

Capitalist Peace or Capitalist War? The July Crisis Revisited

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Introduction

What is the frame within which we place the July crisis in 1914 and everything that followed? Was it the derailment of an all-encompassing but brittle culture of masculine militarism? Was it a diplomatic debacle? Was it an expression of a pathological modernity? Was it Europe's colonial violence turned back on itself? Under the sign of some encompassing synthesis was it many of these things, or all of them simultaneously? For those coming from a Marxist tradition, but by no means only for them, an idea of an 'age of imperialism' provided an encompassing historical backdrop against which to understand World War I. World War I was a clash of expansive nation-states whose rivalry was fuelled by commercial and industrial interests and ultimately expressed certain essential insufficiencies within capitalism. The wide currency of imperialism theory right across the political spectrum began with the Boer War.¹ It would retain considerable plausibility even in mainstream liberal circles down to the mid-century. It is hard to credit today, but in 1945 it seemed reasonable for the

¹ Hobson 1902; Etherington 1984.

United States government to put the corporate leadership of IG Farben and Krupp on trial not only for war crimes, for spoilation and slave labour, but for crimes against peace, for conspiracy to launch aggressive war, in other words for the crimes of imperialism.

The idea of an age of imperialism came in many different shades.² Some were more holistic and deterministic than others. But they all had in common that they described the current moment of imperialism as something new. It was clearly the final stage in a Western drive to expansion that began in the early modern period, but it had taken on a radical new expansiveness and violence. This new era of imperialism was dated to the last decades of the nineteenth century, commonly to the scramble for Africa from the early 1880s. It extended by the late nineteenth century to literally every part of the globe. The global frontier was closing. And it was also a common perception amongst theorists of imperialism that this outward expansive drive was connected not just to the desire for conquest or political domination, but to deeper economic, social or cultural forces.

In 1959 the publication of William Appleman Williams's *Tragedy of American Diplomacy*, and in 1961 Fritz Fischer's *Griff nach der Weltmacht*,

² Wolfe 1997.

gave imperialism theory a new lease on life in the historical profession.³ Amidst the general resurgence of imperialism-talk in the context of Vietnam and Third World struggle, Fritz Fischer's Germano-centric version of imperialism theory produced an extraordinary éclat. But as far as the July crisis was concerned this was also the last great hurrah of imperialism theory. The critical onslaught against Fischer's one-sided interpretation of the outbreak of the war helped to discredit models of imperialism more generally. By the 1990s whether or not historians have ascribed responsibility for the July crisis to Germany, the focus has shifted away from an economically founded logic to one based on political and military culture. Often this is associated with a stress on the July crisis as an event determined by the 'provincial' logic of Central Europe rather than the wider forces of global struggle across Africa and Asia that were once invoked by way of reference to empire.

One reaction to the collapse of the imperialism paradigm amongst economic historians has been to infer that political economy is excused from any significant role in explaining the July crisis. Since the 1990s in the orbit of the late Angus Maddison at the OECD and Jeffrey G. Williamson at the NBER an innovative new literature on the global economy before 1914

³ Williams 1959; Fischer 1961.

has sprung up, written not under the sign of imperialism but under that of globalization.⁴ The shift in label is significant. In the new economic histories of globalization there is what one might term a presumption of innocence with regard to 1914. The analysts of globalization point to a variety of tensions that were unleashed by the global integration of markets for commodities and factors of production. But both the Maddison and Williamson circles treat the July crisis in 1914 as an exogenous shock that interrupted globalization. Indeed, the assumption that war and politics are antithetical to globalization is axiomatic for this entire school. As Williamson and O'Rourke put it with characteristic frankness, in their calculations of market integration they assume that 'In the absence of transport costs, monopolies, wars, pirates, and other trade barriers, world commodity markets would be perfectly integrated' and globalization, by their measure, would thus be complete.⁵

But this begs the question of causation. Are wars really exogenous with regard to the logic of global economic development? Whereas economic historians have on the whole been content to allow diplomatic and economic history to drift apart, and many cultural and political historians have been only too happy to reinforce this tendency, a

⁴ For the "NBER" perspectives see O'Rourke and Williamson 1999; Bordo et al 2003. For the OECD Maddison 2001. An alternative Franco-American perspective is provided by Berger 2003.

⁵ O'Rourke and Williamson 2004, p. 112.

substantial body of political scientists has taken the opposite tack. They have formulated a severe critique of the separation within their discipline between International Political Economy (IPE) and International Relations (IR), which they see as a regrettable effect of the Cold War.⁶ It was no doubt true that under the conditions of the nuclear stalemate, strategy was radically insulated from economic and social conditions. But this was a special case. If one wishes to develop truly general accounts of political economy and international security this separation is disabling. In fact, markets, contracts, business relations, international trade, labour and capital market integration are all essential elements in the construction of international society. The quality of that international society in turn is crucial in deciding the question of how interests are formulated and negotiated with each other and whether conflicts will be resolved through violent or non-violent means. Under the sign of so-called bargaining theories of war, armed conflict is seen as an extension of political negotiation and argument by other means.⁷ How likely a conflict is to become militarized depended on type of societies involved and nature of their relations, whether these were mediated by intense trade contacts, tight monetary relations, or whether the societies involved were dominated

⁶ Kirschner 1998 and Mastanduno 1998.

⁷ Well summarized in Reiter 2003.

by powerful militaries with unaccountable sources of finance, or civilian-controlled security establishments.

Clearly this way of thinking poses a challenge to conventional realist IR theories. But if social, economic and political development are all in play in defining the field of international relations, what is the nature of that connection? In the wake of the cold war, under the sign of the 'end of history', it was liberal IR theorists who gave the most forthright answer. They turned the presumption of innocence that allowed political economy to become dissociated from accounts of modern conflict into something much stronger – an assertive prediction of a democratic, capitalist peace.⁸ Drawing on a tradition that ascends from classical political thinkers of the eighteenth century, liberal peace theories can be divided into two interconnected but distinct currents. One branch, the political branch, declared that democracy was the crucial variable. Democracies did not fight wars with each other. A democratic world would thus be a world of perpetual peace, a world beyond military history. Advocates of the 'capitalist peace' took a different view.⁹ For them it was the economic not the political institutions of liberalism that were decisive. Precisely what degree of trade and capital market integration, what level of monetary

⁸ For example Russett 1993.

⁹ Gartzke 2007.

cooperation was necessary to secure peace was not easy to specify, but one threshold, at least, could be specified. No two countries hosting McDonald franchises had ever been engaged in armed conflict.¹⁰

Born in the eighteenth century as an ideal vision and revived in the aftermath of the Cold War as a social scientific hypothesis, the empirical evidence for the liberal peace hypothesis was drawn above all from the period after World War II. For the eighteenth century and much of the nineteenth century it is for obvious reasons hard to construct sufficiently large datasets to test the theory. There were not enough democracies. But the period before 1914 poses particular challenges for liberal peace theory. If there were few actually achieved democratic constitutions, the nineteenth century was nevertheless a great age of democratization. It was also the first great age of truly globalized capitalism. And yet the Long Nineteenth Century ended in 1914 in an apocalyptic war. How to address this puzzle?

One solution for the political scientists would simply be to dismiss the war as an outlier. The capitalist peace hypothesis is no more than a probabilistic statement. Perhaps 1914 is simply an anomalous case. Or perhaps the tendencies towards a capitalist peace were indeed operative, but simply in too weak a form for them to suppress the aggressive forces of

¹⁰ When the NATO bombing of Serbia falsified the 'Golden Arches Theory of Conflict Prevention' an indignant nationalist mob promptly wrecked the Belgrade outlet of the franchise, see Friedman 2000, p. 252–3.

the ancien regime.¹¹ But as the advocates of liberal peace theory themselves admit such evasions are self-defeating. The burst of globalization between 1870 and 1914 was as significant as anything that occurred after 1970. And yet the conflict which began in 1914 was responsible for 83 percent of battlefield deaths between 1816 and 1918 and no less than 27 percent of battlefield deaths between 1816 and 1997. This is too important a case to simply dismiss as an anomaly. If the first dramatic wave of globalization and democratization was not enough to substantially moderate the forces of violence, or worse still, if globalization actually contributed to the tensions leading to war, then the liberal peace hypothesis is on shaky ground indeed.¹² To their credit the advocates of the liberal peace hypothesis have not dodged this challenge. What has ensued within political science is a fascinating debate in which, unlike in the disciplines of history or economic history, the question of the relationship between democratization, capitalist development and the outbreak of World War I has been posed explicitly. Realists have argued that 1914 exposes the fundamental inadequacy of liberal international relations theorizing. Defenders of the liberal peace hypothesis have reacted with a variety of imaginative rationalizations and formalizations to account for the outbreak

¹¹ Oneal and Russett 2001 and Rosecrance 1985.

¹² Rowe 2005, p. 409.

of war. Of late some of the economic historians most prominently associated with the new globalization literature have finally begun to get to grips with the question of 1914.¹³ But their reading of the political science literature has been half-hearted at best. If there is to be a more sustained and serious engagement it is crucial to explore more critically some of the basic premises common to both liberal and realist brands of International Relations theory, as well as to the economic history literature on which they have so productively drawn. Two points in particular merit critical attention.

Firstly, the result of evacuating the concept of imperialism has been to produce an image of globalization which is surprisingly static and rooted in methodological nationalism. The world economy is viewed as a field divided into discrete national entities. The statistical measures on which recent accounts of globalization are based, are unprecedentedly precise, but they are also extremely narrow in their relentless focus on market integration. They lack structure and they cannot capture more subtle patterns of interaction, of action and reaction, of rivalry and cooperation that marked the international system. Specifically, they cannot do justice to what analysts working in the tradition of Trotsky refer to as 'uneven and combined development'; i.e. the dynamic interconnectedness of a system

¹³ O'Rourke et al have taken up the realist work of Rowe to point to the paradoxical relationship between globalization and war, see Daudin, Morys and O'Rourke 2010.

of states undergoing transformation at different speeds and under different international and domestic pressures.¹⁴

Secondly, what the positivism of both political scientists and economic historians obscures is the reflexivity that is such an essential feature of turn-of-the-century modernity. This is ironic because the data, the concepts and institutions of modern macroeconomics, including the NBER, which has hosted so much of this literature, were in fact products of the World War I crisis, as was the academic discipline of International Relations. It is no coincidence that the data are all better after 1945 for it was then that the institutions of modern social science really began to reach maturity. Part of the difficulty in analyzing the period before 1914 in these terms, is that we are turning the gaze of modern social science back to the moment of its own birth and before. Marxist theorists of ideology, one thinks particularly of Lukacs were quick to seize on the imbrication of the emerging 'bourgeois' social sciences with the social reality that they sought to capture in objective, quantified form.¹⁵ Though Lukacs was concerned principally with economics, sociology, and literary studies, Lenin, Trotsky and the Comintern made the peculiar short-comings of liberal theories of internationalism of the Wilsonian variety into the butt of regular criticism

¹⁴ For recent applications to the July crisis, see Green 2012, Rosenberg 2013 and Anievas 2013.

¹⁵ Lukacs 1971.

from 1919 onwards.¹⁶ The risk involved in this kind of critique of ideology are all too familiar. Critics do not take the ideologies they expose seriously enough, either in their specific content or in their importance as actual guides to action on the part of the operators of the system. But to take them seriously is essential, because as the state, big business and other large-scale organizations took on a greater and greater role, technical management became an ever more defining aspect of the social and economic system, now explicitly and self-consciously conceived as such.

From the first critiques of reformism and new liberalism penned in the era of World War I, down to Foucault's dissections of neoliberal governmentality, Ulrich Beck's account of 'risk society' and Anthony Giddens's sociology of 'reflexive modernity', understanding the entanglement of power and knowledge would become crucial to the diagnosis of the twentieth-century condition.¹⁷ Though such accounts of reflexive modernity were often concentrated on the economic, social or environmental sphere, there was no sphere in which self-reflexive autonomous state action was more important than in diplomacy and military strategy, what was between the early modern period in the twentieth century the preeminent sphere of autonomous state action. As Chris

¹⁶ See for instance Trotsky's devastating commentary on 1920s internationalism in Trotsky 1929.

¹⁷ Foucault 2003; Foucault 2008; Beck 1986; Giddens et al 1994.

Clark's *Sleepwalkers* has recently reminded us, the July crisis of 1914 was perhaps the quintessential modern crisis precisely in that it was a failure of self-reflexive control within a pluralistic, complex and extremely heterogeneous system.¹⁸ As such, the search for a final causality is liable to exhaust itself in a vain search. If we follow Beck's account of risk society we may find it easier to admit that this undecidability is not a frustrating failure of the historical profession to make up its mind, but a characteristic feature of reflexive modernity.

What implications does this double redescription – the stress on combined and uneven development overlaid by layers of reflexivity - have for this essay on liberal peace theories and the July crisis? As I will conclude by arguing in this chapter, one can construct a coherent account of the July crisis in terms of liberal International Relations theory. But to do so we must sacrifice the innocence of 'liberal peace theory'. Not only should we acknowledge that liberal peace theory always implied its twin, namely a theory of liberal war, a justification of war against those lower down the civilizational gradient. But, we should also recognize that such theories were in fact active in the crisis of 1914 helping to exacerbate the crisis and to justify war. Indeed, the incredibly complex pattern of

¹⁸ Clark 2012.

entanglement created by the condition of combined and uneven global development made it possible for these hierarchical theories to be deployed as justification by all sides. The result was to scramble thoroughly the terms of the IR debate. On the one hand, the war was justified on all sides as defensive and thus appeared to be a perfect illustration of the realist security dilemma. On the other hand, what was at stake in self-defence, why it mattered to defend oneself, was intelligible only in terms of narratives of historical development that derived not from the timeless world of realism, but from liberal conceptions of progressive history. If this is so, it brings us to the final question to be posed in this chapter. To encapsulate this all-encompassing, hyper self-reflexive, no holds barred competition for a place in the historical sun, is there, in fact, a better term, than the one coined by contemporaries and set aside too hastily at the beginning of our discussion, namely 'the age of imperialism'?

I

The recent economic history of globalization has avoided drawing direct connections from international competition to international geopolitical rivalry. However it has not denied the tensions and conflicts generated by

the dramatic process of globalization. Defining globalization as market integration, it has traced with unprecedented precision the massive redistributive effects generated within the Atlantic world by mass migration and the emergence of markets for basic commodities such as grain. Taking its cue from the classic result of Stolper-Samuelson in international trade theory, it has shown how international trade levels the prices of factors across the world economy.¹⁹ This has the effect of reducing the premium that can be commanded in receiving countries by owners of scarce commodities or factors of production and raising the premium that can be commanded by owners of factors where they are abundant. More concretely globalization tended to raise the price of labour and capital in Europe through emigration and capital export. At the same time it reduced the premium they could command overseas. The result, as the GDP data generated by the authors working for the OECD suggested, was convergence.

Crusading liberals were of course tempted to tell this story as a triumph for free trade reason over mercantilist and protectionist superstition. The struggle over the Corn Laws of the 1840s, the Cobden-Chevalier Treaty and the invention of Most Favored Nation status all had

¹⁹ Stolper and Samuelson 1941.

their place in this heroic narrative. But what the work of the NBER authors shows is that the surge in trade integration was associated less with the politics of trade liberalization than with the massive supply side shock delivered by plunging transport costs.²⁰ This makes it easier to understand why the political consequences of globalization were so ambiguous. It was as a result of a massive technological shock, not of conscious political decision that European society from the 1870s was integrated into a world economy as never before. This unleashed unprecedented shifts in basic hierarchies of value, notably in the relative value of land and labour, which in turn triggered a decisive backlash towards protectionism, a populist assault on the gold standard and nativist immigration restriction in the 'New World'.

Distinguishing de facto trade integration from the politics of free trade is the simplest route to explaining how the first globalization might in fact have produced not peace and harmony, but international tensions in the early twentieth century.²¹ Nor is this particularly novel. It is the route marked out decades ago in classic mid-century texts which themselves echoed the intellectual rearguard action mounted by free trading liberals from the 1900s onwards. What the NBER and OECD economic historians

²⁰ O'Rourke and Williamson 1994.

²¹ Mcdonald and Sweeney 2007.

have done is to give massive quantitative heft and precision to the narratives sketched by Karl Polanyi and Hans Rosenberg in their readings of the 1870s crisis.²² Amidst trade integration heralded by boosters of globalization, liberalism died, xenophobic nationalism flourished and power politics came back to the fore. The roots of modern anti-Semitism and populist nationalism are to be found in this period, which in turn opened the door to manipulative and aggressive elites who sought to master the challenges of democracy by building new coalitions around the politics of protection. In Rosenberg's words, the long period of traumatic adjustment to globalization: '... helped to lay the foundation for the bolder and more aggressive and reckless political and economic imperialism of the Wilhelmian era, eager for expansion, taking its risks and bursting forth in spurts of self-assertion under the impetus of the prosperity of 1897–1914'.²³

A more original account of the consequences of globalization has been offered not by advocates of the liberal peace but by their chief realistic critic. Rowe argues that rather than juxtaposing politics and economics, state and civil society, imperialists and businessmen, the military themselves should be analyzed as competitors in the market for resources. Globalization impacted them not only by means of the political

²² Rosenberg 1943; Polanyi 1944.

²³ Rosenberg 1943, p. 72.

currents it stirred up, for and against militarism, but by directly affecting the terms on which the state could appropriate resources. The result is a more complex, pluralistic and convincing image of the pre-1914 world than that offered by the simple anti-liberal backlash story. European society did not simply yield to 'social imperialist' manipulation, the xenophobic backlash unleashed by globalization was cross-cut by powerful countervailing forces of anti-militarism. And there was an economic counterpart to the resulting political tension.

TABLE 3 Military Strengths and Potentials of the European States, 1914

Country	Peacetime Strength	Wartime Strength	Population	Male Population of Military Age
Britain	248,000	162,000	46,000,000	6,430,000
France	827,000	1,800,000	36,600,000	5,940,000
Germany	761,000	2,147,000	67,000,000	9,750,000
Russia	1,445,000	3,400,000	164,000,000	17,000,000
Austria-Hungary	478,000	1,338,000	51,000,000	6,120,000
Totals	3,759,000	8,847,000	364,600,000	45,240,000

Source: Niall Ferguson, *The Pity of War: Explaining World War I* (New York: Basic Books, 1999), tables 9, 10.

In 1914 the peacetime strength of Europe's major armies amounted to 8 per cent of the male population of military age on the continent. The military were thus a significant drag on the labour force. Much of this manpower was of course conscripted. But by increasing the price commanded by abundant resources (Labour) on which the military state apparatus had traditionally relied, globalization increased the opportunity

cost of conscription. Furthermore, it enhanced the bargaining power of groups whose politics made them opponents of the military state. All the militaries of Europe faced an uphill battle by the early twentieth century to pay for armaments, to recruit the essential backbone of NCOs and to attract bourgeois talent into the ranks of the officer corps. Despite the prestige enjoyed by the Imperial German army before 1914, 20 per cent of the junior officer positions were unfilled. Russia suffered the same problem. The French army was able to retain less than half the military graduates of the *ecole polytechnique* between 1907 and 1912. Meanwhile, as the global recovery from the recession of 1907 took hold, and trade boomed the naval purchasing offices suffered a huge surge in prices charged by dockyards for warships.²⁴

Viewed narrowly this confirms the basic supposition of the liberal peace hypothesis. In an increasingly bourgeois, commercialized and internationalized world it was indeed getting harder to be a soldier. The question however is whether or not this pacification contributed to stability and security in Europe. In 1994 Niall Ferguson in what is perhaps his most influential contribution to historical scholarship argued that the fiscal problems of the Imperial German state had made it not less, but more likely

²⁴ Rowe 2005.

to start a war.²⁵ Germany's soldiers and diplomats who were deeply concerned about the shifting balance of power within the European state system were hugely frustrated by the delay of the Reichstag in voting them adequate funds. Having lost the naval arms race with Britain, facing pressure from France and Russia, they viewed the crisis in the Balkans in the summer of 1914 as a welcome opportunity to bring on the crisis that they believed to be inevitable in any case. Ferguson attributed those problems principally to the federal structure of the German state. But the point could be generalized to turn the liberal peace argument on its head. Rowe argues that precisely because it caused pacifying changes at the national level, globalization made all the military elites of Europe less secure and more trigger happy. Liberal pacification weakened deterrence and undermined the credibility of alliance commitments.

As a particular case study Rowe and colleagues examined the case of Britain. Britain may have outcompeted Germany in the naval arms race, but from 1911 the priority of British strategy was in fact moving towards land power. To back up France Britain needed a significant expeditionary force. However, to introduce conscription was a political impossibility in Britain and the costs of a fully professional army of significant size would

²⁵ Ferguson 1994.

have been exorbitant. As it was, the British army paid its enlisted men less even than unskilled agricultural laborers. Only when trade conditions were bad was recruiting easy. Otherwise, the army resorted to progressively lowering its physical standards. Whereas in 1861 the standard had been five feet 8 inches, by 1913 it had been reduced to five feet 3 inches. During the Boer War the Army took men of as little as five feet. This was a physical indication of the competitive pressure to which a booming market economy exposed an all-volunteer army. In 1914 Britain's cash-starved strike force consisted of a derisory six divisions. Its first line of professional soldiers were underweight, underpaid and poorly led. At the crucial moment in the last days of July 1914, the Entente lacked the teeth to deter the Germans and their Schlieffen plan.²⁶

II

Rowe thus performs a classic realist inversion: 'liberalism's internal constraints on military force in prewar Europe ignited not virtuous circles, but vicious ones. Rather than assume that peace follows naturally from constraints against war', liberals, according to Rowe, needed to understand

²⁶ Rowe, Bearce and McDonald 2002.

how 'states use violence to construct and sustain international order'. A historical change that weakened militarism might in fact help to weaken international order rather than strengthening it.²⁷ Rowe derived this tragic conclusion by superimposing on a generic model of capitalist development a generic model of the security dilemma. This can explain how capitalist growth in general could make the military elites in each nation less secure. The resulting view of the July crisis sits well with a model of the outbreak of the war that sees it as a general systemic failure, a war of inadvertence unleashed when a spark was struck at Sarajevo into the 'powder keg' of the international system.²⁸ The first point of attack for defenders of the liberal peace theory is to challenge this undifferentiated model of the July crisis.

It is no doubt true that Britain's lack of a major land army in 1914 meant that it was in no position to deter German aggression. But this 'cause' came at the end of a chain of causation that stretched back to Central Europe. In its simplest version this argument simply stops in Germany. It was the incomplete modernization of Germany that was at the root of its dangerous behavior in the summer of 1914.²⁹ And there is no doubt truth in this version of events. As the twentieth century opened, the conservative elite in Germany were under pressure. Since 1912 they faced

²⁷ Rowe 2005, p. 447.

²⁸ For an analytic explication of this common place language see Goertz and Levy 2005.

²⁹ For one of the earliest statements of this view see Veblen 1915.

a massive majority in the Reichstag made up of Socialists, Progressive Liberals and Christian Democrats, all of them former opponents of Bismarck. Though they were by far the largest military spenders in Western Europe and though the Reichstag did approve a momentous increase in spending in 1913, the German military despaired of keeping up with the Russians. In the Kaiser's circles, talk of an inevitable racial clash with the Slavs and a coming confrontation with Britain in the global arena was common place. More conciliatory and liberal visions of a possible 'world policy without war' were drowned out.

But aggressive though the German militarists may have been and though the Bismarckian constitution was tearing at the seams, it will not do to overstress the atavism of the Wilhelmine regime.³⁰ If it is backwardness we are looking for to underpin a liberal narrative of the July crisis, the argument is far more convincing if it is extended out beyond Anglo-German, Franco-German comparison. And this is after all warranted by the events of the July crisis in which Germany's role was that of a facilitator rather than that of an immediate aggressor. If there is a chain of causation in the July crisis it must be anchored not in Berlin, but in the entanglement of the beleaguered imperial regimes of Austria-Hungary and Russia in the

³⁰ For excellent summaries of the argument see in this volume Alexander Anievas 'Marxist Theory and the Origins of the First World War' and Geoff Eley 'Germany, the Fischer Controversy, and the Context of War'.

violent affairs of the backward and impoverished Balkans. The chain of causation thus ascends the hierarchy of development, what Trotsky would call the “hierarchy of backwardness”.³¹ As Gartzke, the leading advocate of the capitalist war hypothesis has pointed out, once we look in detail at the series of international crisis from the late nineteenth century two things become evident.³² First, amidst the group of great powers that were in fact important players in the process of globalization, with Germany in the forefront, diplomatic crises tended to be resolved peacefully. By contrast amongst the Balkan states that were largely disconnected from world trade currents, violence was the norm. The mistake, therefore, lies in referring in undifferentiated terms to the period before 1914 as an age of globalization and in treating the July crisis of 1914 as a crisis of the whole system, as Rowe does. In fact, there was not one highly integrated Europe before 1914 but two sub systems, one dynamic and integrated, the other autarchic and backward.

³¹ Trotsky 1938.

³² Gartzke and Lupu 2012.

Note: Total dyadic trade measures the volume of trade in \$ 2008.
 Dependence of A-B is the share of A-B trade in A's total trade.
 Dependence B-A is the share of B-A trade in B's total trade.

Table 1. Dyadic Trade Dependence in 1913

Country A	Country B	Total Dyadic Trade	Dependence A-B	Dependence B-A
Bulgaria	Ottoman Empire	1.98	2.78403	0.69814
Italy	Bulgaria	1.98	0.16915	2.78403
France	Bulgaria	3.37	0.11408	4.73847
United Kingdom	Bulgaria	4.67	0.08	6.56637
Bulgaria	Russia	6.05	8.50675	0.41027
Germany	Bulgaria	10.15	0.20499	14.27165
Austria-Hungary	Bulgaria	12.93	1.04397	18.18054
Russia	Ottoman Empire	27.62	1.87299	9.73873
Italy	Ottoman Empire	28.94	2.47238	10.20415
France	Austria-Hungary	31.96	1.08194	2.58046
France	Ottoman Empire	34.14	1.15574	12.03766
Austria-Hungary	Ottoman Empire	37.14	2.99869	13.09545
Germany	Ottoman Empire	40.89	0.82582	14.41769
Austria-Hungary	Russia	51.45	4.15408	3.48896
Italy	Russia	53.68	4.58596	3.64019
United Kingdom	Austria-Hungary	57.92	0.99221	4.67647
United Kingdom	Ottoman Empire	60.85	1.04241	21.45552
Austria-Hungary	Italy	92.35	7.45636	7.88959
France	Italy	100.28	3.39478	8.56706
France	Russia	117.42	3.97502	7.96257
United Kingdom	Italy	148.7	2.54734	12.70365
Germany	Italy	191.83	3.87423	16.3883
United Kingdom	Russia	276.28	4.73288	18.73529
France	Germany	344.71	11.66946	6.96181
United Kingdom	France	416.4	7.13324	14.09638
Germany	Austria-Hungary	458.5	9.25993	37.01939
United Kingdom	Germany	583.31	9.99253	11.78061
Germany	Russia	670.34	13.53828	45.45757

This move towards identifying separate sub-systems within the international economy is extremely helpful. The first wave of research on globalization prior to 1914 focused self-consciously on the Atlantic world as the hub of the new system. It is far from obvious that conclusions drawn from the literature on Atlantic globalization can really be applied to crises in other regions, whether in Central and Eastern Europe or in East Asia. Gartzke and Lupu's data highlights the varying degrees of integration in Europe. Unfortunately, they lack data for Serbia. But if we take Bulgaria as a proxy for the Balkans as a whole, the levels of trade integration with Austria and Russia was clearly very low. This conclusion is entirely consistent with liberal theory. And though Gartzke and Lupu's dualistic distinction between an integrated and an unintegrated Europe is certainly helpful, one is tempted to say that we should go further. To lump Russia and Austria-Hungary in with the Balkans may be to create a new confusion. There were not two but three systems. The Balkans belonged in a world of their own, a world in which modernization showed its bloody borders.

The contribution to have dramatized Balkan backwardness most vividly is Clark's *Sleepwalkers*, which begins with a remarkable psychogram of Serbian political culture. Clark stresses the apocalyptic tendencies within Serbian nationalism. And in a bold interpretative move he

roots this split political consciousness in social facts. For Clark, the Serbian nationalist covens were akin to AQ cells in modern day Pakistan, or the Arab world. They were ultra-aggressive because they are experiencing what the leading economic historian of the Balkans Palairret has described as 'evolution without development'. For Clark the particularly violent quality of Serbian nationalism is explicable in terms of a social and economic environment in which 'the development of modern consciousness was experienced not as an evolution from a previous way of understanding the world, but rather as a dissonant overlaying of modern attitudes on to a way of being that was still enchanted by traditional beliefs and values'.³³ It is testament to Clark's extraordinary skill as a reader of political culture and his artistry as a writer that he manages to make this kind of formulation compelling as an explanation of the basic catalyst of the July crisis. In so doing he reinstates an anthropologically enhanced vision of modernization theory as the ground of the discussion.³⁴

To drive this point home Clark draws a sharp distinction between Serbia and Vienna. Whereas Serbia was a peasant state, Vienna was Clark emphasizes a laboratory of modernity. Certainly the pairwise comparison with Serbia serves to confirm Habsburg modernity. But if

³³ Clark 2012, p. 32.

³⁴ In constructing his remarkable portrait Clark draws on the cultural geography of Simic 1973 and the reflections of memoirist Mira Crouch. See Crouch 2008.

Vienna was a laboratory of modernity, it was a laboratory of crisis. If rather than with Serbia, the Habsburg state is compared to the UK or France the conventional ranking surely stands, certainly as far as the important indicators of the liberal peace hypothesis are concerned – democratization and trade integration. Thanks to the trade wars since the turn of the century Vienna had little or nothing to lose in economic terms through a war with Serbia. Domestically, the Dual Monarchy's parliamentary system was deadlocked and there was little love lost between the parliamentarians in Vienna and Hungary and those in Belgrade. It would come as no surprise to a liberal theorists to see tensions escalating.

But the true anchor of any liberal account of the outbreak of World War I, beyond Serbia and the Central Power must be Russia. Russia was the great menace to both Germany and Austria. It had a neutered parliamentary system. In its governing circles politicized nationalist protectionism was rampant.³⁵ Added to which, Russia's power was growing by the year exerting huge pressure on all its potential enemies. In the summer of 1912 Jules Cambon of France noted after a conversation with Germany's chancellor Bethmann that regarding Russia's recent advances,

³⁵ McDonald and Sweeney 2007, pp. 401–2.

the chancellor expressed a feeling of admiration and astonishment so profound that it affects his policy. The grandeur of the country, its extent, its agricultural wealth, as much as the vigour of the population ... he compared the youth of Russia to that of America, and it seems to him that whereas (the youth) of Russia is saturated with futurity, America appears not to be adding any new element to the common patrimony of humanity.³⁶

The French themselves were extremely optimistic about Russia's prospects. A year later French foreign minister Pichon received from Moscow a report commenting that

there is something truly fantastic in preparation, I have the very clear impression that in the next thirty years, we are going to see in Russia a prodigious economic growth which will equal – if it does not surpass it – the colossal movement that took place in the United States during the last quarter of the 19th century.³⁷

As bargaining theorists of war persuasively argue, major power shifts are the destabilizing factor most likely to trigger war. And as McDonald has pointed out, it is not enough to focus on GDP growth alone. What is really crucial is the ability of states to actually harness that growth for the

³⁶ Quoted in Clark 2012, p. 326.

³⁷ Quoted in Clark 2012, p. 312.

purposes of military mobilization.³⁸ What is truly destabilizing for the international power structure is not, therefore, growth per se, but sudden shifts in the resources in the hands of particular states. Under conditions of private property ownership and parliamentary government the capacity of states for sudden mobilization is doubly constrained and thus sudden shifts in international power structure are less likely. It was this that made Tsarism so terrifying to its neighbors. Tsarism was an autocracy that did not have to struggle with the problems of parliamentary approval that made the arms race so hard to sustain for the Western powers. As the correspondent for *Le Temps* noted in November 1913, Russia's huge military effort

is produced without creating the slightest trouble of inconvenience to the prosperity of the country Whereas in France, new military expenses posed a budgetary problem, Russia has no need to go in search of a new source of revenues. ... in this arms race, Russia is thus better placed than anyone to sustain the competition.³⁹

It was this sense of menace from its Eastern neighbor that raised to a dangerous pitch, the impatience of Germany's military and diplomatic elite

³⁸ McDonald 2011.
³⁹ Quoted in Clark 2012, p. 312.

with the slowness, obstructionism and progressive leanings of their national political system. In 1913 the Kaiser's government finally persuaded the Reichstag to agree to raise the size of peacetime army from 736,000 to 890,000. But the immediate response was to trigger the passage of the French three year conscription law and the promulgation of Russia's 'Great Programme', which raised its peacetime strength by 800,000 by 1917. By 1914 Russia's army strength was double that of Germany and 300,000 more than that of Germany and Austria combined with a target by 1916 of 2 million.⁴⁰ Against this backdrop the Germans were convinced that by 1916–1917 they would have lost whatever military advantage they still enjoyed. This implied to them two things. First, Russia would be unlikely to risk a war until it reached something closer to its full strength. So Germany could risk an aggressive punitive policy in Serbia. If this containment were to fail, then 1914 would be a better moment to fight a major war than 1916 or 1917.

The upshot is that once we move away from the generalities of a realist view of the international security situation to a specific reading of the chain of causation in 1914 we end up reinstating the hierarchy of liberal peace theory. It was a clash between backward and brutal Serbian fanatics and an increasingly defunct Austrian regime that brought in the Tsarist

⁴⁰ Clark 2012, p. 331.

autocracy, which in turn triggered Germany's beleaguered Kaiser and his anxious military into action. France and Britain moved last of all to a war footing. Before 1914, all powers may have been struggling to get to grips with the implications of globalization for international security, but not all of them were equally bellicose or insecure. Those that seemed most anxious for a clash of arms were the least democratic and had the least to lose in any breakdown of global economic integration.

III

But in resting their case on this reassertion of a developmental hierarchy, theorists of the liberal peace reveal their failure to recognize the implications of the entanglements of the international system. It was an essential feature of the alliance system that exploded into war in August 1914 that it harnessed together countries at very unlike stages of development. What the liberal theory captures is the unevenness of international development. What it does not address the mechanisms by which those differences were produced, or how they were brought into combination with one another. And yet the flow of resources across developmental gradients is essential to the liberal model of economic

history. In the neoclassical growth model, convergence is the key term. The ultimate demonstration of the power of the liberal narrative before 1914 as from the 1970s onwards is that it delivers convergence. Convergence in turn operates through the movement of factors and technological expertise across gradients of scarcity and income level. Some of this movement is driven by nothing more than price differentials and free form market activity. But as the NBER authors amongst others are only too well aware, resources do not always move simply as neoclassical theory would predict. Foreign investment in particular tends to bundle with labour flows. And in the pre-1914 period capital flows also tended to be braided with strategic alliances.

The problem this poses for the defenders of the liberal peace hypothesis becomes obvious if we examine the work of one of the most sophisticated exponents of the bargaining theory of war, Patrick J. McDonald. As we have seen, for McDonald the fundamental trigger for war is a major power shift. This could be due to exogenous factors such as GDP growth. But these will be mediated by the mobilization capacity of the state. This will depend in part on its relationship to holders of private property, their willingness to be taxed. But a state may also gain autonomy by laying its hands on 'free' resources, by nationalizing assets, by imposing

non-parliamentary taxes or monopolies, or by finding sources of easy credit. In his famous essay on perpetual peace, echoing a wide current of eighteenth century thought, Immanuel Kant had called for state credit to be outlawed as a 'dangerous money power' and menace to peace.⁴¹ By the late nineteenth century any such talk was utopian. Large-scale lending including to governments was a major part of international economy. McDonald, incorporates the 'free resources' provided by foreign borrowing into his bargaining model of the July crisis.⁴² The Tsar's easy access to foreign credit, along with his autocratic power resources unfettered by parliamentary control, made him a terrifying strategic antagonist. But as McDonald has himself elsewhere acknowledged, reliance on foreign lending cannot simply be treated as a characteristic of the recipient country and thus as a correlate of autocratic fiscal autonomy. Such lending was in fact a defining feature of the international system. McDonald immediately goes on to point out that credit flows from both the Paris and Berlin capital markets were tied directly to the alliance mechanisms of the pre-1914 period. To his mind this contradicts the claim that capital markets pre-1914 were in fact liberal and governed by the profit-motive.⁴³

⁴¹ See Article 4. of Kant, Perpetual Peace.

⁴² McDonald 2011.

⁴³ McDonald 2009, 120-121.

The overlap between capital markets and strategic alliances is undeniable. Thanks in large part due to their imperial financial connections it was London and Paris that dominated the business of international lending.⁴⁴ Though Germany undoubtedly belonged to the rich country club the capital markets of Berlin, Frankfurt and Hamburg did not compare to that of Paris, let alone London. Germany was involved in making loans to the Balkans and to Russia but its role was dwarfed by that of Paris. The Russian government was above all a recipient of French loans. The Balkan states played the field. Japan was above all a client of London.⁴⁵ This was not inter-governmental lending of the type that became common as a result of World War I and World War II. The funds came from private investors. But their strategic consequences were dramatic and not just in the Russian case. Loans taken by Japan and Serbia supercharged their aggression too. It was British loans that assisted the Japanese in crushing first the Chinese and then the Russians. The strategy was risky. The loans had to be repaid from the profits of war. In 1895 Japan received large reparations from China. Japan's yield from its spectacular military defeat of Russia was less satisfactory. In 1906 the Portsmouth treaty arbitrated by US President Teddy Roosevelt was a disaster from the Japanese point of view because it

⁴⁴ Feis 1930.

⁴⁵ Metzler 2006.

did not provide for substantial reparations. From then until 1914 Japan's balance of payments was heavily burdened by its obligations to London.

Russia's debacle at the hands of the Japanese left it more dependent than ever on France. The Tsarist regime received a gigantic loan in 1906 as it recovered from the twin disasters of defeat and revolution in 1905. After 1910 as Russia's rebuilding continued apace, the linkage between French funding and strategic objectives became more and more explicit. In 1911, Tsar Nicholas II's Chief of the General Staff had committed himself to attack Germany on Day 15 after mobilization and when the French Prime Minister, Raymond Poincare, visited Russia for talks in August 1912 Joffre picked out railway improvements as the single military item for the agenda. The key issue as far as Paris was concerned was that Russia should speed up its army's deployment by doubling and in some cases quadruple the track that led West to East Prussia and Galicia. This would dramatically increase the pressure Russia could exercise against Germany and the Dual Monarchy. The funds would be provided by French investors.⁴⁶ The outcome was the September 1912 agreement for 900 km of extra track. 178 The impact on Germany of this leveraged Russian mobilization was dramatic. General Moltke viewed the Franco-Russian loan of 1912 as the

⁴⁶ Clark 2012 p. 223, 304–6.

‘most sensitive strategic blow that France has dealt us since the war of 1870–71’.⁴⁷ The revised Schlieffen plan had been premised on the assumption that the Russian army in the aftermath of the 1905 debacle would be in no position to threaten East Prussia for weeks after the outbreak of a war. Germany could therefore safely concentrate the overwhelming majority of its forces in the West. Given the pace at which French money allowed the Russians to rebuild their railway system, by 1916–7 the Germans expected this most basic assumption of the Schlieffen plan to be invalid. It was a remarkably direct demonstration of the way in which financial leverage, translated into technical facts on the ground could alter the basic parameters of military planning.

Foreign loans thus made a critical difference to the strategic posture of both Japan and Russia and Japan and Russia were both very large economies. In the Balkans, the effect was even more pronounced. Rich-country creditors could make loans so large that they transformed the financial situation of their debtors and effectively purchased their allegiance. Between 1906 and 1914 Serbia became massively dependent on a single creditor, France, which held three quarters of its debt. In 1914

⁴⁷ Quoted in Stevenson 1999, p. 186.

in the wake of its success in the Balkan wars, Serbia contracted a loan with Paris that amounted to twice its entire state budget in 1912.⁴⁸

Certainly it was not foreign credits alone that made Serbia or Russia or Japan aggressive. But foreign credits provided by the affluent centers of modernity had the effect of enhancing that aggressiveness sometimes to a spectacular degree. Furthermore they undermined the development of parliamentary budgetary control, the bedrock of constitutional government, in the recipient countries, whilst at the same time raising the political stakes. Precisely because foreign loans came with decisive strategic entanglements, their effect on domestic politics in the recipient countries was often explosive. To give one particularly drastic example, strategic competition between France, Russia, the Vienna and Berlin completely scrambled Bulgarian politics by the summer of 1914.⁴⁹ The struggle over whether to accept loans from Germany or Russia along with the strategic commitments that went with the money tore the Bulgarian constitution to shreds. The correlation between political backwardness, economic underdevelopment and aggression that underpins the liberal peace model, should not be seen in isolation from the impact on fragile peripheral states

⁴⁸ Clark 2012, p. 357.

⁴⁹ Tooze and Ivanov 2011.

of their entanglement in the high-powered network of strategic alliances and global finance spun by the great powers.

But the point to be made here is more general. If it is true that foreign lending did not make the recipients aggressive, it is also obviously true that not all foreign lending can be reduced to political motives, or for that matter that politically motivated action by market actors was necessarily inspired by governments. In 1904 and 1905, liberal bankers, some of Jewish origin eagerly lent to the Japanese to fund their anti-Russian war. Whereas McDonald suggests that French lending to Russia was a creature of political influence and thus antithetical to liberalism, such “downhill flows” of capital were precisely what liberal theory would predict. These are after all the drivers of convergence. The fact that lending helped to enhance growth in France’s great ally and that this shifted the odds against Germany was in no way a contradiction of liberal assumptions. It was a sign of convergence achieved and fully in line with the optimistic historical assumption harbored by liberals that right would make might. What this involved, however, was harnessing the most and the least advanced economies together in dynamic and destabilizing combinations.

IV

In a remarkable exercise in intellectual jiu-jitsu Gartzke and Lupu attempt to turn even this point to the advantage of the liberal peace model.⁵⁰ If it is true that the forces of liberal pacification were working powerfully in Northwestern Europe, then as realists like Rowe argue, the problems of commitment would be serious. How then could states that appeared constitutionally reluctant to launch war and were bound to suffer terrible economic losses if they did, commit to such self-harming behavior in a sufficiently credible fashion to deter potential enemies? The answer was to tie themselves as irreversibly as possible to more backward states whose bellicosity was vouched safe by their primitive level of political and economic development. Alliances running across the developmental gradient thus become backhanded confirmation of the tensions generated by an underlying processes of liberal pacification.

This is an intriguing effort to handle the problem of alliances within the terms of the liberal model. But what it downplays is the destabilizing effect of the element of self-reflexivity that it incorporates into the model. This was already implied by Rowe's tragic vision of the unintended consequences of liberal pacification. But, if the logic of Gartzke and Lupu's rationalization holds, this is taken to another level. A self-reflective

⁵⁰ Gartzke and Lupu 2012.

response by military and diplomatic elites to the force of the liberal peace hypothesis becomes a structuring factor in the reorganization of the international system resulting in alliances specifically designed to cut across the developmental gradient on which the defense of the liberal peace theory rests. One might imagine that these self-reflexive entanglements ought to be destabilizing to the social scientific self-confidence of mainstream political science. As Clark has recently argued, as we look more and more closely into the decision-making processes during the July crisis, what we mean by a 'cause' becomes increasingly opaque.⁵¹ But for those not burdened by the same kind of objectivist presumptions it is here that the story really begins to get interesting. A whole range of complex, self-reflexive entanglements become apparent in the prewar world.

A general staff officer or diplomat who was not himself committed to the cause of liberal progress but recognized its consequences for the world that he was trying to manipulate might well respond in the way that Gartzke suggests. An alliance with a trigger-happy second or third tier power would stand in for the domestic political will necessary to uphold deterrence. But those who were actually of a liberal disposition in France, or Britain or

⁵¹ Clark 2012, pp. Xxi–xxix.

Germany could not share this view. Such alliances of convenience required justification. On grounds of liberal political ethics an alliance between the French republic and the autocratic and anti-semitic regime of Tsarist Russia was clearly to be regarded as odious. But furthermore, if as liberals insisted, the domestic constitution of a society was predictive of its likely international behavior and its future prospects, then an alliance between a republic and an autocracy was questionable not merely on normative liberal, but on realist grounds. For a convinced liberal placing a wager on the survival of the Tsarist regime was a dubious bet at best. Tsarism's army was huge and it was convenient to be able to count on the Russian steamroller. But could Tsarism really be trusted as an ally? Might Tsarism not at some point seek a conservative accommodation with Imperial Germany? Furthermore, given liberals understanding of history, was the Tsar's regime not doomed by its brittle political constitution and lack of internal sources of legitimacy? Following the defeat at the hands of the Japanese and the abortive revolution in Russia in 1905, Georges Clemenceau, an iconic figure of French radicalism before his entry into government in 1906 was particularly prominent in demanding that France should not bankroll the collapsing Tsarist autocracy.⁵² From Russia itself

⁵² Long 1975 and Berelowitch 2007.

came pleas from liberals calling on France to boycott the loan to the Tsar. Poincaré typically cast the problem in legal terms. How was Russia to reestablish its bona fides as a debtor after the crisis of 1905? If Russia was to receive any further credits it must provide guarantees of their legal basis. That would require a constitution, precisely what the Tsar was so unwilling to concede. Meanwhile, France's own democracy suffered damage as Russian-financed propaganda swilled through the dirty channels of the French press.⁵³ The most toxic product of this multi-sided argument were the notoriously anti-semitic *Protocols of the Elders of Zion* a forgery generated by reactionary Russian political policemen stationed in Paris, who were desperate to persuade the Tsar that the French-financed capitalist modernization of Russia was, indeed, a Jewish plot to subvert his autocratic regime.⁵⁴

But the demands from French Republicans and Russian radicals were, in fact, to no avail. The international system had its own compulsive logic that might be modified but could not so easily be overridden by political considerations, however important they might be. The consequences of Bismarck's revolution of 1866–1871 could not be so easily escaped. By the 1890s the triumphant consolidation of the German

⁵³ Long 1972.

⁵⁴ Taguieff 2004.

nation-state had created enormous pressure for the formation of a balancing power bloc anchored by France and Russia. This type of peace time military bloc might be a novelty in international relations. It might be odious to French radicals. But Tsarism knew it was indispensable. By 1905 Russia was too important both as a debtor and as an ally to be amenable to pressure. With the French demanding that foreign borrowing be put on a secure legal basis and the Duma parliament uncooperative, the Tsar's regime simply responded by decree powers arrogating to itself the right to enter into foreign loans.⁵⁵

Desperate to escape this dependence on Russia, French radicals looked to the Entente with liberal Britain. Clemenceau indeed risked his entire political career in the early 1890s through his adventurous advocacy of an Anglo-French alliance, laying himself open to allegations that he was a hireling of British intelligence.⁵⁶ And certainly some British liberals, Lloyd George notable amongst them, understood the 1904 Entente with France as a way of ensuring that there would be no war between the two 'progressive powers' in Europe. But Britain's own concern for its imperial security was too pressing for it to be able to ignore the appeal of a détente with Russia. It was the hesitancy of the British commitment to France that

⁵⁵ McDonald 2009, 203.

⁵⁶ Watson 1974.

combined with the Russian revival to push Paris back in the direction of Moscow. By 1912 the French republic was committing itself wholeheartedly not to regime change in Russia but to maximizing its firepower.

The appeal of the 'liberal' British option was not confined to France. In Germany too the idea of a cross-channel détente with Britain was attractive to those on the progressive wing of Wilhelmine politics. Amongst reformist social democrats there were even those who toyed with the idea of a Western democratic alliance against Russia, including both France and Britain. Bernstein reported that when he discussed the possibility of a Franco-German rapprochement with Jaures, the Frenchman had exclaimed that in that case France would lose all interest in the alliance with Russia and the 'foundations would have been laid for a truly democratic foreign policy'.⁵⁷ Beyond the ranks of the SPD, 'Liberal imperialists' speculated publicly about the possibility of satisfying Germany's desire for a presence on the world stage, without antagonizing the British.⁵⁸ But in practice the Kaiser and his entourage, no doubt backed by a large segment of public opinion, could never reconcile themselves to the reality that they would forever play the role of a junior partner to the British Empire. Antagonism with Britain, however, implied an alliance system that bound Germany to

⁵⁷ Quoted in Fletcher 1983, p. 87.

⁵⁸ Von Hagen 1955; Schoellgen 1980.

the Habsburg Empire as its main ally. And this commitment was reaffirmed in 1908 by Bülow's support for Austria's abrupt annexation of Bosnia-Herzegovina. This in the eyes of many liberal imperialists in Berlin was to prove a tragic mistake. Richard von Kühlmann, a leading advocate of détente with Britain, who would serve as Germany's foreign secretary during World War I and was driven out of office in the summer of 1918 as a result of clashes with Ludendorff and Hindenburg, would describe Berlin's dependence on Vienna as the true tragedy of German power.⁵⁹ From the vantage point of a liberal view of history, the true logic of World War I was a struggle over the inevitable dismantling of the Ottoman and Habsburg Empires. For a German liberal such as Kuehlmann for Berlin to have tied itself to the Habsburg Empire, a structure condemned by the nationality principle to historical oblivion, was a disaster. A true realism involved not sentimentality or blank cynicism but an understanding of history's inner logic. A new Bismarck would, Kühlmann believed, have joined Britain in a partnership to oversee the dismantling of both Habsburg and Ottoman Empires, whose crisis was instead to result in the self-destruction of European power.

⁵⁹ Kühlmann 1931.

It was in speculations of this type that the full implications of a liberal progressive view of history for international politics become visible. Tsarism was undeniably reactionary and its empire was crowded with oppressed national and ethnic minorities. But this expansionism could itself be read as the expression of the dynamic and vital force of the Russian nation. The Habsburg and Ottoman empires appeared to liberals by contrast as moribund minority regimes. The crisis of the Ottoman Empire was the root cause of the repeated tensions in Morocco and over control of Egypt and Mesopotamia. But thanks to the struggles of the early modern period the Ottoman Empire was eccentric to the great power system. Austria, by contrast, since the wars of succession of the eighteenth century, had been the anchor of the conservative legitimist order. It had survived 1848 by the skin of its teeth and was buffeted by Italian and German unification. After its humiliation at the hands of the Prussians in 1866, Berlin promptly committed itself to upholding the Empire. But it was a highly unstable solution. If the hallmark of the new era of international relations was intensified global competition, in central Europe the counterpart to this shift was an end to the Austrophilia which had been at the core of European international relations since the eighteenth century. Once sustaining the Habsburgs had been acknowledged as the common interest of all the

powers. By contrast, one of defining features of European international relations from the 1890s onwards was that Vienna seemed to have forfeited its right to act as a self-interested major power. As Clark puts it, underpinning Entente diplomacy from 1904 onwards was ‘a refusal – whether explicit or implicit – to grant Austria-Hungary the right to defend its close-range interests in the manner of a European power’.⁶⁰ Austria-Hungary was either doomed to disintegration or, even worse, to act as the pawn of the more modern, more dominant, more industrial and urban Germany. In the run up to 1914, as Clark points out, the Entente propagandists even managed to present Serbia as a legitimate contender for modernity as opposed to Vienna. These narratives ‘served to legitimate the armed struggle of the Serbs, who appeared in them as the heralds of a pre-ordained modernity destined to sweep away the obsolete structures of the dual monarchy’.⁶¹

Given the manifest backwardness of Serbia this inverted role assignment is indicative for Clark of the fact that the Habsburg monarchy had become the victim of a broader drama. The actors in 1914 were no longer willing to play the old game. They were in the grip of a new conception of international relations, understood as a drama of historical

⁶⁰ Clark 2012, p. 356.

⁶¹ Clark 2012, p. 350.

progress. It was this that forced the Austrian leadership into the annexation of 1908 and the decision for war in 1914. Vienna must do or die. But it was this same conception that made Austria's enemies unwilling to grant Vienna a new lease on life. In the stylized contrast drawn by Entente propagandists between Serbia and the Habsburg Empire, Clark detects a master narrative whose principal function was to shut down argument.

the most important function of such master narratives was surely that they enabled decision-makers to hide, even from themselves, their responsibility for the outcome of their actions. If the future was already mapped out, then politics no longer meant choosing among options, each of which implied a different future. The task was rather to align oneself with the impersonal, forward momentum of History.⁶²

Social Darwinism was one way to cast this historical grand narrative, another was a liberal narrative of historical development. It was liberal notions of the rise of nationality that changed the terms of the debate in the Balkans and led the Entente to denounce the appropriation of Bosnia by Austria-Hungary that had been regarded as legitimate thirty years earlier at the Congress of Berlin of 1878.

⁶² Clark 2012, p. 350.

This was the merciless logic of the liberal peace hypothesis operating in reverse. If it is true that advanced, tightly integrated capitalist democracies do not make war on each other, there is nothing in theory or the historical record to suggest that they will not make war on less developed societies. Indeed, precisely on the grounds of their hierarchical, developmentalist model of history it may be enjoined upon them to make war for the sake of progress. This was an abiding feature of liberal imperialist thinking. But it was also deep in the DNA of Marxism. At the time of the 1848 revolution and after both Marx and Engels had preached the need for a revolutionary war against reactionary Russia.⁶³ And this was another route by which the liberal peace model entered into the politics of war in 1914.

Since the 1912 election the SPD had emerged as the largest party in the Reichstag. As a socialist party it was committed to a Marxist interpretation of history and thus to the cause both of progress and internationalism. It was also, of course, a mass party enrolling millions of voters many of whom were proud German patriots, who saw in August 1914 a patriotic struggle and an occasion for national cross class unity. Famously the party like virtually all its other European counterparts voted

⁶³ Engels 1884.

for war credits. But despite the abuse hurled at them by more radical internationalists, for the SPD as for other European socialists, it was not naked patriotism that triumphed in 1914. What overrode their internationalism was their determination to defend a vision of progress cast within a national developmental frame. World War I was a progressive war for German social democracy in that it was through the war that domestic reform would be won. It was not by coincidence that it was during the war that the Weimar coalition between the SPD, progressive liberals and Christian Democrats was forged. It was that coalition that delivered the progressive constitution of the Weimar Republic. This was a democratic expression of the spirit of August 1914. It was the first incarnation of Volksgemeinschaft in democratic form. It was defensive in inspiration. An Anglophile like Bernstein deeply regretted the war in the West, but there was no question where he stood in August 1914. The cause of progress in Germany would not be helped by surrendering to the rapacious demands of the worst elements of Anglo-French imperialism. If the Tsar's brutal hordes were to march through Berlin, the setback to progress would be world historic.⁶⁴ But it was not merely a revisionist like Bernstein who took this view. Hugo Haase, the later founder of the USPD, justified his support

⁶⁴ Fletcher 1983.

for the war on 4 August in strictly anti-Russian terms: 'The victory of Russian despotism, sullied with the blood of the best of its own people, would jeopardize much, if not everything, for our people and their future freedom. It is our duty to repel this danger and to safeguard the culture and independence of our country'.⁶⁵

The SPD could thus be won for a defensive war on Germany's part so long as it was directed clearly against Russia. And this was well understood on the part of the Reich's leadership who by 1914 were convinced that they needed to bring the opposition party onside. The correlation between backwardness and aggression, exemplified by Tsarist Russia and seized upon so insistently by modern day academic exponents of the liberal peace hypothesis thus became operative in the moment itself. To secure the solidity of the German home front it was absolutely crucial from the point of view of Bethmann Hollweg's grand strategy during the July crisis that Russia must be seen to be the aggressor. Throughout the desperate final days of July Berlin waited for the Tsar's order to mobilize before unleashing the Schlieffen Plan. As Bethmann Hollweg well understood, whatever Germany's own entanglements with Vienna, only if the expectations of a modernist vision of history were confirmed in this

⁶⁵ Maehl 1952, p. 41.

basic respect could the Kaiser's regime count on the support of the Social Democrats, who were in their vast majority devoted adherents of a stage view of history that placed Russia far behind Imperial Germany. It is not by accident therefore that this correlation is waiting in the historical record to confirm the liberal peace theory. It was Russia's mobilization on 30 July 1914 that served as a crucial justification for a defensive war, which by 1915 had become a war to liberate the oppressed nationalities from the Tsarist knout, first the Baltics and Poland then Ukraine and the Caucasus.

V

In a remarkable recent article Paul Schroeder, the doyen of European diplomatic history, pushes back against the prevailing tide of historiographical opinion.⁶⁶ How are we to characterize the sea-change that had clearly come over the international system in the generation before 1914? The world that the modern political science literature takes for granted, of multi-dimensional, full spectrum international competition was not a state of nature. It had taken on a new comprehensive form in the late nineteenth century. There is still no better concept, Schroeder insists to

⁶⁶ Schroeder 2007.

grasp this competition that embraced every dimension of state power – GDP growth, taxation, foreign loans – that made the constitution of Russia itself endogenous to grand strategic competition, than the concept of an ‘age of imperialism’. Schroeder is not, of course, appealing for a return to Lenin. Even to many on the left that seems like an increasingly implausible option.⁶⁷ But what Schroeder wishes to highlight is what it was that Lenin himself was trying to analyse and rationalize; namely the widely shared awareness that great power competition had become radicalized, expanded in scope, and had taken on a new logic of life and death. It was that situation that same sense of do-or-die dynamism that Clark seeks to capture with his invocation of a progressive historical imperative at work in the 1914 moment.

What is the link between imperialism and the notion of History that Clark invokes? This subtle point is explicated by Schroeder himself in the telling image he chooses to illustrate the difference between the classical game of great power politics and the age of imperialism. The classical game of great power politics, Schroeder suggests, was like a poker game played by highly armed powers but with a sense of common commitment to upholding the game. It was thus eventful, but repetitive, highly structured

⁶⁷ Teschke and Lacher 2007.

and to a degree timeless. There was no closure. Win or lose, the players remained the same. Imperialism, by contrast, was more like the brutal and notoriously ill-defined game of Monopoly. Under the new dispensation the players' sole aim was accumulation up to and including the out-right elimination of the competition through bankruptcy. As Eric Hobsbawm also pointed out, one of the novelties of the situation before 1914 was that great power status and economic standing had come to be identified and the terrifying aspect of capital accumulation was that it had no natural limit.⁶⁸

The difference with regard to temporal dynamics is striking. Unlike an endlessly repeated poker round, as the game of Monopoly progresses, the piling up of resources and the elimination of players marks out an irreversible, 'historical' trajectory. Unselfconsciously Schroeder thus introduces into the discussion one of the most fundamental ideas suggested by Hannah Arendt in the critique of imperialism and capitalist modernity that she first developed in *The Origins of Totalitarianism*.⁶⁹ What she described was precisely the colonization of the world of politics by the limitless voracious appetites of capital accumulation. And for her too this brought with it a new and fetishistic relationship to history.

⁶⁸ Hobsbawm 1987, pp. 318–9.

⁶⁹ Arendt 1951; King and Stone 2007; and Benhabib 2010.

Could this violent dynamic be contained? The advocates of imperialism theory à la Lenin or Luxemburg of course reject any such possibility, short of revolution. The expansionary aggressive logic was a product of capitalism's inner instability and insufficiency. This was a determinism deliberately espoused and artfully constructed, all the better to set off the necessity of a revolutionary politics. Liberal internationalism for them was nothing more than a bourgeois façade. Arendt was no friend of Leninism, but her concept of political action was similarly voluntarist. And it is perhaps no coincidence therefore that she took over from Lenin and Luxemburg much of their deterministic logic when it came to thinking about the economic underpinnings of modern society. For her too a bleakly deterministic vision of economic logic serves all the better to highlight the volitional quality that is essential to truly political action. Admittedly, of course, Arendt was rather less precise than Lenin and rather less actively engaged in seeking the weakest link in the chain that might enable political action to be actually efficacious.

But whether in Lenin, Luxemburg or Arendt, the contrast between the violent mechanism of imperialist competition and freeing political action is etched in starkest black and white. For a more nuanced reading of the alternatives it is liberal anti-imperialists such as Hobson that we must turn.

Hobson was of course a major source for Lenin. But Hobson's own understanding of the economic logic of imperialism was far more open-ended than that of Lenin. And Hobson exerted an influence not just on the Bolshevik theorists. He also influenced revisionist German social democrats, notably Bernstein. Hobson himself evolved over the course of World War I towards an advocacy of world government.⁷⁰ Similarly, in Karl Kautsky's notion of ultra-imperialism, one of Lenin's polemical targets in his 1916 pamphlet, we see a Marxist reworking of the idea that a global capitalism might in fact provide the foundation for a new international order.⁷¹ By 1918 that would be combined in Kautsky's case with an explicit commitment to democracy as an independent value of progressive politics and a precondition of peace under the auspices of the League of Nations.⁷²

All of these authors espoused a vision of a 'democratic peace' not as an academic hypothesis, but as a political project. All of them were aware of the violent possibilities of the age of imperialism. All could see exits from that disaster short of cataclysmic war or revolution. All were frustrated by the contorted international politics of the July crisis. By 1917 disillusioned by the failure of their prewar politics Bernstein and Kautsky both ended up in the USPD, Hobson in the Union of Democratic Control. Liberalism was to

⁷⁰ Long 1996.

⁷¹ Holloway 1983.

⁷² Kautsky 1919 and Kautsky 1920.

triumph in World War I, but not in their sense as a formula of peace, but as a battle cry, carrying the Entente and a reluctant President Wilson to victory over the Central Powers.⁷³ In truth, as we have seen, the only consistent way to incorporate the July crisis of 1914 into liberal International Relations theory is to acknowledge the degree to which that war was not an accident, or a puzzle, but a clash driven by a progressive historical logic. At first it was understood as a war of defense. But as the losses mounted up it came to be seen by all sides as a war of fundamental transformation. Whether it be through the dismantling of the Tsarist Empire at the hands of the Central Powers, or through the destruction of the Habsburg and Ottoman Empires by the Entente, the world would be made right. It would in the term so essential to liberal pragmatists, be ‘adjusted’ to conform to a new model.⁷⁴ As it turned out none of the European coalitions was in fact powerful enough to bring about the ‘adjustment’ it had in mind, none was powerful enough to impose its distinctive vision of historical progress. It would therefore be through the rise of the United States first as a tie breaker and then as overwhelming hegemon that the association claimed by liberal International Relations theory between capitalist democracy and great power peace would be instantiated as a dominant reality of international

⁷³ For Wilson’s reluctance see Tooze 2014.

⁷⁴ For adjustment as a key term in Dewey’s thinking see Hickman and Alexander 1998 and Rosenthal 1986.

politics. It is no coincidence that the outbreak of new hostilities between 1937 and 1941 is so much easily legible in terms of the liberal theory than events during the July crisis of 1914. Nor is it any coincidence that the data so strongly confirms the liberal peace theory after 1945. To think of the idea of a democratic capitalist peace as a hypothesis fit for testing is to misconstrue its relationship to historical reality. In the twentieth century it was no longer a utopia or a hypothesis, but a project backed by massive power. What August 1914 made clear was quite how much force this would require.⁷⁵

⁷⁵ The question staked out in the fundamental debate between Wilson and Roosevelt over the future of American power, see Cooper 1983.