

World War I: The breakdown of capitalism

Nick Beams
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Today we are reposting a lecture delivered by Nick Beams at the SEP (US) Summer School held August 14–20, 2005 in Ann Arbor, Michigan.

The lecture takes a polemic form as it repudiates the assertions by various historians and writers either that there is no objective explanation for the war, and, in the words of British Prime Minister Lloyd George, the great powers just “slithered” into it, or that underlying economic interests played no role.

In the midst of the commemorations and even celebrations of the centenary of World War I, the issues it canvasses are of even greater relevance.

The commemoration of the war is being utilised by the ruling classes and their ideologists as a preparation for a new imperialist world war. Against this propaganda barrage, the WSWS insists that an historical examination of the origins of World War I is essential to politically prepare the international working class and the youth in the fight to prevent another conflagration.

When the lecture was delivered, world capitalism was enjoying something of a boom as growth rates reached their highest levels in 30 years and, to the superficial observer at least, the possibility of war seemed very distant. However, it concluded by pointing to the underlying logic that would determine future events:

“The mechanisms that were set in place in the post-war period for regulating the conflicts between the capitalist great powers have either broken down or are in an advanced state of decay. At the same time, social polarisation is deepening on an international scale. The contradictions of the capitalist mode of production which gave rise to World War I have not been overcome, but are gathering with renewed force.”

Trotsky’s War and the International

In his book *War and the International*, first published in serial form in the newspaper *Golos* in November 1914, Leon Trotsky provided the most outstanding and far-sighted analysis of the war that had erupted just three months earlier. Like all the other Marxist leaders of that time, including, above all, Lenin and Rosa Luxemburg, Trotsky was concerned with two interconnected questions: 1) the origins of the war and its relationship to the historical development of capitalism, and 2) the development of a strategy for the international working class in the face of the betrayal of the leaders of the Second International—above all, the leaders of German Social Democracy—who had repudiated the decisions of their own congresses and provided support for their “own” ruling classes on the grounds of national defence.

For Trotsky, the most pressing theoretical task, upon which all strategic and tactical considerations depended, was to locate the eruption of the war in the historical development of the world capitalist economy.

Marx had explained that the era of social revolution arrives when the “material productive forces of society come into conflict with the existing relations of production.” At this point, these relations are transformed from forms of development of the productive forces into their fetters.

Herein lay the significance of the war. It announced the fact that the entire nation-state system, which had been responsible for the historically unprecedented economic growth of the previous four decades—a veritable

trampoline for the leap of the productive forces, as Trotsky once called it—had become a fetter upon their further rational development. Mankind had entered the epoch of the social revolution.

“The forces of production which capitalism has evolved have outgrown the limits of nation and state,” Trotsky wrote in the very first sentence of his analysis. “The national state, the present political form, is too narrow for the exploitation of these productive forces. The natural tendency of our economic system, therefore, is to seek to break through the state boundaries. The whole globe, the land and the sea, the surface as well as the interior have become one economic workshop, the different parts of which are inseparably connected with each other.” [1]

For Trotsky, this process, now described as globalisation, had a far-reaching significance. If the ascent of mankind can be reduced to a single measure, then it is surely the productivity of labour, the growth of which provides the material basis for the advancement of human civilisation. And increased productivity of labour is inseparably bound up with the expansion of the productive forces on a local, regional and global basis. The development of the productive forces on a global scale had been carried forward at a rapid pace in the last decades of the nineteenth century under the aegis of the expanding capitalist powers.

But the process was increasingly contradictory, for, as Trotsky explained, “the capitalist states were led to struggle for the subjection of the world-embracing economic system to the profit interests of the bourgeoisie of each country. What the politics of imperialism has demonstrated more than anything else is that the old national state that was created in the wars of 1789-1815, 1848-1859, 1864-66, and 1870 has outlived itself, and is now an intolerable hindrance to economic development. The present war is at bottom a revolt of the forces of production against the political form of nation and state. It means the collapse of the national state as an independent economic unit.” [2]

The task confronting mankind was to ensure the harmonious development of the productive forces that had completely outgrown the nation-state framework. However, the various bourgeois governments proposed to solve this problem “not through the intelligent, organised cooperation of all of humanity’s producers, but through the exploitation of the world’s economic system by the capitalist class of the victorious country, which country is by this war to be transformed from a great power into a world power.” [3]

The war, Trotsky insisted, signified not only the downfall of the national state, as an independent economic unit, but the end of the progressive historical role of the capitalist economy. The system of private property and the consequent struggle for markets and profits threatened the very future of civilisation.

“The future development of world economy on the capitalistic basis means a ceaseless struggle for new and ever new fields of capitalist exploitation, which must be obtained from one and the same source, the earth. The economic rivalry under the banner of militarism is accompanied by robbery and destruction which violate the elementary principles of human economy. World production revolts not only against the confusion produced by national and state divisions, but also against the capitalist economic organisation, which has now turned into barbarous

disorganisation and chaos. The war of 1914 is the most colossal breakdown in history of an economic system destroyed by its own inherent contradictions.” [4]

The use of the term “breakdown” was not accidental. It was a direct reference to the revisions of Bernstein, who had sought to remove the revolutionary heart of the Marxist program with his insistence that Marx’s “breakdown theory” had been refuted by events. Now history had delivered its verdict on the revisionist controversy. The economic tendencies that Bernstein maintained alleviated and overcame the contradictions of the capitalist mode of production had actually raised them to new and terrible heights.

This analysis of the objective historical significance of the war had immediate implications for the development of a perspective for the working class. There had to be a complete break with the nationalist and gradualist politics of the Second International. Against those who maintained that the first task of the working class was national defence, after which the struggle for socialism could resume, Trotsky explained that the working class could have “no interest in defending the outlived and antiquated national ‘fatherland,’ which has become the main obstacle to economic development.”

The central theme running through all of Trotsky’s analysis was his insistence that the development of imperialism and the eruption of war signified the birth of a new epoch in the development of human civilisation.

“Imperialism,” he wrote, “represents the predatory expression of a progressive tendency in economic development—to construct human economy on a world scale, freed from the cramping fetters of nation and state. The national idea in its naked form, as counterposed to imperialism, is not only impotent but also reactionary: it drags the economic life of mankind back to the swaddling clothes of national limitedness.” [5]

The development of imperialism and the eruption of war were the contradictory expression of the fact that a new form of social organisation was in the making, struggling to be born. Consequently, there could be no return to the ante-bellum status quo, for that epoch had passed into history.

The only way to meet the “imperialistic perplexity” of capitalism was by “opposing to it as a practical programme of the day the socialist organisation of the world economy. War is the method by which capitalism, at the climax of its development, seeks to solve insoluble contradictions. To this method, the proletariat must oppose its own method, the method of the social revolution.” [6]

It can be said, without fear of exaggeration, that from the very outset of the war all the ideological and political resources of the capitalist ruling classes had been concentrated on one essential point: to refute the Marxist analysis that the eruption of the First World War signified the historical bankruptcy of the capitalist system and the necessity for its replacement by international socialism in order to take forward the rational development of mankind’s productive forces.

In the heat of the conflict itself, bourgeois politicians on all sides sought to place responsibility for the war on their opponents: for the British politicians, the war was the outcome of German aggression, which led to Germany’s violation of Belgian neutrality; for the German ruling classes, the issue was Russian barbarism and the attempts of the other powers to deny Germany’s legitimate place in the world economic order; for the French bourgeoisie, the war was fought against German oppression, notwithstanding France’s alliance with Tsardom. At its conclusion, the victors attempted to absolve themselves of responsibility for the conflagration by writing into the Treaty of Versailles the “war guilt” clause affixing responsibility on Germany.

For the US historian turned president, Woodrow Wilson, the responsibility for the war lay in the political methods of the nineteenth century, based on the so-called balance of power, secret diplomacy and

alliances. Wilson’s analysis was motivated, at least in part, by his understanding that if capitalism were to withstand the shock of the war, a new perspective making an appeal to democracy and freedom would need to be advanced. Significantly, as he was preparing the famous Fourteen Points on which he was to base American efforts to reorganise the post-war order and make the world safe for democracy, Wilson made a study of Trotsky’s booklet *War and the International*.

In the aftermath of the war, the British war-time prime minister, Lloyd George, attempted to absolve all the bourgeois politicians of blame for the conflagration. It arose almost inadvertently, something of a muddle. No one at the “head of affairs quite meant war” in July 1914, he explained. It was something into which they “glided, or rather staggered and stumbled.” He was to repeat this argument in his memoirs of the war. “The nations slithered over the brink into the boiling cauldron of war without any trace of apprehension or dismay.” Nobody wanted war. [7]

More than nine decades on, the question of the origins of World War I still has immediate relevance and significance. The reason is not hard to find. It lies in the fact that, as the American historian and foreign policy analyst George F. Kennan put it, the war was “the great seminal catastrophe of this century.” The routinised killing in the trenches, in which wave after wave of young men—some of them little more than boys—were repeatedly sent “over the top,” ushered in a new epoch of barbarity and the death of millions.

What are the origins of this catastrophe? Are they rooted in the capitalist mode of production itself? If so, does this not establish the necessity for the abolition of capitalism? These issues have lost none of their significance. The reason lies in the fact that, in the words of the eminent French historian Elie Halevy, “the world crisis of 1914-18 was not only a war—the war of 1914—but a revolution—the revolution of 1917.” The revolution was not simply a product of the war. It was conceived by its leadership as opening the way forward for the development of mankind out of the barbarism into which it had been plunged by the capitalist ruling classes.

The origins of the war

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 the 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 it 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 a 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. Luxembourg 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.

The rise of German capitalism and the European crisis

The concentration, so far, on the position of Germany should not be taken to mean that Germany was any more responsible for the war than the other great powers, and therefore should be rightfully saddled with “war guilt” as prescribed by the Treaty of Versailles. Rather, the emphasis on Germany flows from the political economy of international relations at the turn of the century. Above all, it was the dynamic development of German capitalism, following the formation of the Empire in 1871, which upset the balance of power in Europe.

Germany set out to change the status quo in line with the rise of its industry and to advance its economic and geopolitical interests. But in doing so it came into conflict with the other great powers who were satisfied with the status quo, from which they derived great benefit, and who were no less determined to retain it.

Germany’s decision to seize upon the events in Sarajevo in June 1914 in order to bolster its position in southeastern Europe and force a showdown with Russia, Russia’s ally France, and even with Britain if that proved necessary, was motivated by concerns that it was necessary to act in the face of a worsening international and domestic situation.

So far as France was concerned, the eruption of an all-European war was the only road by which she could restore her position on the European continent. French domination in the nineteenth century had depended on the disunity of the German states. But the Franco-Prussian war and the unification of Germany meant that France depended on alliances with other powers against her more powerful rival.

With the German annexation of Alsace-Lorraine following the Franco-Prussian war of 1870-71, Marx had pointed to the inevitable alignment of France with Russia, considered unthinkable at the time because of the vast difference in the political systems of the two countries. “He who is not deafened by the momentary clamour,” he wrote, “and is not interested in deafening the German people, must see that the war of 1870 carried with it, of necessity, a war between Germany and Russia, just as the war of 1866 bore the war of 1870. I say of necessity, unless the unlikely should

happen, unless a revolution breaks out in Russia before that time. If this does not occur, a war between Germany and Russia may even now be regarded as *un fait accompli*. It depends entirely upon the attitude of the German victor to determine whether this war has been useful or dangerous. If they take Alsace-Lorraine, then France with Russia will arm against Germany. It is superfluous to point out the disastrous consequences.” [25]

Not that France was driven into war with Germany simply out of a desire for revenge. In the four decades that had passed since the annexation, other factors had come into play. The struggle with Germany had gone beyond the confines of Europe as both powers sought colonies and spheres of influence across the globe.

Looking back on the July crisis, the French president, Poincaré, made clear the strategic issues which were bound up with the decision to back Russia and refuse the German demand that France stay neutral.

“On us rested two duties, difficult to reconcile but equally sacred: to do our utmost to prevent a conflict, to do our utmost in order that, should it burst forth in spite of us, we should be prepared. But there were still two other duties, which also at times ran the risk of being mutually contradictory: not to break up an alliance on which French policy had been based for a quarter of a century and the break-up of which could leave us in isolation and at the mercy of our rivals; and nevertheless to do what lay in our power to induce our ally to exercise moderation in matters in which we were much less directly involved than herself.” [26]

London’s decision to enter the war on the side of France and Russia against Germany was likewise motivated by long-term strategic considerations, above all the belief that at some point Britain would have to take a stand against Germany and that the longer the confrontation was delayed the worse Britain’s position would be.

Why could not a *modus vivendi* have been struck between Britain and Germany? History and reason seemed to point in that direction. After all, the two nations had never gone to war in the past, shared many common interests and had developed closer economic relations—they were major markets for each other’s products. Yet the rise of Germany increasingly threatened the global position of Britain.

Almost 20 years before the July crisis, Foreign Secretary Edward Grey had summarised his views on the rise of Germany as follows: “The fact is that the success of the British race has upset the tempers of the rest of the world and now that they have ceased quarrelling about the provinces in Europe and have turned their eyes to distant places, they find us in the way everywhere. Hence a general tendency to vote us a nuisance and combine against us. I am afraid we shall have to fight sooner or later, unless some European apple of discord falls amongst the Continental Powers...” [27]

British political leaders could recognise Germany’s need for global expansion, at least in the abstract. However, in the words of a memorandum prepared on January 1, 1907 by Eyre Crowe, the chief clerk at the Foreign Office, they would maintain “the most unbending determination to uphold British rights and interests in every part of the globe.” [28]

This memorandum was a detailed discussion of the strategic issues which should guide British foreign policy in relation to Germany and its rising claim to world power status. According to Crowe, either Germany was aiming for general political and maritime ascendancy, or she had no such clear-cut ambition but was merely aiming to use her legitimate position to promote her foreign commerce, spread the benefits of German culture and create fresh German interests all over the world, wherever and whenever a peaceful opportunity presented itself.

How would one be able to tell the difference? There was, in fact, no necessity to undertake such a determination, Crowe explained, because the consequences to Britain would be the same. The second scheme “may at any stage merge into the first, or conscious, design scheme,” and “if ever

the evolution scheme should come to be realized, the position accruing to Germany would obviously constitute as formidable a menace to the rest of the world as would be presented by any deliberate conquest of a similar position by ‘malice aforethought.’”

The significance of the Crowe Memorandum is that it points to the objective processes and tendencies at work in the Anglo-German relationship. Whatever the policies pursued by its political elite and whatever its intentions, Crowe maintained that the very economic advance of Germany and the consequent spread of its interests on a global scale represented a danger to the British Empire which had to be countered.

While not denying Germany’s legitimate expansion, he concluded, care had to be taken to “make clear that this benevolent attitude will give way to determined opposition at the first sign of British or allied interests being adversely affected.” One course which had to be abandoned, if the past were to be any guide, was “the road paved with graceful British concessions—concessions made without any conviction either of their justice or of their being set off by equivalent counter-services. The vain hopes that in this manner Germany can be ‘conciliated’ and made more friendly must be definitely given up.”

On the continent of Europe, Britain demanded the maintenance of the “balance of power.” But that “balance” was being disrupted by the spread of capitalist development itself. Germany was seeking to expand its interests, as was Russia, which had experienced rapid growth in the latter years of the nineteenth century and the first decade of the twentieth. Italy was a new force on the Continent, while the old empires of Turkey and Austria-Hungary were in an advanced state of decay.

Irrespective of the policies of the various governments, the old European balance of power was being broken up. At the same time, German expansion in whatever part of the globe it took place inevitably came into conflict with the British Empire. The logic of a policy which sought to maintain the old balance of power coupled with “unbending determination” to uphold British interests in every part of the globe was military conflict.

Indeed, as Churchill admitted in a moment of candour during the 1913-14 debate over naval estimates: “We have got all we want in territory, and our claim to be left in unmolested enjoyment of vast and splendid possessions, mainly acquired by violence, largely maintained by force, often seems less reasonable to others than to us.” [29]

Britain had already intervened on the side of France in the first Moroccan crisis in 1905. With the eruption of the second crisis in 1911, the issues became even more clearly defined. In the Foreign Office, Crowe defined the issue in terms of the balance of power within Europe.

“Germany,” he noted in a Foreign Office minute, “is playing for the highest stakes. If her demands are acceded to either in the Congo or in Morocco, or—what she will, I believe, try for—in both regions, it will mean definitely the subjection of France. The conditions demanded are not such as a country having an independent foreign policy can possibly accept. The details of the terms are not so very important now. It is a trial of strength, if anything. Concession means not loss of interest or loss of prestige. It means defeat with all its inevitable consequences.” [30]

These views of the Moroccan crisis were widely shared. According to Sir Arthur Nicholson, the permanent undersecretary of state in the Foreign Office, if Germany had her way, then “our policy since 1904 of preserving the equilibrium and consequently the peace in Europe” would collapse. Britain’s support for France was motivated by the fear that if the Entente collapsed, France might move to an accommodation with Germany, opening the possibility that Britain would be isolated.

For Britain, the eruption of the July crisis was the culmination of a conflict which had been developing over the preceding decade and a half. Unless Germany gave up its demands for an alteration of the European and international order, or Britain accepted great changes in that order, conflict was inevitable. But neither side could shift from its position

because what was at stake were not the designs, prestige or policies of politicians, but fundamental economic interests of the states whose interests they represented.

A recent book surveying the decisions which led the great powers to enter the war concludes that in Britain the interests of the capitalist class had no bearing whatsoever. British industrialists had very little influence on the policy-making elite, and the great financiers of the City of London were terrified of war, believing it would bring economic ruin. “Whatever triggered the British declaration of war in 1914, it was not the wishes of the nation’s ‘finance capitalists.’” [31]

Be that as it may, the decision to go to war was undertaken in defence of the position of the British Empire, which, in turn, was the foundation for the dominant position of British finance capital. A decade before the outbreak of war, the Tory politician Joseph Chamberlain had explained to the City’s bankers, in no uncertain terms, the significance of the Empire for their activities.

“You are the clearing-house of the world,” he told them. “Why? Why is banking prosperous among you? Why is a bill of exchange on London the standard currency of all commercial transactions? Is it not because of the productive energy and capacity which is behind it? Is it not because we have hitherto, at any rate, been constantly creating new wealth? Is it not because of the multiplicity, the variety, and the extent of our transactions? If any one of these things suffers even a check, do you suppose that you will not feel it? Do you imagine that you can in that case sustain the position of which you are justly proud? Suppose—if such a supposition is permissible—you no longer had the relations which you have at present with our great Colonies and dependencies, with India, with the neutral countries of the world, would you then be its clearing-house? No, gentlemen. At least we can recognize this—that the prosperity of London is intimately connected with the prosperity and greatness of the Empire of which it is the centre.” [32]

And the pivot upon which the Empire turned was India. The British attachment to India was not based on some ill-defined search for power for its own sake. Nor was it grounded on psychological factors. India played a central and increasingly important role in providing the underpinning for both British economic and military power. As the viceroy to India Lord Curzon explained in 1901: “As long as we rule India we are the greatest power in the world. If we lose it we shall drop straight away to a third-rate power.” [33]

From the very beginning of colonisation, India had played a crucial role in the provision of finances for British capitalism. In the latter decades of the nineteenth century, with the rise of rival industrial powers (Germany and the United States) and the increased competition for markets, this role became even more important. Britain had for a long time run a deficit on the visible balance of trade—the excess of imports over exports. But this had been more than compensated for by the surplus on so-called invisibles—items such as freight and insurance. However, towards the end of the nineteenth century, even this income was becoming insufficient and the stability of British finance came to depend increasingly on investment income and the revenue from the so-called Home Charges levied on India.

The Indian market absorbed a large portion of British exports, while at the same time India generated a trade surplus with the rest of the world—it increased from £4 million to £50 million in the course of the latter half of the nineteenth century—which was then drained off via the charges paid to Britain. In the words of one study, before World War I “the key to Britain’s whole payments pattern lay in India, financing as she did more than two fifths of Britain’s total deficits.” [34]

But even as Britain became more dependent on India, the threats to her domination of the colony and to the stability of the Empire more generally were growing. The Boer War (1899-1902) proved to be a shock to the British establishment. What was expected to be a short conflict—it will be over by Christmas—dragged on for more than two years, and at great cost

in terms of both men killed and finances.

It exposed the weakened military position of Britain, which could certainly be capitalised on by her rivals on the European continent. Definite political conclusions were drawn. No longer could British foreign policy be guided by the preservation of the “splendid isolation” which had characterised it in the nineteenth century. Within five years of the Boer War a series of arrangements had been entered into for the purpose of strengthening Britain’s control of Empire.

First came the alliance with Japan in 1902, and then the settling of differences with France over colonial issues via the entente of 1904, a process which was repeated with the entente with Russia in 1907. In the case of entente with France, British control over Egypt, the key to control over the Middle East and the route to India, was recognised, and with Russia, there was an explicit recognition of British predominance in Afghanistan and an end to the Russian threat to India from the north.

These measures were undertaken to strengthen Britain’s grip on the Empire. But they had the effect of pulling Britain into the conflicts on the European continent.

The war and the Russian Revolution

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 politics of backwardness produced by Russian conditions—as is so often asserted with regard to *What is to be Done?*, for example—but were “authentic Marxism” and had indeed revitalised Marxism as a theory of revolution. It is precisely because Leninism constitutes genuine Marxism that, in Harding’s view, it needs to be refuted.

Harding maintains that the eruption of the war and the betrayal of the leaders of the Second International convinced Lenin that “he had a unique responsibility to restate the Marxist imperative for revolution on a global scale, and to reformulate it in the economic and political conditions of the modern world.” [38]

Contrary to all those who try to portray Lenin as some kind of opportunist who engaged in a grab for power in the chaos produced by the war, basing himself on the popular demands of bread, peace and land, Harding writes that Lenin’s response to the war was to construct a “Marxist account of the nature of modern capitalism and how it had necessarily produced militarism and war.” This account, which is embodied in the book *Imperialism, the Highest Stage of Capitalism*, “defined the global characteristics of what was held to be an entirely new epoch in human history—the epoch of the final collapse of capitalism and the advent of socialism” and provided the theoretical foundation of the Bolshevik-led revolution of October 1917. [39]

Harding correctly draws out that in the period prior to the war the various schools of revisionism had argued that revolution was both an implausible and unnecessary strategy and that, at least in their hands, “as a theory and practice of revolutionary transformation, Marxism was virtually dead by 1914.” He writes: “It was Lenin who, almost single-handedly, revived it, both as a revolutionary theory and as a revolutionary practice; the theory of imperialism was the very keystone of his whole enterprise.” [40]

He makes the important point that, so far as the events of the Russian Revolution are concerned, Lenin’s perspective was rejected at the outset.

When Lenin advanced the perspective of socialist revolution and the conquest of political power by the working class, it was opposed not only by the leaders of all the other political tendencies, but by his closest associates in his own party. *Pravda* insisted that the *April Theses* were Lenin's personal view, which was unacceptable because it proceeded "from the assumption that the bourgeois democratic revolution is finished and counts on the immediate conversion of that revolution into the socialist revolution." Yet from a minority of one in April 1917, Lenin became the leader of the first workers' state in November.

For Harding, the fatal flaw in Lenin's perspective lies in the fact that capitalism continued to survive, despite the claims advanced in *Imperialism*. It proved to be neither the highest nor the final stage of capitalist development.

"The very persistence, adaptability and continued vitality of capitalism could not be explained by the logic of Leninism. The one feature of its system of thought that made the whole intelligible was ... the contention that by 1914 capitalism was moribund: it could no longer reproduce itself; its epoch was over. It was entirely evident that the longer capitalism survived this prognosis, the more empirical evidence undermined the Leninist metaphysics of history." [41]

Lenin certainly characterised imperialism as the "highest stage of capitalism" and the "eve" of the socialist transformation, and he certainly did not envisage that capitalism would survive into the twenty-first century. So was the perspective which guided the revolution wrong? No small amount of confusion has been created on this question, both by those who claim to uphold Lenin's perspective and those who denounce it.

For example, when we explained that globalisation represented a further, qualitative development of the socialization of production, we were assailed by the Spartacists and other assorted radicals who denounced us for rejecting Lenin. If imperialism was the "highest stage" of capitalist development, then how could we speak about globalisation as being a qualitative development in the socialization 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.

Lenin's *Imperialism* vs. Kautsky's "ultra-imperialism"

Lenin's analysis, both in *Imperialism* and his writings throughout the

war leading up to the October Revolution, can be understood only by considering the positions against which it was advanced. *Imperialism* is a direct refutation of Karl Kautsky, who provided the theoretical rationale for the betrayals of the leaders of the Second International, who supported their "own" bourgeoisie in the imperialist war.

When Lenin wrote of imperialism as the "highest" stage of capitalism, it was in answer to Kautsky's assertion that militarism and war were not objective tendencies of capitalist development, but rather a passing phase, and that the ferocious conflict which had erupted among the capitalist great powers—the unleashing of barbarism—could be replaced by a peaceful division of the earth's resources, much in the same way as monopolies, arising out of free competition, form cartels to divide up the market.

The analysis of World War I undertaken by Lenin, Trotsky, Luxemburg and other Marxists not only showed that the war had arisen from the mounting contradictions of capitalism. It went further and explained that the eruption of the war itself was a violent expression of the fact that the progressive epoch of capitalist development was over. Henceforth, as Rosa Luxemburg put it, mankind faced the historical alternatives of socialism or barbarism. Therefore, socialism became an objective historical necessity if human progress were to continue. The struggle for political power by the working class was not a perspective for the indefinite future, but had been placed on the agenda.

Kautsky sought to base his opposition to this perspective on the grounds of Marxism. The capitalist system, he maintained, had not exhausted itself, the war did not represent its death agony and the working class, having been unable to halt the war, was in no position to launch a struggle for the overthrow of the bourgeoisie.

Almost 30 years before, however, Frederick Engels had presented an entirely different perspective, grounded in the understanding that a whole epoch had come to a close and that future wars would be very different from those of the nineteenth century.

"No war is any longer possible for Prussia-Germany," he wrote, "except a world war and a world war indeed of an extent and violence hitherto undreamt of. Eight to ten millions of soldiers will massacre one another and in so doing devour the whole of Europe until they have stripped it barer than any swarm of locusts has ever done. The devastations of the Thirty Years' War compressed into three or four years, and spread over the whole Continent; famine, pestilence, general demoralisation both of the armies and the mass of the people produced by acute distress; hopeless confusion of our artificial machinery in trade, industry and credit, ending in general bankruptcy; collapse of the old states and their traditional state wisdom to such an extent that crowns will roll by the dozens on the pavement and there will be no body to pick them up; absolute impossibility of foreseeing how it will all end and who will come out of the struggle as victor; only one result is absolutely certain: general exhaustion and the establishment of the conditions for the ultimate victory of the working class." [43]

Defending the SPD decision to vote for war credits, Kautsky based himself on the initial support given by sections of the masses for the war. It was not possible to oppose the war, let alone strive for the overthrow of the bourgeoisie, under those conditions. Above all, he argued, there must be no struggle in the party against the most right-wing supporters of the government and the war. "In war," he wrote, "discipline is the first requisite not only in the army but also in the party." The most urgent task of the day was to "preserve the organizations and organs of the party and trade unions intact." [44]

The alternative of imperialism or socialism was a gross oversimplification of a complex situation. It was necessary to maintain the party and its organizations and prepare for a return to peaceful conditions when the party would resume its pre-war course.

In his struggle against Kautsky, Lenin made clear that it was necessary to deal with the objectivism and outright fatalism that had come to

dominate the Second International. In Kautsky's hands, Marxism had been transformed from a guide to revolutionary action into a sophisticated rationalisation for the accomplished fact.

It was not possible, Lenin insisted, to make an estimate of the objective situation without including in that assessment the role of the party itself. It was true that the masses had not opposed the war, but this "fact" could not be considered apart from the role of the party, and above all its leadership. In pledging its loyalty to the Hohenzollern regime, the SPD itself had contributed to this situation. Not that Lenin maintained that the party had the task of launching an immediate struggle for the seizure of power—this was a caricature conjured up by the opportunists. It was, however, necessary to maintain intransigent opposition to the government to prepare the conditions when the masses themselves would turn against it.

According to the opportunists, the government was at its strongest when launching the war and hence the party could not openly oppose it, as such action would lead to the destruction of the party. On the contrary, Lenin maintained, in launching a war the ruling regime was more than ever in need of the support of the very parties that had claimed to oppose it in the past.

Lenin's assessment has been verified by the historical record. The attitude of the SPD towards the launching of a war had been under discussion for some time in German ruling class and political circles. There were fears that if a war went badly the downfall of the regime itself would rapidly follow military defeat.

In the July crisis, the position of the SPD figured prominently in the calculations of Bethmann Hollweg. His tactics were determined by the assessment that the SPD leaders would support the war if it could be presented so as to appear that rather than initiating an offensive, which was actually the case, Germany was responding to an attack from Russia. A war against tsarism could then be given a "progressive" colouration.

At the heart of the conflict between Lenin and Kautsky was their opposed assessments of the future of capitalism as a social system. For Lenin, the necessity for international socialist revolution—the Russian Revolution of 1917 was conceived of as the first step in this process—flowed from the assessment that the eruption of imperialist war represented the opening of an historic crisis of the capitalist system, which, despite truces and even peace settlements, could not be overcome.

Moreover, the very economic processes which lay at the heart of the imperialist epoch—the transformation from competitive capitalism of the nineteenth century to the monopoly capitalism of the twentieth—had created the objective foundations for the development of an international socialist economy.

Kautsky's perspective was set out in an article published as the war was breaking out, but prepared in the months leading up to it, in which he raised the prospect that the present imperialist phase may give rise to a new epoch of ultra-imperialism.

Imperialism, he wrote, was a product of highly industrialised capitalism, which consisted of the impulse of every industrial capitalist nation to conquer and annex an ever greater agrarian zone. Moreover, the incorporation of the conquered zone as a colony or a sphere of influence of the given industrial nation meant that imperialism came to replace free trade as a means of capitalist expansion. The imperialist conquest of agrarian regions and the efforts to reduce their populations to slavery would continue, Kautsky maintained, and would cease only when the populations of the colonies or the proletariat of the industrialised capitalist countries had grown strong enough to throw off the capitalist yoke. This side of imperialism could be conquered only by socialism.

"But imperialism has another side. The tendency towards the occupation and subjugation of the agrarian zones has produced sharp contradictions between the industrialized capitalist states, with the result that the arms race which was previously only a race for land armaments has now also become [a] naval arms race, and that the long prophesied World War has

now become a fact. Is this side of imperialism, too, a necessity for the continued existence of capitalism, one that can only be overcome with capitalism itself?

"There is no economic necessity for continuing the arms race after the World War, even from the standpoint of the capitalist class itself, with the exception of at most certain armaments interests. On the contrary, the capitalist economy is seriously threatened precisely by the contradictions between its states. Every far-sighted capitalist today must call on his fellows: capitalists of all countries, unite!"

Just as Marx's analysis of competition pointed to the development of monopoly and the formation of cartels, Kautsky continued, the result of the war could be a federation of the strongest imperialist powers to renounce the arms race.

"Hence from the purely economic standpoint it is not impossible that capitalism may still live through another phase, the translation of cartellization into foreign policy, a phase of ultra-imperialism, which of course we must struggle against as energetically as we do against imperialism, but whose perils lie in another direction, not in that of the arms race and the threat to world peace." [45]

According to Kautsky's analysis, there was no objective historical necessity to overturn capitalism through the socialist revolution in order to end the barbarism unleashed by imperialist war. On the contrary, save for a few isolated sections connected with the arms industry, the imperialists themselves had an interest in coming together to secure a state of world peace within which to continue their economic plunder.

In his reply to Kautsky, Lenin made clear that whereas the tendency of economic development was towards the development of a single world trust, this development proceeded through such contradictions and conflicts—economic, political and national—that capitalism would be overthrown long before any world trust materialised and the "ultra-imperialist" amalgamation of finance capital could take place.

Furthermore, ultra-imperialist alliances, whether of one imperialist coalition against another or a "general alliance embracing all the imperialist powers" are "inevitably nothing more than a 'truce' in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on one and the same basis of imperialist connections and relations within world economics and world politics." [46]

There were profound objective reasons, rooted in the very nature of the capitalist mode of production itself, as to why it was impossible to maintain an ultra-imperialist alliance of the kind envisaged by Kautsky. Capitalism by its very nature developed unevenly. After all, 50 years previously Germany was a "miserable, insignificant country" if her capitalist strength were compared with Britain at that time. Now she was challenging for the hegemony of Europe.

It was inconceivable that in 10 or 20 years' time the relative strength of the imperialist powers would not have altered again. Accordingly, any alliance formed at one point in time on the basis of the relative strength of the participants would break down at some point in the future, giving rise to the formation of new alliances and new conflicts, because of the uneven development of the capitalist economy itself.

There was another key aspect of Lenin's analysis, no less important than his refutation of Kautsky's perspective of ultra-imperialism. The objective historical necessity for socialist revolution arose not simply from the fact that imperialism and monopoly capitalism inevitably gave rise to world wars. It was rooted in the very transformations in economic relations that were being induced by monopoly capitalism.

"Socialism," Lenin wrote, "is now gazing at us through all the windows of modern capitalism." [47] It was necessary, he insisted, to examine the significance of the changes in the relations of production that were being effected by the development of monopoly capitalism. There was not just

mere interlocking of ownership. A vast global socialisation of production was taking place at the base of monopoly capitalism.

“When a big enterprise assumes gigantic proportions, and, on the basis of an exact computation of mass data, organises according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths of that which is necessary for tens of millions of people; when the raw materials are transported in a systematic and organised manner to the most suitable places of production, sometimes situated hundreds or thousands of miles from each other; when a single centre directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers ... then it becomes evident that we have socialisation of production and not mere ‘interlocking’; that private economic and private property relations constitute a shell which no longer fits its contents, a shell which must inevitably decay if its removal is artificially delayed, a shell which may remain in a state of decay for a fairly long period ... but which will inevitably be removed.” [48]

Lenin did not claim that it was impossible for capitalism to continue. Rather, the economic and property relations would continue to decay if their removal were artificially delayed, that is, translating the guarded language of the pamphlet used to escape the censor, if the present leaderships of the working class were not replaced.

For Lenin, everything turned on this question. That is why he, above all others in the international Marxist movement, insisted on the necessity for a complete break from the Second International, not just the open right-wingers, but above all from the centrists such as Kautsky who played the most dangerous role. The establishment of the Third International was an historic necessity.

For Harding, however, there is a fundamental contradiction between an analysis which reveals how objective processes within capitalism are making socialist revolution both possible and necessary, and the insistence, at the same time, of the vital, indispensable, role of the subjective factor in the historical process.

The presence of Lenin, he points out, was decisive for the revolution in Russia. No amount of theoretical discussion about the level of the productive forces, the level of socialist consciousness or the international situation could settle the issue of whether Russia would undertake a socialist revolution.

“It was, in fact, settled by the ‘accidental’ presence of one man with an unshakeable belief that one civilisation was foundering and that imperatively another had to be born. This is to say no more than that Marxism never was a ‘science of revolution’ and the search for definitive guidance with regard to the ‘objective’ limits of action, particularly and especially in periods of revolutionary trauma, was doomed to failure.” [49]

There is no gainsaying the decisive role of Lenin in the Russian Revolution. But he was such a powerful factor in the situation because his perspective was grounded on a far-reaching analysis of objective processes and tendencies of development.

Revolution has often been likened to the process of birth and the role of the revolutionary party to that of the midwife. The birth of the baby is the outcome of objective processes. But it is quite possible that, without the timely intervention of the midwife, guided by knowledge of the birth process itself, tragedy will result.

Analogies, of course, have their limits. But an examination of history will show that the decisive intervention of the “midwife” in the Russian Revolution brought the birth process to a successful conclusion, and likewise, the lack of such an intervention in the revolutionary upheavals in Germany and elsewhere in the period immediately after the war had consequences which proved to be disastrous. If Lenin was decisive in the Russian Revolution, then it must be said that the murder of Rosa

Luxemburg played a significant role in the failure of the German revolution in the early 1920s.

We are left with the question: what would it mean to say that Lenin’s perspective had been refuted? Not that capitalism has continued to grow and that there have been developments in the productive forces.

The critical issue is this: has the growth of capitalism since World War I and the Russian Revolution overcome the contradictions upon which Lenin, Trotsky and the Bolsheviks based their perspective of world socialist revolution?

The significance of the Lenin-Kautsky conflict extends far beyond the immediate circumstances of World War I. It involved the clash of two diametrically opposed historical perspectives. Kautsky’s theory of ultra-imperialism did not simply mean the rejection of socialist revolution in the period surrounding the war, but for an indefinite period into the future. This is because at the heart of his world outlook was the conception that, in the final analysis, the imperialist bourgeoisie, recognising the dangers to its own rule resulting from the conflicts arising from the contradiction between the development of an ever more closely integrated global system of production and the political framework based on the nation-state system, would be able to take action to mitigate them.

No Marxist would ever deny the possibility that the bourgeoisie will take action to try to save itself. Indeed, the political economy of the twentieth century, at one level, could be written as the history of successive efforts by the bourgeoisie to take action to counteract the effect of the contradictions and conflicts generated by the capitalist mode of production and prevent the eruption of social revolution.

But analysis of the accumulation process—the heart of the capitalist mode of production—reveals that there are objectively given limits to the ability of the ruling classes to suppress these conflicts. While “capital as a whole” is a real entity, and its interests can be represented by far-sighted capitalist politicians at certain points, capital exists in the form of many capitals that are in continuous conflict with each other for a portion of the surplus value that is extracted from the working class. To the extent that the mass of surplus value available to capital as a whole is increasing, the conflicts between its different sections can be controlled and regulated. But once the situation turns, as it inevitably does, it becomes increasingly difficult for such regulation to take place and a period of inter-imperialist conflict, leading ultimately to armed conflict, ensues.

History confirms what theoretical analysis reveals. At the end of the 1980s, when the post-war framework of international relations was beginning to break down, one writer perceptively pointed to the relevance of the Lenin-Kautsky conflict.

“As American power and leadership decline due to the operation of the ‘law of uneven development’,” he wrote, “will confrontation mount and the system collapse as one nation after another pursues ‘beggar-my-neighbour’ policies, as Lenin would expect? Or, will Kautsky prove to be correct that capitalists are too rational to permit this type of internecine economic slaughter to take place?” [50]

That question has been answered in the period of nearly two decades since those lines were written. The postwar Atlantic alliance has all but broken down as a result of the increasingly aggressive role of US imperialism. Whereas the US sought to unite Europe in the aftermath of the war, it now seeks to set the European powers against each other for its own interests. The European powers, having established the Common Market and the European Union in order to prevent the reemergence of the conflicts that brought two world wars in the space of three decades, are more deeply divided than at any time since the Second World War.

A global conflict has erupted over markets and raw materials, especially oil. And in the East, the rise of China is being greeted with the question as to whether the emergence of this new industrial power will play the same destabilising role in the twenty-first century as the emergence of Germany did in the nineteenth and twentieth centuries.

The mechanisms that were set in place in the postwar period for regulating the conflicts between the capitalist great powers have either broken down or are in an advanced state of decay. At the same time, social polarisation is deepening on an international scale. The contradictions of the capitalist mode of production which gave rise to World War I have not been overcome, but are gathering with renewed force.

Notes: [1] *War and the International* (Colombo: Young Socialist Publications, 1971), p. vii.

[2] *Ibid*, p. vii.

[3] *Ibid*, p. vii.

[4] *Ibid*, p. viii.

[5] "Imperialism and the National Idea," in *Lenin's Struggle for a Revolutionary International* (New York: Pathfinder Press), pp. 369-370.

[6] *War and the International*, pp. vii-x.

[7] Cited in Hamilton and Herwig, *Decisions for War, 1914-17* (Cambridge, 2004), p. 19.

[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 V. R. Berghahn, *Germany 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.

[25] Cited in *Rosa Luxemburg Speaks* (New York: Pathfinder Press, 1970), pp. 279-280.

[26] David Stevenson, *Armaments and the Coming of War* (Oxford: Clarendon Press, 1996), p. 391.

[27] Cited in Zara S. Steiner, *Britain and the Origins of the First World War* (London: Macmillan, 1977), p. 44.

[28] *Ibid*, p. 40.

[29] Cited in Kennedy, *The Rise of the Anglo-German Antagonism* (London: The Ashfield Press, 1987), p. 467.

[30] Cited in Berghahn, *op cit*, pp. 95-96.

[31] Hamilton and Herwig, *Decisions for War, 1914-1917* (Cambridge: Cambridge University Press, 2004), p. 133.

[32] Cain and Hopkins, *British Imperialism* (London: 2002), pp. 195-196.

[33] John H. Morrow Jr., *The Great War: An Imperial History* (London: Routledge, 2004), p. 9.

[34] See S. B. Saul, *Studies in British Overseas Trade*, cited in Hobsbawm, *Industry and Empire* (1968), p. 123.

[35] Joll, *op cit*, p. 146.

[36] Leon Trotsky, "On the Question of Tendencies in the Development

of the World Economy," in *The Ideas of Leon Trotsky*, H. Tickten and M. Cox ed. (London: Porcupine Press, 1995), pp. 355-70.

[37] Trotsky, *The First Five Years of the Communist International*, vol. II, p. 306.

[38] Neil Harding, *Leninism*, p. 11.

[39] *Ibid*, p. 113.

[40] *Ibid*, p. 114.

[41] *Ibid*, pp. 277-78.

[42] Lenin, *Collected Works*, Volume 22, p. 300.

[43] Cited in Lenin, "Prophetic Words," in *Collected Works* Volume 27, p. 494.

[44] Cited in Massimo Salvadori, *Karl Kautsky and the Socialist Revolution 1880-1938* (London: Verso, 1990), p. 184.

[45] Kautsky, *Ultra-imperialism* in *New Left Review*, no. 59, January-February, 1970.

[46] Lenin, *Collected Works*, Volume 22, p. 295.

[47] Lenin, *Collected Works*, Volume 25, p. 363.

[48] Lenin, *Imperialism*, *op cit*, p. 303.

[49] Neil Harding, *Leninism*, p. 110.

[50] Robert Gilpin, *The Political Economy of International Relations* (Princeton University Press, 1987), p. 64.



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