowledge. [...]

The aforementioned three essential means for removing excessive taxes and replacing them with other revenue sources correspond with the hoped-for increase in revenues collected by the rulers of hereditary lands [*Landesfürsten*], if, through appropriate methods and with determined diligence, the domestic agriculture, livestock, and industry can be put on a better footing and the capital of the hereditary land thereby increased markedly.

That such a thing is possible is all the more incontrovertible because entire countries, like England, Holland, etc., serve as examples. [...]

So we have no reason to doubt the preservation and prosperity of the Austrian monarchy. There are few countries that can lay claim to as many resources as we have, and the only thing that matters is that we ourselves do not clog and squander these resources, but rather that we know to use them correctly. [...]

The history of the most ancient times confirms that good education and instruction in mentality, disposition, and capability can result in a great change, and that human hearts can form and even generate a general national spirit. [...]

Because the general welfare cannot be promoted better and more vigorously than through the united cooperation of all branches of the state, so it follows naturally that the personal interest and essential duty of a *Landesfürst* demand working with the most determined diligence on the potential improvement of the general national spirit and especially the instruction and good education of all classes of his people.

Experience proves beyond a doubt that inner strength is weaker than it could be in countries where ignorance and stupidity rule; and conversely, agriculture and industry rise mostly in countries where the subjects receive a better education. [...]

As I have briefly mentioned, the welfare and essential interest of a *Landesfürst* and that of his subjects are closely connected. From this comes the equally correct corollary that he [the ruler], in observance of the duties placed on him, as well as in his own interest, should apply all conducive means to the promotion of the welfare, the good living, and the wealth of his subjects.

These conducive means consist mainly in improving a) agriculture, b) industry, and c) commerce to the extent that conditions allow and thereby increasing the national wealth, as well as the population, which will grow on its own with good nutrition and favorable living conditions.

Agriculture is understood primarily as raising crops as well as livestock, because the earth is, so to speak, the productive mother of all of our necessities and comforts. To make a country rich, powerful, and to make its inhabitants happy, all fields and parcels of land must be used to yield the greatest possible quantities of products that can be produced.

Because the hard work of the peasant is the essential means to promote farming as the first source of

national wealth, and because states are only fortunate insofar as they are inhabited by a quantity of hardworking citizens, so the ruler's care should be directed so that the hard work of the peasant is not stifled, but rather always invigorated.

Since this is best achieved when the peasant finds a good and adequate market for this natural production, one of the most effective means of improvement is to promote industry in the cities by improving the situation of craftsmen, artisans, factories, and manufacturers. Thereby many people are provided with their livelihood and the peasant is provided the opportunity to sell his natural products.

In this regard, industry is indeed to be counted among the most effective means of enrichment. Even if the dictum, which has been argued for and against, that the foundation of real wealth is only to be increased through nature, not through industrial products, since these [industries] actually bring forth no new entity, but rather only aim to change or process or transform, and produce only the value of the raw materials that they process, as well as the value of the natural products that the factories consume in their work, there is no doubt that without strong consumption, without swift processing and without good prices, it would be virtually impossible to bring agriculture to its greatest blossoming. [...]

However, in order to not only increase the good commerce, but also to maintain it in its steady bloom, no fancy measures are necessary on the part of the *Landesfürst*, but rather only the following general and natural means. That is, namely: a) handle justice seriously, b) infringe on the freedom of the people and especially the merchant class no more than necessary, c) provide this class with every protection, d) most carefully maintain the public credit, and e) introduce and supervise a good law enforcement. [...]

Nor can I go into an elaborate statement here about what kind of useful ways and means are to be used to enable the prosperity of the entire state; that the landlords grant their subjects the ownership of the occupied land, abolish most of their farms [*Meyerhöfe*], turn over the land to their subjects at reasonable interest rates, and reach a reasonable agreement with them regarding the conversion of labor dues into payments in money or in kind. [...]

2^{do} Not even the financiers will be able to cast doubt on the fact that free trade and traffic energize and enrich a state, and that nothing stands in the way more than constraints and prohibitions. So freedom is to be seen as the rule and its limitation as the exception, but here we have changed the exception into the rule and spread regulations so far that most wares are covered by them, regardless that the fewest are produced in the hereditary lands.

While there is no shortage of apparent reasons to defend the prohibitory laws, and while the conditional granting of privileges is claimed to be a very advantageous means of improving domestic manufacturing, these privileges actually create such a genuine monopoly that one merchant is greatly advantaged over the other, and the sale of domestic manufactured goods can actually be hindered thereby through hundreds of means.

Without venturing into a refutation of the prohibitory laws, I take the liberty of presenting only this to the most supreme judgment, that ever since these laws were introduced with the best intentions by us, trade and traffic and even our manufacturers, on whose behalf everything was done, have not only not increased, but on the contrary have greatly decreased, and the most supreme treasury was caused significant harm in part through the considerable advance payments it made and in part through the decline of toll revenues. [...]

3^{tio} But if one aspect of the restriction of free trade and traffic puts the state at a particularly severe disadvantage, then it is certainly the limitation and prohibition of the grain trade. [...]

Preachers would be encouraged, by the industrious oversight of bishops' officials, to lead a lifestyle

befitting their status and to attend to the ministry, religious instruction, and the catechism.

The government would have to ensure that a spiritual peasant morality is fashioned by educated and reasonable men in keeping with the notions and circumstances of the common people. Their obligation to God, the *Landesfürsten*, their neighbors, and to themselves are to be briefly and clearly indicated; love of the fatherland is to be impressed, and the leniency of the current government is to be made known. On Sundays or holidays, the preachers could read a chapter or more from the writings designated for publication, instead of their own typically very simple sermons.

The schoolmaster would also have to serve as sexton, and since the translation of various economics books already known here is to be ordered for the education of the peasantry, and it is also to be instituted that all princely orders governing peasants should be composed as briefly and as clearly as possible and printed and sent to every village, the schoolmaster would have the economics instructions as well as these orders to read to the people at specified times; he would thereby promote the great ultimate goal, that bit by bit the people would acquire the necessary knowledge of religion, morality, agriculture, and princely regulations, and that the entire national spirit would be thus transformed and improved, and ignorance of the highest orders would also be thoroughly and immediately remedied. [...]

Along with these useful functions, the village judge has to perform one more, which will provide the greatest material for the comprehensive understanding of the domestic condition of the entire land. Tables will be published with rubrics for the district and village name, the number of houses, the male and female inhabitants, the draft animals, the [size of] fields, pastures, forests, etc., according to measurements taken by the schoolmaster, and the harvest and produce of these properties. These tables will be filled out by the village judge himself, if he can write, or by the schoolmaster, and be read aloud to the assembled community and then sent to circuit officials, so that they can form one summation from all the tables of the villages under them and more closely examine and verify the particulars. [...]

These tables would actually contain the established real annual state inventory, which in comparison with the previous year, rubric to rubric, would display in detail and in summary how much every village, every district, every circuit, and finally the entire kingdom had increased or decreased in people, livestock, harvests, and industry. Then the upper administration can judge with true and comprehensive reliability where the good or the bad is, from what sources it originates, and also how the good found in one district or circuit can be introduced in all districts and circuits, and how the bad and the damaging can generally be removed and eradicated. [...]

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