

Towards a Political Economy of War in Capitalism, with reference to the First World War

Hillel Ticktin

This is an attempt to discuss the political economy of the causation and results of the First World War. It lays particular stress on the overall militarisation of the capitalist economy, linking it with commodity fetishism. It is integrated into the everyday life of capitalism to the point that capitalism has never been without it and probably could not survive without it. The different elements involved in the First World War are examined. The ruling class did not expect the war to last more than two months or so, and certainly did not anticipate the huge slaughter. The revolutions, bankruptcy of nations and change in the world order were entirely unexpected. The war was effectively a crime against humanity that led to the Russian Revolution overthrowing capitalism, which in its turn was defeated by Stalinism, thus allowing capitalism to continue, in its decline, for a further century and more.

Keywords: *Decline; Capitalism; Investment; Revolution; War; Democracy; First World War*

Introduction

There are two themes in the present article. The first is the political economy of the First World War and its causation at a time when the capitalist economy was in decline. Lenin famously produced his book on the subject,¹ which is discussed by Alex Marshall in this collection of essays. The argument is straightforward—that imperialism, and so competition among countries for colonies, based on finance capital and the export of capital, led to the war. I will take up less discussed aspects of Lenin's thesis, taking the overall argument for granted, incorporating it into the overall theses. The underlying theme of this article is the historical importance of the First World War in facilitating or limiting revolution and change down to the present

¹ Lenin, *Imperialism, the Highest Stage of Capitalism*, <http://www.marxists.org/archive/lenin/works/1916/imp-hsc/>

time. The First World War shaped our present society most obviously through the series of revolutions, uprisings, insurrections and general strikes during and after the war itself, and the reactions to those events. They placed socialism on the agenda, raised the banner of liberation from imperial control, and compelled the ruling class to retreat to an acceptance of democratic and social democratic forms. The UK effectively lost its role as imperial hegemon to the USA, although it was only during and after the Second World War that the USA assumed the command of the global capitalist economy.

Concession was combined with extreme reaction, particularly in Central and Eastern Europe. The physical destruction combined with the slaughter and injuries sustained by the population made it hard for the population to press their demands to overthrow the exploitative society in which they lived. That was particularly true of the Soviet Union, where the reaction took the form of Stalinism, which was, historically speaking, the revenge of the privileged for their loss of power. That, of course, is not the textbook interpretation, which sees only the revolution apparently devouring its own. At first sight, the war appears to have been a catastrophe from a ruling class viewpoint, even if the USA can be said to have gained. Looked at, however, from the perspective of the present, it can be argued that the ruling class succeeded in delaying the socialist revolution by at least a century.

The Conditions leading to War

From the point of view of a Marxist a century later, with socialism still only on the horizon, the First World War raises a series of crucial questions. What were the conditions for the war itself? These are not the same as either the fundamental or the immediate causes of the war, although they overlap with them.

1. In the first instance, we are talking of a global capitalism with a hegemonic capitalist power, the UK, ruling globally, both directly through colonial administrations and indirectly through economic controls. The latter had become more important with the switch to finance capital from the 1870s or thereabouts. However, there were a series of other competing capitalist countries, in particular the USA, Germany and France, with their own ruling class challenging the UK.
2. In the second place, a comparison with the period after 1945, the period of the Cold War, provides a clear contrast in the nature of the ruling class. The UK has been replaced by the USA as the hegemonic imperial power, which dominates all other national ruling classes. The effect is to produce a single united ruling class. One small indication of that domination is shown by the existence of the secretive P2 ruling class cell in Italy, to which Berlusconi belonged and the CIA had access to. A more important example is that of the forced withdrawal of the UK and France from the Suez Canal, because of US disapproval. This was the first time in the history of capitalism that there had been a single capitalist ruling class. Two forces united it. The first was the overwhelming dominance of the USA both

economically and militarily and the second was the perceived need to defend the ruling class, as a class, from 'Communism'. In 1914, the ruling class did not perceive itself as under global threat of overthrow. On the contrary, although, as will be argued, they did see a threat of sedition, they did not imagine that they could be overthrown for any length of time. At the time of the Russian Revolution, the British newspapers expected it to be overthrown in short order and kept reporting it as having been done.² The concept of the replacement of the market as such by a stable order that would expropriate them and their descendants seemed to be a utopia designed to incite the lower orders into rebellion. The UK was not sufficiently powerful to issue instructions to the ruling class of other countries like Germany and France. The result was that the ruling class was divided by history as well as on tactics, strategy and goals, sufficiently divided to slip into a war. That remained true until after the Second World War, when the predominance of the USA, the rapid decline of the British Empire and the Cold War fused the struggle against 'communism' with the interests of the USA.

3. In the third place, the capitalist political revolution, the bourgeois democratic revolution, had not yet been completed, even though all countries were either capitalist in socio-economic terms or controlled by capitalist powers. This was critical as it meant that both the aristocracy and the monarchy continued to play important political roles. It also meant that the ruling class of a particular national grouping in multi-national and multi-ethnic countries usually dominated and exploited the other ethnic and national groupings, as in the case of Tsarist Russia and Austria-Hungary. From these conditions, one would expect a series of destabilising forces that could lead to war. One could talk of the aggressive or defensive nationalism, competitive imperialism, the belligerent defence against disintegration of the early capitalist/semi-feudal empires of Austria-Hungary, Russia and the Ottomans and the symmetrical preying on those empires. There was also the fear of instability from below, most particularly in Russia,³ both in those empires and in the other countries, as in the UK and Germany, where the working class was making its demands manifest. Instability, of course, does not mean that the ruling class in each country and in the global imperial power foresaw a socialist revolution. It was enough to want to allay anxiety to accept the war that came. The unity induced by waging of war is discussed below under 'militarisation' It did not require a genius to see that the war might last a long

² Robert Briffault in his *Europa in Limbo* (London: Robert Hale, 1937) cites a series of British newspapers to this effect over six pages (pp. 342-348), in the period from 1 January 1918 to 15 December 1919.

³ Hew Strachan, *The First World War: To Arms* (Oxford: Oxford University Press, 2003), pp. 81-82. The author details how the Tsar, Nicholas II, was presented with detailed advice that the coming war could be long and lead to revolution. The Russian minister of the interior advised the contrary, that war would unify the population, a view also held more generally of the European population in the Entente. See also footnote 9.

time, given the nature of the military equipment and the nature of the opposing sides, but a class in decline may also be a class in denial of the truth.

Why was Slippage Possible?

Without a global united ruling class, and without fear and actual knowledge of the consequences of a type and extent of war never yet experienced, the various national ruling classes as well as the imperial power, the UK, were content to allow their military and politicians to sway the decision. A war could be seen as a way of maintaining the status quo, with a few possible boundary changes. The more far-sighted intellectuals or intelligent executives could bemoan the destructiveness of war or play it down as a possibility,⁴ but they would have had little influence and would also have underestimated the real progress of the war. The ruling class had to delegate an element of decision-making to its governments, and only intervened directly when it thought it needed to do so. At the present time, the Iraq war is a good example, where at least a section of the bourgeoisie was opposed, as shown by the views expressed in *Business Week* at the time.⁵ They did not, however, intervene. Today of course, it is common currency that it was a mistake.

It is generally recognised that few expected the war to last beyond a few months and no one anticipated the numbers killed or the dreadful conditions at the fronts. It was, therefore, easy to slide into the war, in spite of the fact that the ruling class in every country had every reason to fear the consequences of a drawn-out physical conflict. The divisions in the ruling class were crucial; it meant that they were unable to interchange ideas and personnel both inside countries and between countries in order to discuss their real situation. This was the major difference between the First World War and subsequent global wars, real and imagined. In the category of imagined global war is the present standoff between Russia and the 'West'. It cannot simply slip into war as one power (like Austria–Hungary in 1914) finds fault with a small country allied with a major power, and then the allies of each side declare war. Although the dominant ideology of the present insists on the need for spontaneous individualist market movements, a substantial bureaucracy is required to maintain and police the enforcement of that ideology. The bureaucracy effectively plans the future. Paradoxically, this, too, is a symptom of the changing nature of capitalism.

⁴ 'Bankers warned that even if a general war were to start, it would grind to a halt after a few weeks simply because there was no way of financing it.' Margaret MacMillan, *The War that Ended Peace* (London: Profile Books, 2013), p. xxviii.

⁵ *Business Week* in the period March–April had a number of articles questioning the war, however mildly, e.g. Thane Peterson, 'Was the Iraq War Moral?', <http://www.businessweek.com/stories/2003-04-28/was-the-iraq-war-moral>; Ciro Scotti: 'Don't Censor War's Horror', *Business Week*, 26 March 2003, <http://www.businessweek.com/stories/2003-03-26/dont-censor-wars-horror>

Causation of the First World War

For the left, the causation of the First World War lies under several headings. If we look at the resolution of the Second International in 1907,⁶ we get three general arguments as to why capitalism leads to war. In the first place, it is argued that war was an endemic political and economic form under capitalism, woven into its fabric. In the second place, war was a necessary result of permanent competition among capitalist states, and in the third place war was a result of the necessary militarism of modern capitalism. These reasons are not enough to explain the First World War itself and Marxists have generally given reasons that are more specific. Crisis, a change in the nature of accumulation, a new declining stage of capitalism and a growing working class militancy⁷ are all cited either individually or together as reasons for the War. The usual 'official' reasons for war, such as those that blame one side or the other or accident, are nationalism, militarism and imperialism.⁸

When Marxism seeks the causes of wars, it looks at the political economy of the countries or groups of people involved. Marxism is not uncausal as some imply. It does not argue that wars are caused by simple material or economic reasons. It does, however, argue that, while there is normally a series of contingent reasons for military conflict, there is usually a driving cause involved. The reason for the First and Second World Wars is seen as being imperialism in itself, which in turn leads to competition to control and exploit less-developed countries. (While the ostensible official reason given for those wars was the need to maintain and expand democracy, few actually believe that today, particularly when both the UK and Germany were highly undemocratic, excluding the majority of their populations from voting.)

⁶ Wars between capitalist states are, as a rule, the outcome of their competition on the world market, for each state seeks not only to secure its existing markets, but also to conquer new ones. In this, the subjugation of foreign peoples and countries plays a prominent role. These wars result furthermore from the incessant race for armaments by militarism, one of the chief instruments of bourgeois class rule and of the economic and political subjugation of the working class.

Wars are favoured by the national prejudices which are systematically cultivated among civilised peoples in the interest of the ruling classes for the purpose of distracting the proletarian masses from their own class tasks as well as from their duties of international solidarity.

Wars, therefore, are part of the very nature of capitalism; they will cease only when the capitalist system is abolished or when the enormous sacrifices in men and money required by the advance in military technique and the indignation called forth by armaments, drive the peoples to abolish this system.

<http://www.marxists.org/history/international/social-democracy/1907/militarism.htm> (accessed 24 April 2014).

⁷ Mark Kosman, 'One Hundred Years of Counter-revolution', *Weekly Worker*, 1022 (7 August 2014), provides a series of quotes and instances both of militancy just before the 1914 war and of individuals seeing war as a means of control over the working class.

⁸ Hew Strachan, op. cit., p. 2, in passing, refers to the isms as nationalism, militarism and economic imperialism.

Within that viewpoint, Marxists have stressed one or other component of imperialism. Kautsky concentrated on the political aspect, Lenin on imperialism as both a degenerate stage of capitalism, leading to parasitism and so war, and more directly as competition for colonies to extract what amounted to tribute. In this respect, he also spoke of the need for social control when writing about Russian imperialism. He saw the war as a way of containing the discontent among the Russian population and reducing support for the revolutionary movement.⁹ Trotsky preferred to talk of the necessity for capitalism to go beyond the nation-state, as the forces of production had themselves gone beyond the nation-state. To these explanations, we have to add a more profound understanding of militarism than is usually given by bourgeois historians, and the importance of wars for controlling crises.

We may summarise the concepts involved in causation theory as (a) imperialism, (b) militarism, (c) the decline of capitalism, (d) an antidote to instability and (e) a solution to crisis. Nationalism is a second-order cause. It is rather a means of furthering the drive to war, more like sharpening the pencil than the lead itself.

There appears to be little problem explaining the imperialist expansion, and the brutal war on the third world from the 1870s or so, since the benefit to the metropolitan ruling class in extracting tribute from its colonies seems patent. The flow of workers to the colonies, the building of infrastructure in the colonies themselves, the extraction of raw materials and the opening up of markets were combined with the flow of dividends, much of which continues to the present day. The rise in the rate of profit and income to the ruling class was combined with a social stability that appeared otherwise unobtainable at the time. One would still have to ask, as did J.A. Hobson,¹⁰ whether the returns could not have been achieved more cheaply without conquest. He argued that, when one looks at the costs of warfare and control set against the returns, the outlook is negative. Lenin brushed him aside as a reformist, which was he was. His later endorsement by Keynes as a predecessor is hardly an accident. However, the very fact that capitalism did not take that path, a path the USA took from half a century to a century later, was indicative of the stage of capitalism itself. Lenin called it a declining capitalism. That, of course, then raises the whole question of the present stage, since the last sentence implies that Lenin was wrong. In my view, the present stage is much more complex, reflecting the reality that capitalism was overthrown, and the ruling class has had to make concessions.

When a global mode of production is in decline it shows itself, inter alia, in the decline of its leading components. The global hegemon was the UK, which was itself being overtaken by Germany and the USA in its industrial lead, while they in their turn found that they needed to expand beyond their frontiers to maintain their own stability. At the same time, empires formed at an earlier stage of capitalism, like the Austro-Hungarian and Russian multi-national states, could only crumble, even if

⁹ 'Tsarism regards the war as a means of diverting attention from the growth of discontent within the country and of suppressing the growing revolutionary movement'. V.I. Lenin, *Izbrannnie Sochinennii, Sotsializm I Voina*, vol. 6, p. 275, Political Literature Publishing House, Moscow, 1985. See below for further discussion of this issue.

¹⁰ J.A. Hobson, *Imperialism: A Study* (London: J. Nisbet, 1902).

their rulers were too short-sighted to understand the process. The aristocracy in Europe was dealt a severe blow by the War, with the monarchy being overthrown in Germany, Austria–Hungary and Russia.

Militarism

The three aspects given in the Lenin–Luxemburg resolution can be regarded as one, since militarism and economic competition are aspects of the capitalist system itself. The argument is that capitalism necessarily embraces war on an everyday basis and that it does so for systemic reasons. Logically, it can no more abandon the preparation and the conduct of war than it can remove the market. I shall use the rubric of militarism to describe all three.

Capitalism has been involved with wars from its birth, ‘dripping with blood from head to foot’. There is a difference between a global war or a general European War and a war between two or three states, of course. Equally, the machinery of war has become steadily more efficient and more deadly over time. Today, thermo-nuclear war would destroy the planet, but between artillery and air warfare, destruction of the other side or both sides can also be total. The result has been, paradoxically, relatively less war than might have been the case. Margaret MacMillan argues that there was little of the long drawn-out multi-national warfare between the time of the Napoleonic Wars and 1914–1918, as compared with the 18th century and 1914. She argues the American Civil War and the Franco-Prussian War gave hints of what was to come.¹¹ She is obviously right that the extent and course of the First World War were unexpected. However, by finding the Crimean War,¹² the colonial wars and the wars mentioned above as exceptions in this context, she undermines her argument. The colonial wars were not necessarily short or sparing in slaughter either. The Anglo-Boer war lasted 3 years and half a million British soldiers were involved. ‘Although it was the largest and most costly war in which the British engaged between the Napoleonic Wars and World War I (spending more than £200 million), it was fought between wholly unequal protagonists. The total British military strength in Southern Africa reached nearly 500,000 men, whereas the Boers could muster no more than about 88,000’.¹³

In fact, this short series of citations of wars seems to show precisely the opposite of what she is arguing. There were a series of wars throughout the 19th century involving European countries, although they were not necessarily fighting each other. Britain, in particular, needed her army, whether in China, India, Crimea or the Transvaal. As the hegemonic global power, that is hardly surprising. Tsarist Russia conquered territories on its borders over the century and lost an important war

¹¹ ‘The wars of the nineteenth century had generally been short— ...—or colonial wars fought far from European soil ... Wars were limited both in time and in their scope’. MacMillan, *op. cit.*, p. 5.

¹² *Ibid.*

¹³ South African War, *Encyclopaedia Britannica*, <http://www.britannica.com/EBchecked/topic/555806/South-African-War>

against Japan over Manchuria and Korea in 1905, which led to revolution in Russia. Some regard it as the first great war of the 20th century, while others call it a regional war. The number of wars is legion.

The reason for trying to discuss this issue is to provide the background for the overall argument that capitalism is militaristic as argued by the resolution at the 1907 Congress of the Second International. When famously Clausewitz spoke of war being politics by other means, he had not plumbed the full depths of the issue. War has served capitalism in a complex, everyday way. I am arguing here of course that war has a series of political economic functions but also that it envelopes the system in a form of discipline and control.

War and the threat of war provide the ideology for austerity and obedience to the employer and when learned early it tends to remain embedded in the consciousness of the individual. (The period of the Cold War was ideal in this regard.) The militaristic atmosphere builds patriotism, authority and loyalty to the nation and those who rule it. It provides the excuse for enrolling schoolchildren as 'cadets', teaching them how to march under command and to the drumbeat of the regimental band. Even if this only involves children of the elite, the disciplinary ideology and 'command'-type ideology filter through the society. In the UK, there were other military-style organisations for the young like the Boys Brigade and Scouts, although the latter claimed to concentrate on 'woodcraft'.¹⁴ In France and Germany, there was conscription. In Tsarist Russia there was a long-standing tradition whereby the peasantry were obligated to serve in the army. When the society is at war, it allows governments to brand dissidence as treachery and penalise trade unionists, strikers, demonstrators and all those who reject a nationalist support for the bourgeoisie.

War itself provides the basis of this control, allowing periods of peace to be regarded as preparation for war. The discipline induced by militaristic control is extended by the fear of conquest, and of chaos in the event that victory is not achieved. The threat of war in itself prevents social change, while encouraging people to accept the discipline imposed on them.

In his magisterial work on the First World War, 'To Arms', Hew Strachan discusses the intellectual background. He brings out the attitude of Bernhard von Bülow, German Chancellor 1900–1909, 'that war was part of a recurrent and eternal process'¹⁵ and that process led one nation to war with another, with the loser going into an 'irretrievable decline'.¹⁶ This gives some clue to the fatalistic attitude of the ruling class. For the class itself to survive it had to maintain control and part of that control was effectively achieved through military competition. It was not purely an attitude of mind, as implied by Strachan, but a necessary part of an ideology that justified the exploitation and undemocratic control over the majority.

Militarism has its limits both financially and in its effects. Ultimately, the population turns against the conduct of war, and in this context of the First World

¹⁴ Strachan, *op. cit.*, p. 146.

¹⁵ *Ibid.*, p. 134.

¹⁶ *Ibid.*

War, that meant opposing the war itself. The Zimmerwald and Kienthal conferences began to express an increasingly popular range of views, ranging from those of Lenin to those of pacifists. Lenin called for the war to be turned into a class war, and between 1917 and 1919 that happened in more than one country. The result was that wars had to be conducted with maximum propaganda and indoctrination, where necessary, as well as strict military discipline.

In the First World War, the excuses given for the war were weak on both sides. While the ruling class and the 'middle class' could argue that it was in their interests to believe the propaganda even if they knew differently, the working class could only believe it through lack of education and the despair that went with poor conditions of life, until they reached rock bottom and revolted.

The Economic Effect

As military competition is permanent under capitalism, it serves to act as an additional reason to justify competition and so the market. Competition, and by extension war, is seen as a human need, intrinsic to human nature.¹⁷ Humanity is seen as naturally violent, evolving from wild animals. The market is therefore seen as a more peaceful form of humanity's operations. Competition between nations is encouraged and justified. As the forces of production have gone beyond the nation-state, this has become increasingly anachronistic. At the time of the First World War, however, the drive beyond the nation-state went into an imperialist conquest of other countries. Today, the world economy is, in principle, globally integrated, with a degree of control, and exhortations to national economic competition of much less importance. In this context, the First World War appears as the chaotic response of a system that has lost its rationale but is continuing to function by sleepwalking through one disaster after another. In this sense, paradoxically, the disasters are functional in that they woke up the ruling class to the fact that it could either be ruined or overthrown or both unless it took measures to save itself. This only happened after the Second World War with the Bretton Woods agreements.¹⁸ The earlier settlement is now, of course, dated if not dead.

The second economic effect of militarism as opposed to an actual war is to make the production and sale of military goods an ongoing affair. In so doing, it provides an acceptable nationalised sector, defence. The military is able to command a considerable part of the government budget in order to maintain the bureaucracy, run the manufacturing plant, organise research and pay private enterprise for the elements farmed out to it. Bureaucracy is needed to plan the construction and deployment of its means of transport, weapons, clothing, supplies, etc. Manufacturing

¹⁷ 'And there were those, a minority to be sure, who did not shrink from the prospect of war, or indeed even welcomed it, because they saw it as noble, necessary, an inevitable part of human history'. MacMillan, *op. cit.*, p. 24.

¹⁸ Adam Tooze, *The Deluge, The Great War and the Remaking of Gobar Order* (London: Allen Lane, London, 2014), pp. 11–12.

is required for those elements that private enterprise cannot or does not want to manufacture. Research laboratories can also be built and offshoots funded in academic institutions, so incorporating academics in general into the war effort. The overall result is that the defence economy has been so important that it has been proposed as a sector additional to the consumer goods and producer goods sector. Luxemburg famously pointed to its importance in maintaining capitalist stability. It is, however, obvious to any school of Marxist thought that a substantial defence sector can serve as a source of demand for both consumer and producer goods. Crucially, being a sector paid for by the national budget, it is not subject to the same problems of overproduction or insufficient funds. That does not mean that those issues do not exist, but it does mean that they can be dealt with in a more orderly fashion, particularly in the case of the global economic power. Taxation and government borrowing or printing of money can be turned on and off, within certain limits. It was, in fact, used by the USA in the post-Second World War period. Military Keynesianism proved to be acceptable until the ruling class felt threatened by working class protests. At that point, it pulled the plug and went for strict budgetary controls, including over defence. Once the Cold War was over, it could go for massive defence cuts.

At the time of the First World War, imperialism served the same purpose of absorbing surplus value unable to be invested. Clearly, the war itself did the job more efficiently than was needed.

The nature of national competition and so the militaristic order was profoundly changed by the result of the First World War. Adam Tooze argues that: ‘This it seemed was the outcome of World War 1: an all-encompassing global order, in which strategic power was more tightly held than nuclear power today. It was a turn in international affairs, Trotsky remarked, that was analogous to Copernicus’s rewriting of the cosmology of the Middle Ages’.¹⁹ The other side in the war had effectively been wiped out, establishing an international order dominated by the British Empire and the USA. The process was completed during the Second World War, as discussed above. In this context, the USA became the global imperial power and the global policeman, using its military might to maintain order. National competition faded into a role comparable to background radiation in the atmosphere. The USSR was never an economic match for the West, and it was always militarily inferior, but it performed sufficiently well in both spheres to be a useful enemy. It is hard to see any substitute either through the return of inter-imperial rivalry or a new Cold War, however much strategists or politicians might want to implant one or both phenomena.

The difficulties over militarism have profound effects. As implied, in this section, militarism fuses with commodity fetishism in order to bolster its operation both as a means of control and as ideology. If it is under threat, or more correctly, further threat, one of the major forms of control under capitalism is in more rapid decline.

¹⁹ *Ibid.*

The War as Disaster and Revolution—Its Meaning Today

Few expected the First World War to take the form that it did, whatever their justification for it. Looked at from the point of view of the ruling class, the result was a disaster for one reason alone. By the end of 1919, there had been four left-wing revolutions, in Russia, Hungary, Bavaria and Germany, although only in Russia was it successful in retaining power. Everywhere in Europe, there had been some kind of organised discontent. At the very least, the bourgeoisie had to concede formal democracy, with only a few constitutional monarchies remaining. The old capitalist order was clearly under severe challenge. Before 1914, even Lenin thought that revolution was quite some time away. The war itself killed and injured millions, whether directly or indirectly, reduced the standard of living of the population, tended to bankrupt the belligerent powers, apart from the USA, and highlighted the injustice of inequality and irresponsible authority. Over the long months of the four-year war, the meaninglessness of the original aims became very clear. Neither Britain nor Germany were democratic. Women did not have the vote, and 40 per cent of men did not have the vote in the UK either. In Germany, all men had the vote, and the social democrats were the largest party in the lower house, but the Kaiser and an undemocratic Senate played a crucial role in ruling. With or without the vote, in that context the ruling class ruled. Workers councils appeared over Europe as a democratic alternative. The system was clearly under severe challenge.

If the ruling class had foreseen this result, they would have ended the war much earlier, or perhaps never started it. The length of the war, the enormous numbers killed and injured and the weakening of the old powers were all reasons why they would have reconsidered going to war had they known what was to come, but it was above all the socialist revolutions that made them declare an armistice and regret their war. It was the rise of the USA and its subsequent assumption of the hegemonic imperial capitalist power that prevented a possible ruling class retreat.

It is clear, with whatever qualification one wants, that the First World War accelerated the timetable for the overthrow of capitalism at that time. While socialism did not emerge victorious, a transitional stage of world history was inaugurated. Today, that statement may be questioned more often than it was before the end of the USSR and the clear shift of China towards capitalism, but such a basis for discussion is superficial. That is because Stalinism had long since altered the nature of these countries. The question is less one of fact than of the nature of the period.

The Question of Socialism

Thus far, the argument has been rehearsed in different ways, many times, although not always in terms of the stability of the ruling class. The new question that we may ask, after a century, is whether the above argument is correct. After all, capitalism has lasted for the last 100 years, something that revolutionaries did not expect. Indeed, the more far-sighted members of the ruling class may not have been so optimistic. Can one not argue that the circumstances of the war, which were so gross that they

virtually forced the population to revolt, were not conducive to the overthrow of capitalism as opposed to revolution?

Socialism in one country was never a slogan that Marxists accepted, as Marxists, as opposed to the later incarnation of some Communists as Stalinists or Bukharinists. Socialism had to be international and have the ability to raise productivity faster than capitalism and so the standard of living of the population. Socialism required control from below. The working class had to be involved in the process of running the economy and society. Socialism went beyond formal democracy in that the abolition of classes required everyone to be part of the decision-making process. In so doing, they were relating to the society as a whole, providing a source for innovation and change, and ensuring a basic level of egalitarianism. This was not just utopian, in the circumstances, it was outlandish. Without the war, a revolution might have begun the process of transition that would not have been easy, although theoretically possible.

One can, therefore, make the case that the First World War achieved its object, given that one of its causes lay in the need to stop working class militancy and possible revolution. It is, of course not as simple as that. It was a close run thing. Had more of the German social democrats sided with the Spartacists, or had there been more class-conscious workers and theorists in Germany in 1923, things could have been very different. There are, of course, many individual events that could have gone another way, and that might have changed history. Indeed, the invasion of Poland might have been more successful if not for Stalin's incorrect orders. The point would not have been an uprising in Warsaw or Poland, so much as the advance of Soviet troops to the German borders, as Lenin intended. The fact is that the overall situation was sufficiently against revolution to make even relatively close run events important.

Whatever the intention, the First World War opened up a new period in history—that of revolution to overthrow capitalism. At the same time, while the war and the conditions of societal breakdown made revolution itself relatively easier, *construction of the alternative socialist order was made considerably worse.*

The War

One can always trace the process over time and look at it as a series of accidents. The trivialisation of history is a necessary feature of contemporary ideology, which needs to obscure the limited lifespan of capitalism itself. The interweaving of accident and necessity that constitutes the real history of humanity can never be fully deciphered but it can be explored. The empires were bound to fall, and the decline of capitalism inevitably expressed itself primarily in the decline of the UK, just as that renewed decline is showing itself in the decline of the USA as imperial hegemon today. It is not clear, however, that the catastrophic global war had to take place in quite the form that it did. Furthermore, it was a period when reactionary tendencies could be harnessed to prevent revolutionary movements operating.

The forthcoming disaster could not have been predicted in all its forms, and yet war and revolution were part of the fabric of the 19th century. The last part of that

century transferred the theatre to Africa and Asia, so leaving the European sub-continent apparently peaceful after the Franco-Prussian war. As pointed out, bourgeois authors tend to play down the significance of the bloody wars in Africa and Asia. The Russo-Japanese War of 1904–1905 and the Anglo-Boer War of 1899–1902 appeared to be on the fringes of capitalism, but were in fact critical to the existing empires.

At the time, it could be seen that a war might re-establish a new equilibrium among the powers; it could contain the increasing discontent among the population through the numbers killed, injured and psychologically maimed, and it could deal with both the cyclical and long-term political economic crisis of capitalism. Had it lasted a few months, as anticipated by some and hoped for by others, capitalism might have been stabilised for a few more years, with the population being given an appropriate fright, a heavy dose of nationalism and full employment. Any revolutionaries would have been rounded up in that period. Even a limited war of one year or somewhat more might have achieved the object. However, the slaughter, the economic bankruptcy of all the powers bar the USA and the rising revolutionary tide could not be halted. The end of the War looked like the end of capitalism, with revolution in the air of practically every European country.

And Yet they Survived

When a mode of production is in decline, delay is of the essence and that delay was given new meaning at the end of the First World War. Although the capitalist class lost control of the system during and immediately after the War, they established a stability sufficient to survive another century. In that sense, the capitalist class may have succeeded in doing something they neither expected nor understood. In that perspective, the First World War achieved its unconscious object of containing the revolutionary potential of the working class.

Did the War achieve the goals set for it by the major powers? In this respect, there is a difference between the goals of the imperial hegemon, the UK, and up to a point those of its competitor, Germany, and the rest of the combatants. For the UK, the issue was not just the acquisition of further colonies, and the defence of its existing possessions, but also the preservation of the imperial political economic order. This involved both the continuation of capitalism as well as its domination by the UK. As a goal, the latter was already lost. The UK had ceded industrial leadership, but capitalism was under clear challenge, and while that challenge could be held, the threat could not be removed or even diminished by the war.

Consciousness

Supporters of the status-quo often deride as conspiracy theorists those investigating the capitalist class as a class. However, if there is such a thing as a capitalist class, we must assume that it can meet together and act to support its common interests.

The capitalist class was able to establish itself as a class, that is, as a conscious collectivity, before the working class. It is also more able to maintain itself in being as a collective entity than the working class. Given its relatively small size and its control over resources, particularly over aspects of the state, that is no surprise.

However, that does not mean that it understands its own situation either historically or at any one time. The last century has taught it many lessons and it has acquired an army of sycophantic but yet intelligent theorists. At the time of the World War, their historical understanding was limited and their political economy, based on Jevons-Marshall or the Austrians, was dogmatic if not nonsensical. The British ruling class remained determinedly pragmatic and hence unable to foresee the necessary result of the war on its own international position, even though some individuals might have a better understanding. The Germans had better foresight, helped by bouncing off left-wing turncoats, but they had a more advanced proletariat, which neutralised them.

Unlike today, the ruling class was divided by country, with antagonistic goals, even if in a supposedly shared future. The bourgeoisie had allowed the formal trappings of feudalism to survive as a means of controlling its own bureaucracy as well as its own ranks and that was not conducive to developing a powerful, rapidly acting, highly intelligent directing apparatus. The conservative/less conservative think-tanks in the USA perform some of that role today. Then they did not exist and hence the ruling class was ruled by archaic generals and superannuated politicians, not to speak of heads or scions of long-standing ruling class families like those of Winston Churchill, a liberal member of the cabinet at the time. His family went back to the Duke of Marlborough's switch of military support to a new British monarch, more suited to a rising bourgeoisie in 1788–1789, and so was typical.

The First World War changed all that. The Russian Revolution, the German Revolution and the Hungarian Revolution showed the danger ahead. The ruling class had to unite to save itself, but its attempts to do so were unsuccessful before continued national divisions. Instead, an Anglo-American alliance was forged which allowed US capital to assume leadership and take over imperial possessions under the guise of independence, but it had to wait for the next World War to complete the process. It is not clear at what point the British ruling class accepted its fate. The fact that Lenin and Trotsky foresaw a war between the two powers was not a failure of understanding but really an indication of a possibility, overestimated at the time. Trotsky's appreciation of the new order, effectively under the UAS, was referred to above.

For a class-conscious member of the British ruling class looking backward at the results of the First World War, it can only appear as an unnecessary disaster. Ian Ferguson has drawn the obvious conclusion for a right-wing historian, firmly in that camp.²⁰ Not only did the UK impoverish itself, leading to 20 more years of downturn or depression, but its imperial possessions were now threatened both by another

²⁰ Niall Ferguson, *The Pity of War* (London: Penguin Press, 1999).

imperial power and by the rise of Marxism, and its bastard offspring Stalinism with its doctrines of National Liberation. During and after the war, socialism looked a realistic possibility as an alternative to capitalism.

While the rise of a socialist threat to capitalism was inevitable, the First World War facilitated it, rendering the world unstable. The UK ruling class itself was not threatened by the Communist Party but there was a clear shift to the left both in the imperial country and its colonies and dominions. Indeed, precisely because Stalinism was itself nationalist and nationalist uprisings were no threat to Stalinism, unlike socialist revolutions, the USSR tended to support so-called national liberatory movements, if only with money and arms, and, if necessary, a refuge for outlawed leaders of the third world.

The Decline of Capitalism

What then underlay the weakness of capitalism in 1914? Capitalism had gone into crisis in the 1870s in the period known as the Long Depression, lasting for over 20 years in the UK (1873–1896) and various lesser times for other countries. Capital had resorted to imperialism as a solution, but of a new kind. Conquest of other countries and the extraction of tribute, whether of gold, spices, slaves or other commodities, had existed from the early years of capitalism. Spain and Portugal had pioneered the way in the most brutal fashion. The new form exported capital itself, expecting tribute in the form of profits, dividends or an enhanced return of the initial capital. Lenin's innovation lay in his clear separation of a declining capitalism and its predecessor, which had raised productivity to levels that made a society of abundance possible.

In contrast, the new imperialist form raised profits by superexploiting workers in the third world. If we define imperialism as the exaction of tribute by a ruling class of one country from the people of another country then the expansion of the metropolitan countries after 1870 into the third world was clearly imperialist. However, Lenin redefined the word to mean the extraction of superprofits through the investment of capital by the capitalist class of an imperial country in a less developed country. By establishing imperial monopolies, it was able to obtain resources behind imperial barriers, which could be sold at monopoly prices.

Lenin married the concept of monopoly, taken from Hilferding and the problems of investment, with a description of imperialism taken from J.A. Hobson. Alex Marshall describes in some detail Lenin's writings on imperialism in this issue. There is no need to go further, other than in two respects. The first is in the concept of decline. Much of what Lenin wrote is a synthesis of other works, but in the idea of decline of capitalism he was original within Marxism. It is not in Hilferding, although one might read it into the text of his book on finance-capital. The idea that there are stages within a capitalist mode of production is not in Marx, but its implications are wide-ranging. Implicitly, Lenin is stating that there are new laws and new forces operating that limit the operations of the old laws. The most important of those that he outlines is the rise of monopoly and its consequences. Because price is controlled

and a limit established for production for that purpose, there is a limit to the amounts invested. That creates a shortage of investment outlets and a tendency to convert capital into money. That, in turn, results in the rise of finance capital as a separate economic form, with its own economic consequences, among which is the export of capital. As it is unproductive, its growth will tend to have negative consequences, among which is the need to cream profits off productive industry, so reducing the rate of productive investment, while raising the level of pure speculation.

Lenin had died 55 years before the second coming of finance capital after 1979 and its further development, inherent in its earlier form. Indeed, the description provided by Hilferding turns out to have been rather one-sided. The picture provided was one of bank capital playing a monopoly role over industry but nonetheless helping it to develop over time. That indeed has been the continued form of finance capital in Germany, as opposed to its development in Britain and America, where it is inherently short-termist and parasitic to the point of destruction. The differences already existed at the time but Lenin/Hilferding based themselves on Germany not the UK. At the time, the main difference was that Germany was more dependent on banking capital, which in its turn could come from other countries like the UK, while UK capital relied on its industrial profits, which were threatened with long-term stagnation in the period 1873–1896. The reason for the decline in profit has been variously attributed by Marxists to the falling rate of profit, monopoly, and over-accumulation either through disproportionality or underconsumption. However, we need a reason that is not just cyclical but long term, because we are discussing a tendency to stagnation, not a cyclical movement. The reason is monopoly defined simply as a condition where the market in the particular commodity is supplied by a small number of firms, where one firm or a number of firms can substantially influence the price.

Conclusion

The theoretical result is that the concept of crisis changes to an amalgam of the different forms mentioned above. In addition, we have to add the conscious element—the fear of working class control over wages and ultimately over the system itself.

Today, it is somewhat clearer, but before the First World War, the welfare state was coming into being and the increasing economic and political importance of armaments was not transparent. The ruling class was not anticipating its overthrow. As noted above, it could not believe it when it happened. It did not, therefore, consciously plan to ward off any working class revolt for power. It did worry about increasing discontent, strikes and mass strikes, and the states with antiquated political forms realised their instability, but they expected war to consume the energy of their workers in an orgy of nationalism and militarism. That was partly because the ruling class did not expect the war to last to the point where people were starving, and millions were killed and injured. When it realised this, it was probably too late. The

losing side probably had nothing left to lose while Britain and the USA needed to win to deal with the consequences of the break-up of the other side. Having won, they re-ordered the world under their hegemony, with the UK moving into a junior role.

History does not move in straight lines, and the rise of Fascism and Stalinism were neither wanted nor desired by what we may call the central bourgeoisie, but they were a result of the First World War and its settlement, both by war and treaty. They effectively ensured a further 60 years of war and Cold War. We live in the aftermath of this, where the absence of global war and fear of the working class have led to chaos and confusion. The same economic problem that led to imperialist expansion and to the First World War has returned. The capitalist class has an investment problem, a glut of money and a shortage of outlets, but there is neither imperialism nor World War available to absorb its funds. The result is stagnation, and the rise of the far right, as in the 1930s. The obvious alternative—for the governments to invest in projects to raise the standard of living of all, and redistribute income and control for that purpose—is fiercely opposed. A century ago, the ruling class turned to war. This time we are talking of the poles pulling apart and the system disintegrating. We may expect that the shift both in thought and in action will show itself first in unexpected forms and then gradually build up. The slippage that led to war in 1914 can also be a slippage leading the majority to understand and act for the alternative—socialism.