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EAST CENTRAL EUROPE IN THE FIRST GLOBALIZATION (1850-1914)

Summary: The article analyzes the position and the positioning strategy of East Central Europe in the so-called "first globalization (1850-1914)". The focus is on foreign trade and the transfer of the two most important production factors, i.e. capital and labor. East Central Europe included in this period the territories of the Habsburg Monarchy, the Kingdom of Poland as a part of the Russian Empire, and the eastern provinces of the Kingdom of Prussia which were from 1871 onwards part of the German Reich. The article combines the theories and methods of economic history and transnational history. It sees itself as a contribution to a trans-regional history of East Central Europe by analyzing first the main "flows" and then the influence of "controls".

The article analyzes to what extent and in what way East Central Europe was involved in the globalization processes of the late 19th century. It discusses whether East Central Europe was only the object of global developments or even shaped them. In this context it asks about the role of the empires (Habsburg monarchy, German Reich, Russia) for the position of East Central European economies in the world economy. It shows that the economic elites in the centers but also on the edges of the empires developed different strategies for how to respond to the challenges of globalization.

Key words: Globalization, foreign trade, capital flow, labor market, East Central Europe

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INTRODUCTION

The decades from the mid 19th century to the First World War are usually called the period of the "first globalization". Their essence consists from an economic-historical perspective in a "rapidly increasing interdependence of previously remote economies". In the globalization process, "multi- and transnational corporations" emerged and "profound changes in transport and communication systems" as well as "huge migrations of mobile capital" happened, which sometimes led to "global debt and

currency crises". [Borchardt K. 2001: 3 f.] The convergence of commodity prices and factor income is often viewed as an important indicator of the emergence and the increasing integration of global markets for goods and production factors like capital and labour. Another indicator of increasing economic integration is that foreign trade was growing faster than the respective gross domestic product in the main national economies.

Between 1850 and 1914 global markets were formed for bulk commodities, such as crops, wool, cotton, kerosene, coffee, sugar and various non-ferrous metals. The regional price differences for these goods have fallen sharply. The leading economic powers, in particular the United Kingdom, later also the United States and Germany, already had large proportions of goods and capital exports relative to the gross national product, i.e. foreign trade quotas, which after a subsequent period of "deglobalization" only in the globalization process of the late 20th century were reached again. [O'Rourke K. H., Williamson J. G. 1999; Baldwin R. E., Martin P. 1999: 18-20]

The economic history literature about the so-called first globalization, but also overviews of European economic history, mostly neglect East Central Europe. [Müller U. 2017: 535 f.] Hereafter I would like to ask to what extent and in what way East Central Europe was involved in the globalization processes of the late 19th century. The focus is on foreign trade and the transfer of the two most important production factors, i.e. capital and labor. I define East Central Europe as the territories of the Habsburg Monarchy, the Kingdom of Poland within the Russian Empire, and the eastern provinces of the Kingdom of Prussia which were from 1871 part of the German Reich. I will discuss whether East Central Europe was only the object of global developments or even shaped them. In this context I will ask about the role of the empires (Habsburg monarchy, German Reich, Russia) for the position of East Central European economies in the world economy.

1. FOREIGN TRADE AND TRADE POLICY

1.1. General trends

The period between 1850 and 1914 was characterized by a previously unprecedented expansion of world trade. Between 1840 and 1870 it grew by an average of 5% per year, then by 3% until 1895 and again by 3.7% un-

til the First World War. Thus, at any stage of the period, world trade increased more than total value added and, for the most part, grew faster than industrial production, which is considered a prime indicator of globalization. [Pohl H. 1989: 188; Broadberry S., O'Rourke K. H. 2010: 6-9]

Although trade between East Central Europe and other parts of Europe and the world also expanded, the pace of growth was below the global average. The strong expansion of world trade was primarily due to the exchange of raw materials and food and industrial goods between Western and Central European countries on the one side and overseas territories on the other, and increasingly to intra-industrial trade between the most industrialized countries of Europe and North America. East Central Europe was able to participate in both trends only to a relatively small extent. In the 1850s and 1860s East Central Europe had been able to revive its traditional role as a supplier of agricultural products to the industrial regions of Western and Central Europe due to decreasing transport costs, rising demand in rapidly industrializing countries and the general liberalization of foreign trade policy. Thereafter, however, the share of European peripherals in global food and commodity exports declined from 20 % in the late 1870s to 15 % in 1913. [Berend I. T., Ránki G. 1982: 25; Fischer W. 1985: 169]

In the case of the traditionally important grain trade, the strong change in the competitive conditions on the European market even caused an absolute decline for exports from East Central Europe. The rapid reduction of transport costs both in shipping and land transport by railroads, the development of fertile soils in climatically favored regions in the USA, but also in Russia, which became the world's largest wheat exporter at the turn of the century, and later in South America and Australia created a world agricultural market with adjusting and decreasing grain prices. [Malenbaum W. 1953; O'Rourke K. H. 1997; Goodwin B. K., Grennes T. J. 1998]. In the course of the "agricultural crisis", the terms of trade and thus also the sales opportunities of the entire East-Central European agriculture, in particular the grain producers, declined. This was probably the most relevant consequence of the "first globalization" in rural everyday life. Farmers from East Central Europe could not compete in free markets, such as the UK, with US competitors, which were more mechanized, and Russian and Argentine competitors with their lower labor costs. Most continental European countries, notably France and Germany, responded to the "agricultural crisis" by turning to agricultural protectionism, which was intended to protect their own agricultural producers from foreign

competition and, therefore, made imports from other European countries more difficult. Although the terms of trade for grain, but especially for meat and higher-value vegetable products, improved again between the mid-1890s and the First World War, the policy of agricultural protectionism was continued. [Aldenhoff-Hübinger R. 2002; Nützenadel A. 2008]

1.2. Habsburg Monarchy

The Habsburg monarchy joined this trend towards protectionism because of its foreign trade dependency on Germany as well as for foreign policy considerations and in 1878/79 the already only short phase of free trade ended. The new Austro-Hungarian agrarian protectionism was directed less against American or Russian grain imports, but above all against imports from its southeastern neighboring agricultural states, such as Rumania and Serbia, which, in turn, relied on the revenues from their agricultural exports to advance their industrialization. The turn to protectionism in 1878/79 also corresponded to the demands of the Austrian industrialists, who received protection against the import of industrial goods. This coincided with the calculations of the Hungarian agrarians, who on the one hand hoped for a certain understanding with Germany as their most important export market, but on the other hand restrained their export interests from securing the Austro-Hungarian domestic market. [Matis H. 1973: 51 f.; Preshlenova R. 1994]. In the Habsburg Monarchy, the common protectionist foreign trade policy established the economic balance of interests between the two halves of the empire and was also intended to stabilize the constitutional construction of the 1867 settlement. In the following period, the domestic integration of the Habsburg monarchy increased significantly, while the foreign trade quota of Austria-Hungary stagnated at a low 7%. The share of the Habsburg monarchy in the otherwise more dynamic developing world trade thus fell from 6% in 1870 to 3.3% in 1908. [Gross N. T. 1973: 19; Good D. F. 1986: 100-112; Katus L. 2009; Schulze M.-S., Wolf N. 2012]

These data show that the Habsburg monarchy moved from the global trend of increasing commodity market interdependence during the "first globalization" to a not inconsiderable degree by creating a market on its own, where industrial areas and rural regions could exchange surpluses. In particular, the Bohemian, Moravian and Lower Austrian textile industries benefited from the protected market of the monarchy, expanding

thanks to the general welfare increase. [Matis H., Bachinger K. 1973: 194-205]

However, an analysis of the foreign trade structure and development of Austria-Hungary in the decades before the First World War also shows remarkable changes in the structure of export goods. Agricultural products became less important than products of the food processing industries. The export of grain was substituted by the export of flour. Wood became the major export commodity, followed by sugar, which was delivered to the UK in particular. In the consumer goods industry, the traditionally export-oriented Bohemian glass and porcelain industry was able to maintain its international competitiveness, and new export industries emerged with the match making industry and the paper industry. [Matis H., Bachinger K. 1973: 188-192; Geršlova J. 2000, 311-316] By far the most important trading partner, with a share of total exports falling from 60% initially to eventually just 40%, remained the member states of the German Union (*Deutscher Bund*) and later the German Empire (*Deutsches Reich*). This was partly due to the complementarity of the sectoral structures in both countries. Geographical proximity obviously also played an important role, as about 35% of goods exported to Germany went to Saxony, another 25% to southern Germany and only 15% to the much larger Prussian market. [Tessner M. 1989: 65-71, 74]

In the last two decades before the First World War, there were further changes in the structure of foreign trade goods and a trend towards diversification of foreign trade partners. As a result of industrial development, demand for imports of raw materials, in particular hard coal and pig iron, as well as cotton and wool continued to increase significantly. Consequently, after 1900, the US and British India rose to third and fifth positions in the ranking of foreign trade partners. On the other hand, Austria-Hungary was less and less able to exploit the simultaneously improving terms of trade for agricultural products, so that the foreign trade balance since 1908 was negative. [Denzel M. 2013: 167-174; Morys M. 2010: 50; Tessner M. 1989: 34-45, 97]

1.3. Polish industrial products for the Russian market

In the Kingdom of Poland, on the other hand, exports between 1870 and 1910 grew by about 6% per year, twice as fast as the European average. At the same time, due to the huge population growth, this area changed from

an agricultural surplus, which mainly exported grain to the Netherlands and the United Kingdom via the Baltic Sea, to a net grain importer. [David T. 2009: 95; Landau Z., Tomaszewski J. 1986: 91] Both developments were supported by full integration into the customs area of the Russian Empire (1851). Free access to the Russian market, which extended far into Asia, and since 1877 had been virtually shielded from other foreign competition by prohibitive tariffs, was an ideal precondition for the further expansion of those branches of Polish industry whose productivity was significantly higher than in the Russian heartland. This was particularly true of the textile industry but also of the sugar industry, the production of railway equipment and, at the beginning, other branches of the metalworking industry. [Jezierski A., Leszczyńska C. 2001, 77; Kochanowicz J. 2006b, 190] The share of the Russian Empire in the Polish "export" amounted to almost 90% before the First World War! [Jezierski A. 1994: 120]

However, the one-sided orientation towards the Russian market proved to be problematic in the long term, as it guaranteed high growth rates in the take-off phase of Polish industrialization but did not necessarily promote the willingness to innovate. Under the changed conditions after the First World War this was to prove a Faustian bargain, especially as Russia had gained increasing importance as a raw material supplier. The leading sectors of Polish industrialization in particular relied on imports from Western countries, which were quantitatively less significant at the national level, but which nevertheless had strategic significance for individual industrial regions or companies. [Kochanowicz J. 2006a: 134-137]

1.4. The eastern provinces of Prussia between internal and external economic integration

Another development took place in the trade relations of the agricultural Eastern provinces of Prussia and later Germany. Between 1845 and 1880, the grain exports to northwestern Europe, mostly via the ports of Stettin, Danzig and Königsberg, had once again increased significantly before the Prussian large landowners lost their foreign markets to mostly North American competitors. The introduction of agricultural tariffs 1879 in Germany and their gradual increase in the following years should have at least secured the domestic market for the native producers. Although protectionism increased the price of German food imports, the farmers from "East-Elbia" were unable to dominate the domestic market for ag-

ricultural goods. The costs of transporting bulk goods from the agrarian eastern provinces to the western and southwestern German industrial areas were still relatively high, despite the completion of all major railway lines, so that Greater Poland ultimately did not become the "granary" of the whole German Reich, but at best of Berlin. The differential fares favoring long-distance traffic, introduced on the Prussian state railways only in 1891, were abolished after only three years in 1894 out of consideration for the western and southern German farmers, whose political representatives threatened to reject the German-Russian trade treaty.[1] The East-Elbian grain producers were compensated in return for the loss of these transport cost subsidies in domestic transport by lifting the proof of identity (*Identitätsnachweis*) and introducing export subsidies in the form of the grain import documentation (*Getreideeinfuhrschein*) system. [Steinkühler M. 1992: 164-184; Müller U. 2013a: 145-153, 159 f.]

Because of this state support, the increase in agricultural productivity and the high quality of grain, which the Gdansk traders mixed with domestic supplies and Russian imports, Germany's trade balance was positive, not only for sugar but also for grain. At the beginning of the 20th century, Germany was the strongest industrial state in Europe and at the same time the largest rye exporter in the world. [Wottawa D. 1985: 45; Grant O. 2003]

2. THE TRANSFER OF CAPITAL

Quantitative analyses of capital flows are confronted with considerable methodological problems, since international capital movements before the First World War were scarcely subjects to state controls and regulations. As a result, there are no contemporary investigations for entire states, so the preparation of portfolio investment statistics would have to analyze the business of individual stock exchanges and banks, where the "nationality" of a security was not always clear and often not permanent. The quantification of foreign direct investment is similarly difficult, since several individual projects would have to be analyzed here. [Fischer W. 1998: 42-45; Tilly R. H. 2003: 157-159]

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[1] Similarly, representatives of Czech farmers were often able to prevent reductions in railway fares for Galician agricultural products. [See Kaps K. 2015: 407].

2.1.General trends

Nevertheless, it is clear that between 1850 and 1914 there was a multiplication of global capital flows. The main exporters of capital throughout the period were Britain and, by some distance, France. From 1880 and 1900 German and US capital exports also played an essential role. However, the two new major industrialized nations could not nearly compromise the supremacy of British capital in the financial markets and London as the world financial center. As with commodity trading, the expansion of the financial markets was based on capital flows, the majority of which continued to converge in Western Europe. In contrast to commodities trading, however, capital flowed exclusively from the centers to the periphery. [Fishlow A. 1985: 385; Kenwood A. G., Lougheed A. L. 2008: 6; Osterhammel J. 2010: 1048 f.]

The geographical diversification of capital flows during the "first globalization" was much wider than it was at the beginning of the 21st century. In 1913/14, 42% of foreign investment was invested in Latin America, Asia and Africa.[2] The European "periphery", which includes East Central Europe, Southern Europe, Russia, the Balkans and, in this case, Scandinavia, received about a quarter of the capital invested in foreign countries by Western European countries. France and Germany were much more involved than Great Britain. While British capital exports accounted for 95% of exports to non-European regions around 1913, 27% of French capital exports went to Russia alone, which became the largest net debtor in the world until the First World War, and another 33% to other parts of Europe. German foreign capital was 29% in Russia and the Balkans and 23% in the Habsburg monarchy. [Berend I. T., Ránki G. 1982: 75; Berend I. T. 2013: 303-305; Clemens M. A., Williamson J. G. 2004: 305] Particularly high capital transfers took place in the boom phases of the 1860s and early 1870s and the last two decades before the First World War. This finding contradicts a hypothesis sometimes found that, above all, the poorer investment conditions in the "center" would have led to capital exports to the "periphery". [Komlosy A. 2003: 131] More important than this was obviously the possibility of making profits in domestic markets in order to have capital available for foreign investment.

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[2] In 2001 only 18% of foreign investment was invested in the so-called "global south" because the status of Latin America and Africa has fallen significantly. [Osterhammel J. 2010: 1052].

2.2. The Habsburg monarchy as a receiver and an exporter of capital

Similar to commodity trade, the relative importance of East Central Europe on the global financial markets declined due to the disproportionate growth of intercontinental capital flows.[3] The Habsburg monarchy played an interesting dual role in several respects. First, as in the case of trade in goods, it itself constituted a framework in which substantial capital movements took place. Thus, the Hungarian *Gründerzeit* was financed up to 60% by „foreign" investments, to which the Hungarian economic historians counted however also Austrian capital, which possessed for example over 45% of the share capital of the Hungarian banks. [Berend I. T. 2013: 357; Pammer M. 1998]

The Habsburg monarchy was also - like the US - both a capital importer and exporter. For example, many railway construction projects were financed with foreign, mainly French, capital. [Klenner M. 2002: 113-192; Baltzarek F., 2005] An analysis of Austria-Hungary's balance of payments shows that between 1880 and 1913 there were 19 years when capital exports outweighed imports. This was consistently the case between 1885 and 1891 and again between 1905 and 1910. [Morys M. 2010: 50] Initially, Austrian, later also Hungarian and Czech, banks invested capital in the countries of southeastern Europe. With the establishment of and participation in financial institutions (such as the Banque de Salonique or the Banque de Marmorosh, Blanc et Cie.), as well as in mining and industrial companies the state and entrepreneurs of Austria and Hungary tried to achieve economic supremacy in the Balkan countries. This succeeded only temporarily, because after 1900 the Austrian-Hungarian banks were pushed back mostly by their former German partners which became now competitors. [Eigner P. 2008; Tilly R. H. 1994]. At that time, German capital in the Balkans already played a greater role than the French and British. However, German investment in Latin America, China, Russia and in the German colonies increased even more than capital transfers to the Habsburg monarchy and the Balkans. The strong concentration of German capital exports on Southeastern Europe was therefore only a phenomenon of the interwar period. [Gross S. G. 2015]

[3] However, it should be noted that the result of such comparisons is always influenced by the size of the individual units of examination.

The intermediary position of the Austrian, Hungarian and Czech banks in international capital transactions between western and central and southeastern Europe was made easier by the fact that the financial institutions of the Customs and Monetary Union of the Austro-Hungarian Monarchy received foreign credits on much more favorable terms than the banks in the nation states of the Balkans. [Komlos J. 1983: 194] In the Czech case, however, it was often also about transnational political projects. Thus, in 1908, the banker and mayor of Ljubljana, Ivan Hribar, and the director of the largest Czech bank Živnostenská banka (business bank), Jaroslav Preiss, as protagonists of the Neo-Slavist movement planned to establish a "Slavic Bank". Not only the Slavs of the Habsburg monarchy, but also Russians, Serbs and Bulgarians as well as Poles from the Russian and German empires should participate. This project failed, but two years later Živnostenská banka acquired a minority interest in the largest Serbian bank, Srpska kreditna banka (Serbian Credit Bank) in Belgrade. [Hadler F. 2013: 145 f.; Mitrović A. 2004: 19 f.]. It is remarkable that Czech banks in Southeastern Europe were much more active in the field of industrial finance than their Austrian and Hungarian competitors. [Lampe J. R., Jackson M. R. 1982: 261 f.]

2.3. Effects of transnational capital flows

Principally, capital imports made investments possible, helped lower interest rates, and sometimes involved technology transfers. However, portfolio investments in particular were very volatile, so that there was always the danger of transnational financial crises, during which the peripheral states were usually particularly hard hit. [Bordo M. D., Meissner Ch. 2010]

The risks associated with the globalization of capital markets became apparent for the first time in the Great Depression, which began in 1873. [Rosenberg H. 1967] Here, East Central Europe played an important role, as the "black Friday" on the Vienna Stock Exchange on May 9, 1873, was regarded as the immediate trigger for a massive loss of confidence on the global capital markets. The subsequent chain reaction led to the bankruptcy of more than 60% of banks in the Austrian half of the Habsburg Empire, albeit mostly newly founded. [Baltzarek F. 1973: 71-85] The global dimension of the event was revealed in the autumn of 1873 by similar panics on the stock exchanges in New York and Berlin. However, already in the pre-

history of the Vienna Stock Exchange crash, transnational ties had effects. This is true of the euphoric mood that developed during the preparation of the 5th World Fair, which opened on May 1, 1873, in Vienna, encouraged risky financing methods and played an important role in the payment difficulties of the Franco-Hungarian Bank in Pest.

The political reactions to the Vienna stock market crash of 1873 and the following "Great Depression" focused on the regulation of the markets. This was done by the regulation or at least supervision of stock exchange transactions, the promotion or at least tolerance of cartels as well as by the state assumption of enterprises, which - like some railway stock companies - had attracted attention with speculation and which seemed to assume a large contagion danger because of their high value. [Plumpe W. 2010: 62-71]

The consequences of the *Gründerkrise* for the cross-border capital market in East Central Europe did not consist solely in the amendment of the stock company and stock exchange laws, which were intended to create a grip on overly destructive market forces by channeling and thus relatively reducing cross-border capital flows. [Matis H. 1973: 46] At the same time, both Austria-Hungary and Russia strove for the transition to the gold standard. Germany had already taken this step in the course of the unification of the Reich and thanks to French reparations payments in the early 1870s. The financial politicians of the Habsburg Monarchy and Russia had to enforce the introduction of the gold standard against the resistance of the powerful conservative agrarian elites. They did so because they absolutely wanted to be included in the circle of reliable participants in world trade and global capital transactions. [Kövér G., Pogány A. 2002: 89-105; Gregory P. 1994: 59-67; Morys M. 2014]. In this case, the relevant actors in Eastern, Central and Southeastern Europe were not concerned with foreclosure against globalization processes, but with using them for their own advantage while at the same time minimizing the risks.

However, the influx of foreign capital also had structural consequences. For example, foreign capital in Southeastern Europe almost always flowed into government bonds, railway construction or the development of raw materials, which were then mostly exported unprocessed, so that in general the effects of industrialization remained low. In Hungary, where most of the "foreign" capital came from the Austrian half of the empire, most of its capital flowed directly into government bonds, banks and the transport sector, and then - through the intermediary of the state and financial institutions - into agriculture and industry. [Kochanowicz J., 2006b: 190;

Berend I. T. 2013: 357-361; Pammer M. 1998] In contrast, in the Kingdom of Poland, foreign direct investment, for example from Upper Silesian mining companies in the Dąmbrowa district, played a much more important role than Russian government bonds.

2.4. Interaction of foreign trade policy and capital flows

The development of the mining industry in the Dąmbrowa district is a good example to demonstrate the diverse interrelations between trade policy and cross-border flows of goods and capital. The liberalization of Russian foreign trade policy in the 1850s facilitated the export of products of the Upper Silesian mining industry, but also opened up the potentially huge Russian market for the Polish mining industry. Thus, the Dąmbrowa district gained attractiveness for foreign investors, who initially came mainly from the German States and about two thirds from Upper Silesia and brought not only capital, but also technology and skilled workers. In the 1860s and 1870s, they were still mainly concerned with the development of coal and zinc mines to secure the supply of raw materials to the Upper Silesian plants. After the sharp increase in tariffs on iron goods in 1881, Upper Silesian metallurgical companies founded iron processing plants mainly in the nearby and conveniently located Sosnowiec region, which received raw materials and semi-finished products from Upper Silesia and whose products could be easily sold due to the industrialization that was just beginning in some areas of Russia. Initially, Russian protectionism proved to be very beneficial for the development of heavy industry in the Kingdom of Poland. During the last three decades before the First World War, the growth of the mining industry in the Dąmbrowa district had a similar pace as in Upper Silesia and exceeded the growth rates of the Łódź textile industry and many other industries in the Kingdom of Poland. [Pustuła Z. 1992; Jezierski A., Leszczyńska C. 1997: 179-186, 189 f.]

However, a large part of the profits has been transferred abroad. In addition, some protectionist measures proved to be growth-inhibiting. This applied, for example, to the increase in import duties on pig iron, which corresponded to the demands of local blast furnace owners, but ultimately drove up the costs of those smelting plants that did not have their own raw materials. It also applied to the economic-nationalist measures of the Russian government aimed at reducing the attractiveness of the Polish in-

dustrial regions for foreign direct investment in order to channel Western capital into the industrial centers of the Russian heartland. In addition, German investors were penalized by the Russian administration because of the politically intended preference for French capital in the award of concessions and the sale of land. [Pustuła Z. 1992: 280-282.]

3. LABOR MIGRATION

3.1. Extent and spatial structure

The extent of migration, especially labor migration, during the first globalization can only be estimated. It is clear, however, that in comparison to recent history, the „transfer of the production factor of labor" in the decades before the First World War had a much greater importance. [Osterhammel J. 2010: 221-252]. The most difficult task is to estimate the extent of internal migration. But it is also clear that this already increased significantly due to better transport options and the abolition of legal migration restrictions. Since on the one hand the opportunities for settling peasants by the expansion of arable land decreased and on the other hand the increasing industry needed workers, between 1860 and 1880 a reversal of the main direction of migration took place, especially in Prussia and later Germany, but partly in the Habsburg monarchy as well. A west-east migration turned into an east-west migration - and this trend continues to this day. As a result of demographic transition and industrialization, a European migration topography also developed, in which the main workers „exporting" areas were Italy, central Poland and Galicia. The main destination countries of the migrants were (Western and Central) Germany, France, Denmark and Switzerland. [Bade K. J., 2000: 85-108] After all, East Central Europe was also part of a transcontinental migration process: the emigration to the Americas. Between 1820 and 1920, about 55 million people migrated from Europe to America, 60% of them, that is 33 million, to the US alone.[4] As in the case of migration within the Empires and intra-European migration, there was a significant change in spatial structures since the 1870s. In the 1860s, the share of East Central Europe and Eastern Europe in European emigrants to America was only 0.5%, but in the first decade

[4] Argentina took second place with 5.5 million (10%).

of the 20th century it was 44.5%.[5] [Haines M. R., 2000: 346; Morawska E. 1989; Steidl A. et al., 2017, 48-75]

3.2. Causes and effects

Both historical research about migration and the New Economics of Migration no longer explain migration processes simply by juxtaposing push and pull factors. Labor migrations are now more strongly interpreted as an essential part of family or household risk minimization strategies. Supportive roles are played by former migrants in the destination countries, who help to provide housing and job opportunities. Thus, in addition to land scarcity and wage differentials, ethnic, local or family-based networks as well as the emergence of migration cultures must be used to explain the extent and direction of labor migrations. [Brunnbauer U. 2014] Nevertheless, it is possible to recognize correlations between a strong fragmentation of land ownership and rural overpopulation, the development of incomes and crisis events in the economy on the one hand and the quantitative development of emigration on the other.

Even more difficult than the more precise reconstruction of the causes of migration is the determination of their effects. This applies in particular to the previously insufficiently researched economic effects in the regions of origin. [Kaltenbrunner M. 2017] Emigration causes a reduction in labor supply there, which in the medium term also led to an increase in wages in some East European areas and sectors. However, a general convergence of real incomes within Europe did not occur despite the high migration intensity prior to the First World War. Even in the Habsburg monarchy, where formerly relatively isolated labor markets were intertwined because of rapidly falling mobility costs, the convergence of regional wage levels was very low. [Cvrcek T. 2013]

The great importance of the remittances of emigrants to their families in their areas of origin, is made clear, inter alia, by the fact that Austria-Hungary had a positive balance of payments even in the last years before the First World War only because of these cash flows, though the foreign trade balance—as already mentioned—since 1908 was negative. [Morys M. 2010] The money earmarked especially in the US was often in-

[5] The share of Southern Europe also increased from 0.9% in the 1860s to 26.3% between 1901 and 1910. The shares of the UK, Germany, and Scandinavia declined accordingly.

dispensable for the construction of houses and the purchase of livestock, so that young members of a family association were also forced to emigrate to continue to secure this important flow of money. Frequently, the socio-economic development of many southeastern European and also of some East Central European villages depended more on the fate of individual North American mines than on the economic policy of "their" state. [Brunnbauer U. 2014: 37] In contrast to the remittances with their generally low volatility, the economic effects of the quite considerable return migration cannot be summed up in a generalizing way.[6]

The effects of overseas emigration and labor migration within East Central Europe, which is difficult to quantify and therefore sometimes overlooked, were highly ambivalent. The integration of the labor markets in the mining districts, the seasonal use of Polish laborers from the Kingdom of Poland and Galicia on the estates of the eastern Prussian provinces and central Germany, and the daily or weekly commuting of textile workers from Bohemia to Saxony and Bavaria usually improved the material situation of the migrants. At the same time, the migration also reduced the pressure for rationalization in the east-Elbian agricultural farms and Saxon textile factories, deprived the poorer areas of (potential) professionals and formed the most important event not only for the greater regulation of labor markets, but also for the economic irrational nationalist reactions such as the Prussian settlement policy in the provinces of Posen and West Prussia. [Müller U. 2008; Müller U. 2013b; Murdock C. E. 2010, pp. 26-55]

In addition to the trend towards the constitution of an integrated global labor market, the labor market, which in many respects differs from other "markets", was also characterized by segmentation. The immense differences between the market power of for example a skilled worker in the electrical industry and a foreign seasonal worker on an agricultural farm were further exacerbated from 1900 onwards by state restrictions on the free movement of labor, the introduction of employment certificates and the regulation or nationalization of labor recruitment agencies. [Hatton T., Williamson J. G. 2005: 101-125; Saul K. 1983]

[6] In the first decade of the 20th century, for example, 2,870,000 people from the Habsburg monarchy migrated to the USA (second behind Italy). In the same period, however, 1,580,000 people also migrated in the opposite direction. In the second decade, even more people from the US migrated to the territory of the Habsburg monarchy (1,340,000) than the other way around (880,000) because of the First World War. [See Bandiera O., Rasul I., Viarengo M. 2013: 37].

CONCLUSION

This rather overview-like determination of the position of East Central Europe in the globalization process of the late 19th and early 20th centuries should make the following clear:

1. East Central Europe was confronted with the processes of economic globalization of this period. This confrontation took place in different areas (trade, capital, migration) with varying intensity.

2. Eastern European actors, i.e. politicians, entrepreneurs, farmers, but also simple workers in industry and agriculture, responded very differently to global challenges and often developed their own strategies on how to minimize potential risks or even benefit from specific constellations.

3. The history of empires and national movements, culminating in the establishment of nation-states after 1918, can only be understood if the global links and positioning strategies of East Central European actors in these processes are taken into account. This applies especially to economic integration and disintegration, protectionism and economic nationalism.

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