Lecture five

World War I: The breakdown of capitalism

Part 4

By Nick Beams
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This is the fourth 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 installments. (See Part 1, Part 2, Part 3 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.

In his analysis of the war, James Joll, noting the statements of the Second International that wars are inherent in the nature of capitalism and will cease only when the capitalist economy is replaced, acknowledged that, if true, this doctrine “would provide the most comprehensive explanation of the outbreak of the First World War, though it would still leave open the question of why this particular war started at that particular moment in the mounting crisis of capitalism.” [35]

The Marxist analysis of the war, however, does not seek to establish exactly why the war broke out at the particular time it did, as if the contradictions of the capitalist system operated with a kind of iron determinism which excluded chance and accident. On the contrary, Marxism insists that the laws of capitalism exert their sway not directly, but rather through the accidental and contingent.

In the case of World War I, it is clear that but for the accidental assassination of the Austrian Archduke, the crisis would not have developed as it did. Even after the assassination, it was by no means predetermined that war would result. But there is no doubt that even if war had been averted, the growing tensions, arising from long-term historical processes ever more evident from the beginning of the century, would have led to the eruption of another crisis sooner rather than later.

While the Marxist analysis does not claim that the outbreak of war in August 1914 was predetermined, it does maintain that deep-going shifts in the world economy invested political crises and international conflicts—for which there was ample combustible material—with an enormous tension.

The year 1913 forms a turning point in the long-term curve of capitalist development. The preceding 15 years had seen the most sustained economic growth in the history of capitalism to that point. There were crises and recessions, but they were short-lived and gave way to even faster growth once they had passed. But in 1913 there were clear signs of a major downturn in the international economy.

The significance of a downturn in the global economy can be seen from an examination of trade statistics. If the year 1913 is taken as the base, with an index of 100, world trade in the years 1876-1880 was just 31.6, growing to 55.6 in the years 1896-1900. This means that in the next 13 years it almost doubled. All the major capitalist powers were becoming increasingly dependent on and sensitive to movements on the world market, under conditions where the competitive struggle among them was becoming more intense.

As Trotsky was to point out, the economic downturn of 1913 had a significant impact on the political relations between the major powers because it was not just a recurring market fluctuation, but signified a change in the economic situation of Europe.

“The further development of the productive forces at approximately the rate observed in Europe for almost all of the previous two decades was extremely difficult. The growth of militarism occurred not only because militarism and war create a market, but also because militarism is an historical instrument of the bourgeoisie in its struggle for independence, for its supremacy, and so on. It is not accidental that the war started in the second year of the crisis, revealing the great difficulties of the market. The bourgeoisie felt the crisis through the agent of commerce, through the economic agent and the diplomatic agent.... This created class tension, made worse by politics, and this led to the war in August 1914.” [36]

It was not that the war put a stop to the growth of the productive forces. Rather, beginning in 1913, the growth of the productive forces ran up against the barriers imposed by the capitalist economy. This meant that the market was split up, competition was “brought to its intensest pitch and henceforward capitalist countries could seek to eliminate each other from the market only by mechanical means.” [37]

The downturn in 1913 was not simply a market fluctuation—a recession taking place amidst a generally upward movement in the long-term curve of capitalist development. It was a turning point in the curve itself. Even if there had been no war in 1914, economic stagnation would have set in, increasing the tensions between the major capitalist powers and making the outbreak of war more likely in the immediate future.

That the downturn in 1913 represented no ordinary recession is indicated by the fact that after the war was over the European economy never returned to the conditions of the decade prior to the war. Indeed, in the general economic stagnation of the 1920s (production in many areas only returned to 1913 levels by 1926-27) the period prior to the war came to be looked on as a belle époque, which could never return.

In order to bring out some of the fundamental issues of perspective at the heart of the controversies surrounding World War I, I should like to review a work by the British academic Neil Harding. In his book Leninism, Harding finds that Lenin’s theories were not the result of a
of capitalist development, then how could we speak about globalisation as being a qualitative development in the socialisation of production?

Then there are those who maintain that Lenin’s analysis is refuted by the fact that capitalism has undergone vast changes since the writing of *Imperialism* and that there has been a significant development of the productive forces. How then is it possible to speak of imperialism as the highest stage of capitalism? And does this not mean that the Russian Revolution itself was a premature attempt to overthrow the capitalist order and begin the socialist transformation? That is, it was doomed to failure from the very beginning because capitalism had not exhausted its progressive potential.

In the first place, Lenin did not have the mechanical view which is so often ascribed to him. Initially, he spoke of imperialism as the “latest phase” of capitalist development. He certainly characterised it as “decaying” and “moribund” capitalism. But he pointed out that it would be “wrong to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain).” [42]

Lenin characterised the activities of British capital in living off its earnings from capital exports—the process of “clipping coupons”—as an expression of parasitism and decay in the country richest in capital. One wonders what he might have had to say about the activities of firms such as Enron and WorldCom and the looting associated with the share market and dot.com bubble.

To be continued

Notes:

[40] Ibid, p. 114.
[41] Ibid, pp. 277-78.

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