

all its cultural incoherence, this loyalty to the dynasty held it together, not only during the multiplying tensions of the Dual Monarchy in peacetime, but also through the grueling experience of the Great War. Indeed, the Austrian army remained intact, despite the fact that the cream of its junior officers and its NCO's were virtually wiped out in the battles on the Save and in Galicia in 1914 and the additional fact that it was hampered by the empire's unsteady political structure and the inefficient command and staff structure that resulted from it.

Professor Rothenberg is at his best in describing the army's attempts to adjust its internal structure to the changing political fortunes of the monarchy, particularly in the aftermath of the revolutionary troubles of 1848 and the defeat of 1866. He is equally effective in demonstrating how its efficiency as a fighting force was weakened—in 1859, in 1866, and in the years 1914–18—by the economic and technological backwardness of the empire.

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BANQUES ET BANQUIERS EN AUTRICHE AU DÉBUT DU 20^e SIÈCLE.

By *Bernard Michel*. Paris: Presses de la Fondation des Sciences Politiques, 1976. 405 pp. Tables. 198 F., cloth. 164 F., paper.

BANKING AND INDUSTRIALIZATION IN AUSTRIA-HUNGARY: THE ROLE OF BANKS IN THE INDUSTRIALIZATION OF THE CZECH CROWNLANDS, 1873–1914. By *Richard L. Rudolph*. Cambridge: Cambridge University Press, 1976. xii, 291 pp. Tables. \$28.00.

Practitioners of modern historical methods have not accorded the history of the Habsburg Monarchy treatment equal to that given the lands to the west. Traditional concerns prevail, especially in Western literature on the Monarchy. It is all the more remarkable, then, that two recent works by nonnative scholars with modern, but very different, approaches have focused on the history of Austrian banking. If this be more than coincidence, its explanation may be sought in the actual or perceived importance of banking to the broader problems of Austrian history, a relation that both authors set out to clarify.

Professor Michel poses the question most broadly, declaring that he seeks not only "to describe a social category or a form of economic activity but to define, by means of these, the essential character of Central Europe" (p. 11). Michel, however, was not seduced into flighty speculations. His book works on two levels. One is a logical, detailed exposition of Austria's financial structure, of the policies and activities of banks—at home, internationally, and in relation to Hungary—and, finally, of the position of bankers in Austrian society and politics. Interwoven with this presentation is a second level of discourse illuminating the mutual interaction of the Austrian social environment with the world of finance. Essentially, Michel points out the deeply conservative nature of Austrian society even during the phase of its most dynamic economic development. The distrust of industrial investments also pervaded the thinking of bankers, who eschewed this type of activity until about 1898, when the decreasing profitability of loans to the state left them little alternative. Michel sees this conservatism as deriving ultimately from the airtight compartmentalization (*cloisonnement*) of Austrian society, marked by the spirit of *Stände* and conflicting nationalisms. After the turn of the century, this compartmentalization was reflected in the banking structure in the successful challenge of Austro-German banking by the "Czech" banks or, to give a less obvious example, in the intensification of the competition of the spreading network of the local branches of the Viennese banks and the local agrarian

and mutualist credit institutions. Several excellent regional studies demonstrate how the economic changes brought about by the banks made the coexistence of Austria's isolated social groups no longer possible, thus ushering in the social crisis that would lead to dissolution.

The relationship of banking and society is presented with a wealth of illustrations. One might object, however, to the slighting of economic analysis in regard to the decisions of bankers. A chronic capital shortage is given as a codetermining factor of banking behavior without being sufficiently tested, and other possible explanations are largely ignored. The absence of footnotes and the confusing presentation of the graphic material also mar an otherwise very exciting and insightful book.

Fortunately, those interested in a more rigorous quantitative and economic analysis can turn to Professor Rudolph's book which examines the validity of these such as that of Alexander Gerschenkron, according to whom Austrian banks, like their German counterparts, were supremely important in the promotion of new firms. This larger-than-life picture of Austrian banking is laid to rest by Rudolph's study. On the basis of original calculations (most helpfully presented in an appendix), Rudolph demonstrates that significant industrial growth took place in the 1880s and 1890s before banks turned their interests seriously to industry. That the turning point cannot be as clearly defined as Michel would have it is evident from Rudolph's work; still, after 1873, an intense relationship was characteristic only in the twentieth century. Even in this period banks continued to act defensively, taking only flourishing firms under their wings and ushering them into cartels whenever possible. While Rudolph admits that social attitudes may have played a role in the extreme cautiousness of bankers, he also points to the rational, that is, economic, sources of such attitudes. Through a sectoral analysis of cyclical tendencies, he suggests that the weakness of the Austrian economy, revealed by its inability to maintain an expansionary phase over several years, may be accounted for by the limitations of the domestic market for consumer goods (a function of the great, though, here overstated inequality of land distribution), by the nature of German competition, and by the greatly fluctuating economic policies of the government.

Though their perspectives may differ, the authors of these two books agree more than they disagree on the material presented. The details and interpretations they offer have clarified our picture of Austrian banking and opened up new areas for research.

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DER KLEINSTAAT IN DER EUROPÄISCHEN WIRTSCHAFTLICHEN ZUSAMMENARBEIT: AUS DER SICHT UNGARNS UND ÖSTERREICHS. Edited by *Fritz Breuss* and *Karlheinz Mack*. Introduction by *Wilhelm Weber*. Schriftenreihe des österreichischen Ost- und Südosteuropa-Instituts, vol. 5. Munich and Vienna: R. Oldenbourg Verlag and Verlag für Geschichte und Politik, 1975. 164 pp. DM 26, paper.

This short book contains a summarizing introduction, nine papers, and six comments that were presented at a 1973 conference of Austrian and Hungarian economists and business executives. The presentations are characterized in the introduction as "rather heterogeneous" and cover a variety of topics.

Most of the Austrian contributions focus on problems arising from the increasing absorption of Austria into the economic orbit of the European Economic Community and the subsequent relative deemphasis of Austrian trade ties with the East European