

Lecture five

World War I: The breakdown of capitalism

Part 2

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22 September 2005

This is the second part of the lecture “World War I: The breakdown of capitalism”. It was delivered by Nick Beams, the national secretary of the Socialist Equality Party of Australia and a member of the WSWS Editorial Board, at the Socialist Equality Party/WSWS summer school held August 14 to August 20, 2005 in Ann Arbor, Michigan. The lecture will appear in five parts. (See Part 1, Part 3, Part 4 and Part 5).

This is the fifth lecture that was given at the school. The first, entitled “The Russian Revolution and the unresolved historical problems of the 20th century” was posted in four parts, from August 29 to September 1. The second, entitled “Marxism versus revisionism on the eve of the twentieth century,” was posted in three parts on September 2, 4 and 5. The third, entitled “The origins of Bolshevism and What Is To Be Done?” was posted in seven parts from September 6 to September 13. The fourth, entitled “Marxism, history and the science of perspective,” was posted in six parts from September 14-20. These lectures were authored by World Socialist Web Site Editorial Board Chairman David North.

The war of 1914 and the revolution of 1917—these are the two great events which opened and, to a great extent, continue to define the present historical epoch. This is why we find that even though Marxism has been declared dead and buried a thousand times following the collapse of the Soviet Union, the defenders of the present order feel compelled, in their analysis of the origins of World War I, to declare it so for the thousandth and first.

In his book on World War I, British historian Niall Ferguson recalls the resolution of the Stuttgart Congress of the Second International held in 1907. “Wars between capitalist states,” the resolution declared, “are as a rule the result of their rivalry for world markets, as every state is not only concerned in consolidating its own market but also in conquering new markets.... Further, these wars arise out of the never-ending armaments race of militarism.... Wars are therefore inherent in the nature of capitalism; they will only cease when the capitalist economy is abolished.” [8]

According to Ferguson, events themselves refuted the analysis of Marxism. “Inconveniently for Marxist theory,” he claims, there is scarcely any evidence that even the prospect of economic benefits “made businessmen *want* a major European war,” while “in London, the overwhelming majority of bankers were appalled at the prospect, not least because war threatened to bankrupt most if not all of the major acceptance houses engaged in financing international trade.” [9]

After citing a number of businessmen and bankers who were opposed to war, Ferguson produces what he considers to be his trump card in refuting the analysis of the Marxist movement. “The heavy industrialist Hugo Stinnes,” he declares, “was so uninterested in the idea of war that in 1914 he established the Union Mining Company in Doncaster, with a view to bringing German technology to the British coalfields. *The Marxist*

interpretation of the war’s origins can be consigned to the rubbish bin of history, along with the regimes which most heavily fostered it” (emphasis added). [10]

Ferguson adopts the crude method deployed by so many in the past. According to his view, for the analysis of Marxism to be valid we must be able to show that political leaders made their decisions on the basis of a kind of profit-and-loss calculus of economic interests, or that there was a secret cabal of businessmen and financiers operating behind the scenes and pulling the strings of government. Failure to find either, he maintains, cuts the ground from under the feet of the Marxist argument.

In the first place, it must be said that Ferguson’s choice of Hugo Stinnes as a representative of the pacific nature of German big business is a rather unfortunate one. Just a few months after the events recounted by Ferguson, when the war had broken out and the initial position seemed to favour a rapid German victory, Stinnes was at the centre of discussions in German government and business circles over post-war plans for the carve-up of France—above all, the detachment of its iron ore resources in Normandy in which he had a considerable financial interest.

As one German historian has noted: “From the turn of the century onwards...in keeping with the trend towards vertical concentration in mining and steel, heavy industry began to extend its reach across the frontiers of the German Empire into Belgium and northern France. German concerns steadily acquired a considerable number of majority holdings in iron and coal mines in these regions. Indeed, the scale of the commitment of German heavy industry in Belgium and northern France looks almost like a prefiguration of the plans for the formal territorial annexation of these regions that later surfaced among German war aims during the First World War.” [11]

Ferguson believes he has proved his point against Marxism and its analysis that war arises as an inevitable product of the capitalist mode of production—the struggle for markets, profits and resources—if he can demonstrate that business leaders and bankers did not *want* war, and that it threatened their interests.

But such a demonstration, even if were carried out, would prove nothing. The point upon which Marxism insists is not that war is simply subjectively decided upon by the capitalist class but that, in the final analysis, it is the outcome of the objective logic and contradictions of the capitalist profit system, which work themselves out behind the backs of both politicians and businessmen. At a certain point, these contradictions create the conditions where political leaders feel they have no choice but to resort to war if they are to defend the interests of their respective states.

If one were to adopt Ferguson’s logic, it could be just as well argued that fluctuations in the business cycle—in particular, recessions—are not a product of the contradictions of the capitalist system either. After all, no business leader, banker or capitalist politician *wants* recessions—they are

bad both for business and politics—and they make strenuous efforts to avoid them. But recessions and more serious slumps nevertheless develop and are sometimes made even more severe than they might otherwise have been precisely because of the efforts of business leaders and politicians to prevent them.

Another recent book on World War I likewise takes issue with Marxism on the origins of the war, although from a slightly different perspective. The British historian Hew Strachan points to the crucial role of the alliance system in not only failing to prevent war but actually helping to promote it. When the crisis of July 1914 erupted, he writes, “each power, conscious in a self-absorbed way of its own potential weakness, felt it was on its mettle, that its status as a great power would be forfeit if it failed to act.”

Strachan rightly insists that the July crisis cannot be taken on its own. The positions adopted by the major powers were themselves the outcome of previous crises and the decisions taken to resolve them. “Russia had to support Serbia because it had not done so in 1909; Germany had to support Austria-Hungary because it had backed down in 1913; France had to honour the commitments to Russia Poincaré had repeated since 1912; Britain’s apparent success in mediation encouraged a renewed effort in 1914.” However, the “fluidity” that had characterised international relations in the eruption of the first major crisis over Morocco in 1905 had given way to a certain rigidity in the international system.

“Such explanations,” Strachan continues, “are unfashionably political and diplomatic. Economic and imperial rivalries, the longer-range factors, help explain the growth of international tension in the decade before 1914. Economic depression encouraged the promotion of economic competition in nationalist terms. But trade was international in its orientation; economic interpenetration was a potent commercial argument against war. Imperialism, as Bethmann Hollweg tried to show in his pursuit of détente, could be made to cut across the alliance blocs. Furthermore, even if economic factors are helpful in explaining the long-range causes, it is hard to see how they fit into the precise mechanics of the July crisis itself. Commercial circles in July were appalled at the prospect of war and the anticipated collapse of credit; Bethmann Hollweg, the Tsar, and Grey envisaged economic dislocation and social collapse. *In the short term, the Leninist interpretation of the war as a final stage in the decline of capitalism and imperialism, of war as a way of regulating external economic imbalance and of resolving internal crises, cannot be appropriate as an explanation of the causes of the First World War. Indeed, what remains striking about those hot July weeks is the role, not of collective forces nor of long-range factors, but of the individual!*” (Emphasis added). [12]

Strachan attempts to refute the Marxist analysis of the war by counterposing the longer-term economic processes, which he admits are at work, to the individual decisions, political and diplomatic, made by politicians in the short term. Of course, with this method, one can easily demonstrate that the Marxist analysis of any historical event is false because decisions are always made in the short term—the day of the long-run process never arrives, since history is always a series of events that in and of themselves take place over a short term.

The problem here is not with Marxism, but with the setting up as opposites—the long term and the short term, the economic and political—processes that are, in fact, part of a unified whole. The Marxist analysis of the historical process does not deny the role of the individual and of political decision-making. In fact, it insists that the economic processes that constitute the driving forces of the historical process can be realised only through conscious decisions. Nor does this mean that the responses of politicians are simply the automatic or programmed response to economic processes. There is by no means one and only one outcome to a given set of circumstances. In fact, decisions taken at a certain point can be critical for the course of future development. But that course will

itself, in the end, be determined by the outcome of long-term economic processes and not the wishes and intentions of the decision-makers.

Man, Marx explained, makes decisions, but not under conditions of his own choosing. Rather, he does so in circumstances that are handed down to him. Likewise capitalist politicians and diplomats.

As Strachan himself acknowledges, the decisions that were made in the July crisis that led to war were undertaken in conditions that had been shaped by previous decisions in earlier crises. But it is not enough to stop there. It is necessary to examine why these crises kept arising. What was it about the structure of international politics that ensured that the great powers were continually being placed in a situation where they were on the brink of war? That requires an examination of the long-term economic processes that were at work and their relationship to the historical development of the world capitalist economy.

For Austria-Hungary, the issues bound up with the assassination of Archduke Ferdinand involved nothing less than the maintenance of the Empire itself. There was a clear recognition that the opportunity had to be seized to deal with Serbia and check, if not completely thwart, its ambitions to play the role played by Piedmont in the unification of Italy and complete the national unification of the southern Slavs. But a repeat of the Italian experience spelt the end of the Empire, already confronting a rising tide of opposition from the oppressed nationalities within its borders.

The rise of nationalist opposition, contrary to the conclusions reached by the police mind, was not merely the work of agitators and demagogues, but the outcome of the growth of capitalist relations in eastern and southeastern Europe in the latter decades of the nineteenth century.

“The Balkan Peninsula,” Trotsky wrote, “had entered on the path of capitalist development, and it was this fact that raised the question of national self-determination of the Balkan people as national states to the historical issue of the day.” [13]

But the road to national self-determination was blocked by the existence of the Austro-Hungarian Empire. Moreover, the maintenance of the Austro-Hungarian Empire was not crucial just for the Hapsburgs, it was of no less significance for the ruling classes of Germany. Indeed, it has been shown that the sequence of demands and ultimatums that ultimately led to the outbreak of war flowed from the insistence of Berlin that Austria undertake the necessary measures to deal with Serbia.

After first dealing with the issue of propaganda for a greater Serbia and the activities of the Tsarist regime in the Balkans, an official government publication issued at the time made clear the long-term strategic interests of the German Empire behind its insistence that Austria-Hungary take decisive action, even at the risk of provoking a war.

“Austria,” the document insisted, “was forced to the realisation that it was not compatible with the dignity or self-preservation of the Monarchy to look at the doings across the border and remain passive. The Imperial Government informed us of this view and asked for our opinion. We could sincerely tell our ally that we agreed with his estimate and could assure him that any action he might find necessary to put an end to the movement in Serbia against the Austrian Monarchy would meet with our approval. In doing so, we were well aware of the fact that eventual war operations on the part of Austria-Hungary might bring Russia into the field and might, according to the terms of our alliance, involve us in a war.

“But in view of the vital interests of Austria-Hungary that were at stake, we could not advise our ally to show a leniency incompatible with his dignity, or refuse him support in a moment of such grave portent. We were less able to do this because our own interests also were vitally threatened by the persistent agitation in Serbia. If the Serbs, aided by Russia and France, had been allowed to go on endangering the stability of our neighbouring Monarchy, this would have led to the gradual

breakdown of Austria and to the subjection of all the Slavic races to the Russian rule. [And] this in turn would have made the position of the Germanic race in Central Europe quite precarious. An Austria morally weakened, breaking down before the advance of Russian Pan-Slavism, would not be an ally with whom we could reckon and on whom we could depend, as we are obliged to depend, in the face of the increasingly threatening attitude of our neighbours to the East and the West. We therefore left Austria a free hand in its action against Serbia.” [14]

The reasons for Germany’s insistence that Austria-Hungary take firm action, even at the risk of war, are to be found in the historical development of German capitalism over the preceding four decades.

In the aftermath of the formation of the German Empire in 1871, the new Reich chancellor, Bismarck, declared that Germany was a “satisfied” power, seeking no further conquests or colonies. Bismarck’s policies were aimed at maintaining the German position within Europe. But the foundation of the Empire and the vast economic processes it unleashed meant that the balance of power that had prevailed since the end of the Napoleonic Wars was rapidly disrupted.

In the space of less than four decades, Germany passed from a position of relative backwardness in western Europe to the world’s second most powerful industrial economy. Already, by the end of the century, it had outstripped France and challenged Great Britain in significant areas. The very expansion of the German economy posed new problems: access to raw materials—in particular, iron ore for the expanding steel industry—and the need to secure new markets. Furthermore, the very industrialisation process itself generated social and political tensions inside Germany between the rising industrial concerns and the Junker landowning classes, and between the rapidly growing working class and the propertied classes as a whole.

Increasingly, by the end of the century, the Empire was proving too narrow for the rapid expansion of German capitalism to which its formation had given rise. A new orientation and policy were called for. It came in the form of the adoption of Weltpolitik, or world policy, announced by Kaiser Wilhelm II in 1897. The continental policy pursued by Bismarck was increasingly outdated in the new epoch of imperialism, as Britain and France engaged in the acquisition of colonies, bringing new resources under their control, with the implicit danger that German interests would be excluded.

In March 1900, German Chancellor von Bülow explained in the course of a debate that what he understood by “world policy” was “merely the support and advancement of the tasks that have grown out of our industry, our trade, the labour power, intelligence and activity of our people. We had no intention of conducting an aggressive policy of expansion. We only wanted to protect the vital interests that we had acquired, in the natural course of events, throughout the world.” [15]

The notion that Germany’s function as a world power was the natural outgrowth of the formation of the German Empire was widely held view in political, business and intellectual circles. It was clearly set out by Max Weber in his inaugural lecture delivered in Freiburg in 1895. “We must appreciate,” Weber declared, “that the unification of Germany was a youthful prank indulged in by the nation in its old age and that because of its costliness it would have been better left undone if it was meant to be the end and not the starting point of a German policy of world power.”

At the height of the war, in a lecture delivered on October 22, 1916, Weber again pointed to the connection between the formation of the Empire and the confrontation now unfolding in Europe. “If we had not wished to risk this war,” he emphasised, “we could have left the Reich unfounded and continued as a nation of small states.” [16]

The pursuit of Weltpolitik in the first decade of the century gave rise to a series of international crises as the major powers sought to advance their interests. For Germany, it was a question of achieving an economic foothold and establishing itself on the world arena, while for the older

imperialist powers, Britain and France, the central question increasingly became the necessity to push back this new and dangerous rival.

But little more than a decade after it had been initiated, Weltpolitik and its programme of massive naval construction were experiencing something of a crisis. In the two conflicts with France over Morocco, Germany had been pushed back, and on the second occasion did not even receive support from its ally Austria-Hungary. Internal problems were growing as well.

One of the motivations for Weltpolitik and the pursuit of a naval programme was that it would provide the focus for the forging of national unity, or at least a unity of all the property-owning and middle classes against the emerging threat of the organised working class. But the massive cost of the naval programme had created problems in financing it. Meanwhile, the stability of the regime was being threatened by the growth of the working class, reflected in the expansion of electoral support for the Social Democratic Party (SPD), which became the largest party in the Reichstag in the elections of 1912.

The leader of the Pan-German League described the mood as follows: “The propertied and educated [classes] feel that they have been disowned politically and silenced by the vote of the masses. The entrepreneurs, who, owing to the development of recent decades, have become the pillars of our national economy, see themselves exposed to the arbitrary power of the working classes which are spurred on by socialism.” [17]

The historian V.R. Berghahn refers to a “state of paralysis” that developed after 1912, which threatened the entire imperial order.

“Domestic paralysis was not a suitable means of preserving the status quo.... [C]ould a foreign war perhaps act as a catalyst for a renewed stabilisation of the Prusso-German monarchy’s position both at home and abroad?... [T]hat idea was not alien to influential political and military circles and the events of 1913 had done much to reinforce this type of thinking. Given their feeling that time was running out, but also their awareness that they still held an edge over their external and internal opponents, the conservative elites became increasingly tempted to use their superior powers before it became too late.” [18]

Whether or not they were consciously seeking a war, by 1912 it had become clear to wide sections of the German ruling classes that the attempt to find a “place in the sun” through the exercise of naval power, forcing the older imperialist powers to make concessions, had come to something of a dead end. Twice Germany had attempted to assert what it considered to be its legitimate economic rights in relation to Morocco, and twice it had suffered a rebuff at the hands of Britain and France. A new way had to be found.

This was the background to the proposal in 1912 by the industrialist Walther Rathenau, the leading figure in the AEG electrical and engineering combine, for the formation of an economic bloc, dominated by Germany, in central Europe. Rathenau laid out the plan for a Mitteleuropa to the Kaiser and Bethmann Hollweg.

Germany’s volume of trade was the highest in the world, and the expanding economy was becoming increasingly dependent on imported raw materials. But Germany, unlike its rivals, the United States and Britain, had yet to carve out an area of economic domination as they had done, in the Americas and the British Empire. It was necessary that Germany establish a central European economic bloc that would form the basis for its advancement as an economic power.

Southeastern Europe was assuming increasing economic importance. By 1913, more than half of German foreign investment in Europe was concentrated in the area between Vienna and Baghdad. This amounted to almost 40 percent of Germany’s entire world investment.

It was not that the programme for Mitteleuropa was to replace Weltpolitik. Rather, it would be a means for realising its aims under conditions in which the decade-long attempt to utilise naval power had brought few results.

As Rathenau put it in December 1913, “[T]he opportunity for great German acquisitions has been missed. Woe to us that we took nothing and received nothing.” Germany, he contended, as the strongest, richest, most populous and most industrialised country in Europe, had a rightful claim to further territory. However, since outright appropriation was out of the question, the only alternative was to “strive for a central European customs union that the Western states would sooner or later join, like it or not. This would create an economic union that would be equal or perhaps even superior to America.” [19]

Looking back in 1917, Gustav Stresemann, a leading member of the National Liberal Party and a spokesman for powerful industrial interests, summed up the concerns of growing sections of German industry:

“We saw *others* conquer worlds while *we* whose whole economic and national situation [was] imperative, we who were a growing people with a growing economy and a growing world trade, watched the world being increasingly divided into spheres of interest; we saw the world under the sceptre of others and areas in which we were free to enjoy the competition which was our economic breath of life became increasingly restricted.” [20] Stresemann’s remarks summed up the feeling in German political and business circles at the time of the war’s outbreak. Germany was being closed in, militarily, politically and economically. At some point she would be forced to strike out.

The perspective of a Mitteleuropa dominated by Germany was at the heart of the war aims policy spelt out by Chancellor Bethmann Hollweg in early September 1914, when it appeared that a speedy victory against France was in prospect.

The aim of the war, he declared, was to secure Germany’s position in the east and west “for all time.” “To this end,” he continued, “France must be so weakened that she cannot rise again as a great power; Russia must be pushed back from the German border as far as possible and her dominion over the non-Russian vassal peoples broken.”

France was to cede the ore field of Briey, necessary for the supply of ore to “our industry,” and forced to pay a war indemnity “high enough to prevent [it] from spending any considerable sums on armaments for the next 15-20 years.”

Bethmann Hollweg continued: “Furthermore, a commercial treaty which makes France economically dependent on Germany, secures the French market for our exports and makes it possible to exclude British commerce from France. This treaty must secure us financial and industrial freedom of movement in France in such fashion that German enterprises can no longer receive different treatment from French.”

Belgium, if it were allowed to continue to exist as a state, had to be reduced to a vassal state, with its coastline placed at the disposal of the German military and reduced economically to the status of a German province. Luxemburg would become a German federal state and would receive portions of Belgian territory.

“We must create a central European economic association through common customs treaties, to include France, Belgium, Holland, Denmark, Austria-Hungary, Poland, and perhaps Italy, Sweden and Norway. This association will not have any common constitutional supreme authority and all its members will be formally equal, but in practice will be under German leadership and must stabilise Germany’s economic dominance over Mitteleuropa.” [21]

The British historian James Joll acknowledges the importance of the Mitteleuropa programme in the drawing up of German war aims once the conflict began, but maintains that it cannot be said that these aims were a motivating factor in launching the war.

“[S]ome doubts remain as to how far a programme produced after the war had started is necessarily evidence of the immediate reasons for the decision for war two months earlier. We shall never know just what was in the minds of Bethmann and his colleagues in July 1914 or how they saw the priority among the many considerations which had to be taken

into account. Whether they actually declared war in order to achieve these economic and geopolitical goals or for a number of more immediate reasons can never be decided. What is certain is that once war had begun most of the belligerents started to think of the gains they might win if victorious. The British thought of removing German commercial and industrial competition for many years to come as well as ending the threat from the German navy. The French iron and steel magnates in the Comité des Forges began, like their German counterparts, to think of the territorial gains which would ensure for them control of their raw materials. The Russians at once had visions of an advance to Constantinople to win permanent control over the exit from the Black Sea. There is perhaps a distinction to be made between the war aims for which a country goes to war and the peace aims, the terms on which she hopes to make peace once the war has begun and victory seems in sight.” [22]

The aim of these fine distinctions, not to say hair-splitting, is to deny the Marxist thesis that the driving forces of the war were rooted in economic and geopolitical conflicts of the major capitalist powers.

So far as Germany is concerned, the war, as Fritz Fischer points out, did not create any new goals “but it did raise hopes of realising the old ones that had been pursued in vain through political and diplomatic means before the war. The war was felt as a liberation from the limits of the prewar order, not only in international politics but also in the economic and domestic realm.” [23]

According to Joll, however, since it is impossible to know exactly what was in the mind of Bethmann Hollweg—or the politicians in Britain, Russia, France—in the July days, we cannot maintain that the war was ultimately rooted in the economic forces that were clearly revealed once it broke out.

In opposition to this method, consider the approach taken by another historian, by no means a Marxist, who considered it necessary to focus on the underlying forces at work. “I shall disregard the suggestions made retrospectively by a host of well-meaning critics,” wrote Elie Halevy, “as to what such and such a sovereign, a prime minister or a foreign secretary, should, on this particular day, or at this or that particular hour, have done or not done, said or not said, in order to prevent the war. Pills to cure an earthquake! The object of my study is the earthquake itself.” [24]

The fact that politicians ascribe different motivations to their actions at different times does not mean that we cannot ascertain the causes of the war. Rather, it indicates that in the course of the war itself—as in any great social crisis—the accidental reasons and motivations are pushed more and more into the background and the essential driving forces—which may have even remained concealed to those involved in making decisions—come more clearly to the fore. Conscious decisions had to be made to initiate war. But this does not mean at all that those who were involved in the making of decisions were necessarily conscious of all the economic and historical processes that had led them to the position where they saw no alternative to the actions they undertook.

To be continued

Notes:

[8] *The Pity of War* (Allen Lane, 1998), p. 31.

[9] *Ibid.*, p. 32.

[10] *Ibid.*, p. 33.

[11] Wolfgang J. Mommsen, *Imperial Germany 1867-1918: Politics and Society in an Authoritarian State* (London: Arnold, 1995), p. 89.

[12] *The First World War* (Oxford University Press, 2001), p. 101.

[13] Leon Trotsky, *War and the International* (Colombo: Young Socialist Publications, 1971), p. 6.

[14] *Ibid.*, p. 13.

[15] Cited in Eric Hobsbawm, *The Age of Empire*, p. 302.

[16] Fritz Fischer, *War of Illusions: German Policies from 1911 to 1914* (London: Chatto & Windus, 1975), p. 32.

- [17] Cited in *Germany V. and the Approach of War in 1914* (Macmillan, 1973), p. 146.
- [18] Ibid, p. 164.
- [19] Cited in Fritz Fischer, *World Power or Decline* (London: Weidenfeld and Nicholson, 1965), p 14.
- [20] Cited in Fritz Fischer, *War of Illusions: German Policies from 1911 to 1914* (London: Chatto & Windus, 1975), p. 449.
- [21] Cited in Fritz Fischer, *Germany's Aims in the First World War* (New York: W. W. Norton, 1967), pp. 103-104.
- [22] *The Origins of the First World War* (Longmans, 1992), p. 169.
- [23] Fritz Fischer, *World Power or Decline*, p. 18.
- [24] "The World Crisis of 1914-18" in *Era of Tyrannies* (New York: Anchor Books, 1965), p. 210.

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