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Rethinking Power Politics in an Interdependent World, 1871–1914

This article proposes a new interpretation of the relational dynamics between the great powers from 1871 to 1914 to explain how the increasing interdependence of the era could both facilitate peace and generate the conditions that made a general European war more likely after 1911. Interdependence accelerated the development of international financial and commercial networks, and transnational social and cultural exchanges raised the costs of a general war, offered multiple channels for states and societies to exercise influence over each other, and altered power relations. The great powers pursued their interests through not only military force but also trade deals, financial loans, expert missions (teams sent to smaller states ostensibly to aid in modernization), and cultural diplomacy. They competed for influence in smaller states. Many of the crises that pockmarked this era derived from their contested interests in such strategically vital areas in Europe as the Balkans, the Ottoman Empire, and the Low Countries, as well as elsewhere in the world. States that lost out in this transformation, notably Austria-Hungary and Russia, saw the militarization of their foreign policy as a way to compensate for weaknesses in other forms of power.

In *A World Connecting*, Rosenberg argues that late nineteenth-century internationalist organizations were characterized by “sunny optimism,” a belief that they “might keep pace with the globalization occurring in the economic and technological realms.” In her account, World War I marked a significant break from this outlook, destroying hope and injecting “fear” into postwar internationalist projects. Among the pre-war optimists was Norman

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Angell, who had contended that commercial and financial interdependence rendered war economically irrational. But in the same volume, Maier maintained that Angell “overestimated the strength of [economic] interests and underestimated the force of alliances.” Maier instead emphasizes the cut-throat, violent competition between empires that drove late nineteenth-century globalization, culminating in World War I. Rosenberg and Maier concentrate on different dimensions of globalization before 1914, but their radically different views speak to a wider debate among historians and social scientists about the relationship between globalization, war, and peace.¹

This debate has a long history, stretching back to the *doux commerce* thesis of Montesquieu and the cosmopolitan prescriptions of Immanuel Kant in the eighteenth century. The period between the end of the Franco-Prussian War in 1871 and World War I occupies a particularly important place in this debate. These four decades witnessed an intensification of globalization, a deepening of interdependence, and a thickening of global networks; yet the same period was also the classical era of rivalry between the great powers that eventually caused world war. Contemporaries debated how growing interdependence reshaped inter-state relations. Historians and social scientists draw from case studies of the period to illustrate wider arguments about globalization, peace, and war.

THE “TRANSNATIONAL TURN” AND THE HISTORIOGRAPHY OF INTERNATIONAL RELATIONS Current scholarly interest in the impact of interdependence on great-power relations is the product of wider discussions regarding globalization and the reconceptualization of international history following the “transnational turn.” Transnational and global histories question the fundamental place of the nation-state in the research agendas of historians and social sciences. To use Conrad’s phrase, the state is not the “container” of society. Territorial boundaries being porous, societies are shaped by flows of people, goods, and ideas across borders. Historians have charted the thickening of relations between states and societies, as transnational connections hardened into networks and

1 Emily Rosenberg, “Transnational Currents in a Shrinking World,” and Charles Maier, “Leviathan 2.0,” in Rosenberg (ed.), *A World Connecting, 1870–1945* (Cambridge, Mass., 2012), 211–212, 229–230 (Maier), 825 (Rosenberg); Norman Angell, *The Great Illusion: A Study of the Relation of Military Power to National Advantage* (New York, 1910).

institutions that redefined the scope of international politics. Scholars identified the late nineteenth century as the crucible of globalization. According to Osterhammel and Petersson, “The planet was becoming the frame of reference for the thoughts, actions, and experiences of a rapidly growing percentage of the world’s population.” Denser transnational networks and a tighter regional integration produced a more intense form of globalization, qualitatively different from that of previous eras. Historians pursued new research agendas in international relations, such as interdependence, international political economy, and global civil society. Challenging the realist paradigm and the autonomy of states, these approaches expanded the range of issues in international relations from a focus on military and territorial security to monetary policy and the regulation of international transport, to take but two examples.²

These research agendas raise the question of how interdependence affected the traditional concerns of international history, great-power relations, war, and peace. Broadly speaking, historians and political scientists have taken four positions about the period between 1871 and 1914:

(1) Because great-power politics and transnational relations operated on different planes and addressed different issues, this period cannot offer a useful case study about the intersection of interdependence, war, and peace. Political and military leaders were often indifferent to the practices and networks by which the globe was reconfigured—for example, the standardization of time, agreements about postal services and telegraphy, and transnational associations of trade unionists and missionaries. Yet interdependence structured the options for decision makers and shaped the interests of politically influential groups. Leaders could not

2 Jay Winter, “General Introduction,” *idem* (ed.), *The Cambridge History of the First World War* (New York, 2014), I, 6; Sebastian Conrad, *What Is Global History?* (Princeton, 2016), 3; Pierre-Yves Saunier, *Transnational History, Theory and History* (Basingstoke, 2013), 6–11; Akira Iriye, “The Making of a Transnational World,” in *idem* (ed.), *Global Interdependence: The World after 1945* (Cambridge, Mass., 2014). See also Matthew Connolly’s comment on international and transnational history, in “AHR Conversation: On Transnational History,” *American Historical Review*, CXI (2006), 1447–1449. Jürgen Osterhammel and Niels Petersson, *Globalization: A Short History* (Princeton, 2005), 82; Robert Keohane and Joseph S. Nye (eds.), *Transnational Relations* (Cambridge, Mass., 1981; orig. pub. 1972); Robert Gilpin, *The Political Economy of International Relations* (Princeton, 1986); John Keane, *Global Civil Society?* (New York, 2003).

ignore issues such as foreign trade and international public opinion in decisions about war and peace.³

(2) Interdependence may have promoted cooperation and inhibited the outbreak of a general European war to some extent, but it remained too flimsy to restrain the great powers in 1914. Economic integration that centered on Western Europe and the North Atlantic impeded a war between Britain, France, and Germany, but no such constraints against military force existed for the less integrated states of Eastern Europe. This argument, however, overstates the distinctions between Eastern and Western Europe. Germany and Russia were among each other's most important commercial partners; the Balkan states were integrated into international capital markets; and social networks and cultural exchange transcended borders across Europe.⁴

(3) Interdependence intensified conflict and increased the likelihood of war. This position has various strands, highlighting competing interests between states, particularly in global imperial rivalries; the creation of new vulnerabilities and strategic opportunities to win wars; and the undermining of states' capacity to signal effectively to each other that could be heard above the noise of transnational public opinion and the heated rhetoric of the press. International trade also became a source of conflict, and those who lost out in globalization spawned domestic coalitions eager for more assertive nationalist policies, though Torp's work shows the limited influence that the emblematic "rye and iron" coalition had on tariffs and, more broadly, foreign policy in Germany.

3 For rigorous accounts of decisions makers largely operating within an autonomous field, see Thomas G. Otte, *The July Crisis: The World's Descent into War, 1914* (New York, 2014); *idem*, *The Foreign Office Mind: The Making of British Foreign Policy, 1865–1914* (New York, 2011). Richard Findlay and Kevin O'Rourke, *Power and Plenty: Trade, War, and the World Economy in the Second Millennium* (Princeton, 2007), xxiv–xxv.

4 Rosenberg, "Transnational Currents," 815–898. See Carl Strikwerda, "The Troubled Origins of European Economic Integration: International Iron and Steel and Labor Migration in the Era of World War I," as well as the response and reply, *American Historical Review*, XCVIII, (1993), 1106–1129, and Paul. W. Schroeder's comment, *ibid.*, 1130–1142. Bruce Russett and John Oneal, *Triangulating Peace: Democracy, Interdependence, and International Organizations* (New York, 2001), 35–42, 174–177; Erik Gartzke and Yanatan Lupu, "Trading on Preconception: Why World War I Was Not a Failure of Economic Interdependence," *International Security*, XXXVI (2012), 115–1150. For the most common interpretation of the liberal theory of interdependence and peace, see Levy, "Economic Interdependence, Opportunity Costs, and Peace," in Edward D. Mansfield and Brian M. Pollins (eds.), *Economic Interdependence and International Conflict: New Perspectives on an Enduring Debate* (Ann Arbor, 2003), 127–147.

Notwithstanding the commercial conflicts between the great powers, however, leaders were not prepared to wage a European war over them; nor were they prepared to wage war for imperial reasons or because of insults traded in the press. No consensus is evident, even among naval and military leaders, that exposing the economic vulnerabilities of enemy great powers would result in a low-cost, short war.⁵

(4) Interdependence is strongly determinative of power. Copeland's recent book emphasizes trade as a source of the wealth and strategic goods that underpin military power and potential. States, fearing a loss of trade that would threaten their wealth and military power, often act aggressively. According to Copeland, expectations of a decline in future trade can diminish constraints on conflict and produce actions and reactions that spiral eventually into military conflict. Deteriorating German "trade expectations" from the 1890s onward fostered an aggressive German *Weltpolitik* and Anglo-German antagonism. Yet a long lag occurred between *Weltpolitik* in the 1890s and World War I; expectations were far less uniform than Copeland suggests. Many German economic and political leaders in 1913 and 1914 expected that continued peace and trade would benefit Germany's political position in Europe.⁶

5 Maier, "Leviathan 2.0," 203–204, 213, 229–230. For a different view of European imperialism and great-power conflict from the perspective of global history, see Osterhammel, *Die Verwandlung der Welt: Eine Geschichte des 19. Jahrhunderts* (Munich, 2009), 580–589, 676–678. Nicholas Lambert, *Planning Armageddon: British Economic Warfare and the First World War* (Cambridge, Mass., 2012); Matthew Seligmann, *The Royal Navy and the German Threat, 1901–1914: Admiralty Plans to Protect British Trade in a War against Germany* (New York, 2012). Lambert and Seligmann disagree about British naval strategy, but both emphasize the centrality of trade to planning in the British and German admiralties. Avner Offer drew attention to British and German admirals' concerns about international trade and food supplies in *The First World War: An Agrarian Interpretation* (New York, 1989), 215–353. Lambert distinguishes economic warfare, designed to bring about the collapse of an enemy's economic and credit system, from blockade, designed to deprive an enemy of vital resources, notably food. Christopher Clark, *The Sleepwalkers: How Europe Went to War in 1914* (London, 2012), 226–233; Dominik Geppert, *Pressekriege: Öffentlichkeit und Diplomatie in den deutsch-britischen Beziehungen 1896–1912* (Munich, 2007); Etel Solingen, "Domestic Coalitions, Internationalization, and War: Then and Now," *International Security*, XXXIX (2014), 44–70; Cornelius Torp, *Die Herausforderung der Globalisierung: Wirtschaft und Politik in Deutschland 1860–1914* (Göttingen, 2005). Solingen draws from Torp's thesis, but Torp argues against reducing German trade policy to the "coalition of rye and iron": Torp, "The Coalition of 'Rye and Iron'" under the Pressure of Globalization: A Reinterpretation of Germany's Political Economy before 1914," *Central European History*, XLIII (2010), 426.

6 Dale Copeland, *Economic Interdependence and War* (Princeton, 2015), 1–45; diary entry, May 6–9, 1914, in Michael Epkenhans (ed.), *Albert Hopman: Das ereignisreiche Leben eines Wilhelminers:*

POWER IN AN INTERDEPENDENT WORLD In developing a new interpretation that accounts for how interdependence both sustained peace and stimulated conflict between the great powers, this article returns to the work of Keohane and Nye about transnational relations, interdependence, and power. Even though the development of any broad research agenda transcends any single *fons et origo*, Saunier notes that these two scholars “left an enduring mark on the vocabulary of other social sciences.”⁷

Keohane’s and Nye’s work offers a starting point for considering how interdependence shaped great-power relations between 1871 and 1914. Sensitive to the growing importance of international business, professional networks, and intellectual exchange during the 1960s and 1970s, and reacting against prevailing realist theories, Keohane and Nye developed the concept of “complex interdependence,” an ideal type, which can be modified to shed light on international politics before 1914. Complex interdependence has three characteristics: First, multiple channels—such as multinational corporations, environmental campaigners, and diplomats—connect societies, which Keohane and Nye described as transnational networks, distinct from interstate relations. Second, governments grapple with a wide variety of issues, without any permanent priorities. Hence, military security does not necessarily trump other concerns, such as pollution or banking regulations. The absence of a hierarchy encourages governments and non-state actors to make bargains across different issues. Third, military force plays a “minor role” in complex interdependence, because the threat of attack is low, and military force is irrelevant to resolving many issues, such as trade disputes.⁸

Moving from the description of the system toward a discussion of its effects, Keohane and Nye argued that “transnational

Tagebücher, Briefe, Aufzeichnungen (Munich, 2004), 368; Alfred Zimmermann in *Stenographische Berichte*, 21. Legislatur Periode, VI Session, 1912/3, 9762–7, January 21, 1913, Reichstag.

7 Keohane and Nye, *Power and Interdependence: World Politics in Transition* (New York, 2012; orig. pub. 1977); *idem*, “Power and Interdependence Revisited,” *International Organization*, XLI (1987), 725–753; *idem* (eds.), *Transnational Relations and World Politics*; Pierre-Yves Saunier, “Transnationalism,” in Iriye and Saunier (eds.), *The Palgrave Dictionary of Transnational History* (Basingstoke, 2009); Patricia Clavin, “Defining Transnationalism,” *Contemporary European History*, XIV (2005), 425, 434; Ian Tyrrell, “American Exceptionalism in an Age of International History,” *American Historical Review*, XCVI (1991), 1044.

8 Keohane and Nye, *Power*, 21–22; *idem*, “Power and Interdependence Revisited,” *International Organization*, XLI (1987), 737–738; *idem* (eds.), *Transnational Relations*.

relations increase the sensitivity of societies to one another and thereby alter relationships between governments.” They identified various outcomes resulting from interdependence, including changes in attitudes, limitations on state action, increased opportunities to lever rivals, and the emergence of non-state actors and non-governmental organizations.⁹

Modes of power were transformed in an interdependent system. Like many other social scientists, Keohane and Nye viewed power not as a resource but as a relational mode between two actors and control over outcomes. This understanding drew on Dahl’s well-established conceptualization of power as the ability of actor A to get actor B to do something that B would otherwise not do, either by force and threat or by shaping preferences, even the identity of other actors. Interdependent systems multiply the ways in which actors can influence one another, particularly in cases of “asymmetrical interdependence,” which provide one actor with leverage over another. Power is also sufficiently fungible to permit power relations in one area—say, a financial relationship—to influence outcomes in a different area—say, military security. These new modes of power can be embedded in commercial and cultural exchange between two or more societies, enabling states to affect the preferences of other states.¹⁰

How can military conflict occur within an interdependent system? Although Nye and Keohane downplayed the capacity of military force to determine outcomes in an interdependent system, they also maintained that “military power dominates economic power in the sense that economic means alone are likely to be ineffective against the serious use of military force. Thus, even effective manipulation of asymmetrical interdependence within a

9 *Idem*, “Preface,” in *idem* (eds.) *Transnational Relations*, xvii; Hans Dorussen, Erik A. Gartzke, and Oliver Westerstiner, “Networked International Politics: Complex Interdependence and the Diffusion of Conflict and Peace,” *Journal of Peace Research*, LIII (2016), 283–291.

10 Robert A. Dahl, “The Concept of Power,” *Behavioral Science*, III (1957), 202–203. For a useful survey, see David Baldwin, *Power and International Relations: A Conceptual Approach* (Princeton, 2016); for several ways in which historians apply the concept of power, Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (London, 1989), xv; David Reynolds, “Power, Wealth, and War in the Modern World,” *Historical Journal*, XXXII (1989), 483. Richard Evans, *The Pursuit of Power: Europe, 1815–1914* (London, 2016), views power variously as a relational concept, a resource, and an interest (xvi–xx, 21–22, 700).

nonmilitary area can create risks of military counteraction.” In other words, a persistent and uneven imbalance of power relations in one area, such as economics, can lead a weaker state to adopt military measures. An uneven distribution of power relations resulting from interdependence can sow the seeds of a system’s collapse into war.¹¹

Although international politics before 1914 has long been a reservoir of case studies for international-relations theory in general and more recently for debates about the relationship between interdependence and great-power relations, Keohane and Nye have written little about such subjects during this period. Nye did not mention interdependence in his contribution to a special issue of this journal, “The Origin and Prevention of Major Wars,” in 1988; many of the other articles in the special issue concentrated on classic themes of military security and the anarchic character of the international system. Keohane’s and Nye’s case studies about interdependence drew primarily from the post–World War II era. The surge of studies in transnational and global history has shown that the world before 1914 was highly interdependent, particularly in Europe, where international trade, finance, and the flow of ideas and information across borders reshaped the conditions of great-power politics.¹²

The politicians, diplomats, admirals, generals, businessmen, missionaries, lawyers, journalists, and intellectuals who lived in this interdependent, globalizing world thought, spoke, and wrote about it. The writings of Angell, a British journalist, and Jan Bloch, a Polish banker, about the escalating economic costs of war for the great powers are well known. Less familiar are the writings of Riezler, adviser to German Chancellor Bethmann Hollweg—a

11 Keohane and Nye, *Interdependence*, 9–14. See also Nye, *Bound to Lead: The Changing Nature of American Power* (New York, 1990), 25–34.

12 Keohane and Nye, “Transnational Relations and World Politics: A Conclusion,” in *idem* (eds.), *Transnational Relations*, 374–375; Nye, *Understanding International Conflicts: An Introduction to Theory and History* (New York, 2005), 69–81; *idem*, “Old Ways and Future Wars: Causation and Prevention,” *Journal of Interdisciplinary History*, XVIII (1988), 581–590; Samuel Williamson, “The Origins of World War I,” *ibid.*, 795–818; Maier, “Wargames: 1914–1919,” *ibid.*, 819–823, which also focus on questions of alliances and military planning. Williamson pointed to the disruptive blurring of domestic and foreign policy in Austria-Hungary and the connections between national minorities within the empire and states outside it, in a form of transnational politics. Keohane, *Power and Governance in a Partially Globalized World* (London, 2002), 48.

proponent of the “risk theory” of crisis management. Riezler also analyzed how transnational networks and economic interdependence altered the context of power politics. In his 1913 book, *Die Grundzüge der Weltpolitik in der Gegenwart*, he touted two trends—cosmopolitan and national—as integral to international politics, each with its own logic. The cosmopolitan trend, which was rooted in cooperation and reciprocity, did not necessarily ascribe primacy to the nation or state. The national trend, a struggle for expansion, resources, and prestige, subjugated all considerations to the interests of the state. In Riezler’s view, the intertwining of the two phenomena created new ways to conduct politics; it created a “deep transformation of the means of expansion.”¹³

Previously, the expansion of one nation had come at the expense of others. According to Ruedorffer, “[T]hat remains the case today, but not to the same degree. In a certain sense, nations (Völker) have changed from hard bodies into porous masses, which penetrate into and overlap with one another. This development does not only have cosmopolitan consequences in the sense of the mixing of materials. Nations do not only fight each other at their borders and militarily, but around the globe, far and near. Everywhere, goods, capital, and ideas fight against each other.” If we view power in broader terms than military resources, interdependence did not mean the end of power politics. Riezler noted how new fields of international competition gave advantages to certain states, notably Britain and France.¹⁴

An elegant theory will never explain the messy complexity of historical processes, but it can direct historians’ attention to significant features of such processes. As an ideal type, “complex interdependence” cannot fully describe the pre-1914 world, but it

13 Martin Ceadel, *Living the Great Illusion: Sir Norman Angell, 1872–1967* (New York, 2009); Ela Bauer, “Jan Gottlieb Bloch: Polish Cosmopolitanism versus Jewish Universalism,” *European Review of History*, XVII (2010), 415–429. For the legacy of Angell’s work for capitalist peace theories, see Gerald Schneider, “Peace through Globalization and Capitalism? Prospects of Two Liberal Propositions,” *Journal of Peace Research*, LI (2014), 173–183. Andreas Hillgruber, *Deutsche Großmacht- und Weltpolitik im 19. und 20. Jahrhundert* (Düsseldorf, 1979), 96–97; Karl Dietrich Erdmann (ed.), *Kurt Riezler: Tagebücher, Aufsätze, Dokumente* (Göttingen, 1972), 19–24.

14 J. J. Ruedorffer (pseudonym of Kurt Riezler), *Grundzüge der Weltpolitik in der Gegenwart* (Stuttgart, 1916; orig. pub. 1914), 27–30, 77–100. The translations from German and French sources are by Mulligan.

highlights the multiple connections between societies, how the thickening of transnational relations altered relations between states. Military power and security remained a central, and often dominant, preoccupation, much more significant than in the ideal type of complex interdependence, but interdependence constrained the great powers' use of military force (see below). At the same time, interdependence created a new scope for the exercise of power, as great powers utilized trade, finance, expert missions, media, and cultural diplomacy to exert pressure on rivals and smaller states. The redistribution of power, as a result of interdependence, created the context for the remilitarization of foreign policy by states that found themselves at a disadvantage. Leaders, especially in Vienna and St. Petersburg, reacted to successive setbacks in the Balkans and the Ottoman Empire, key policy arenas, with an increasing willingness to contemplate the use of military force.¹⁵

INTERDEPENDENCE AND THE MAINTENANCE OF PEACE AFTER 1871 The Franco-Prussian War of 1870/1 appeared to consecrate the idea that military force determined international politics. Contemporaries predicted further wars between the great powers. Edward Stanley, Lord Derby, later Foreign Secretary in Benjamin Disraeli's government, wondered whether "the next great duel" would pit Prussia against Russia. Julius Andrassy, the Habsburg Foreign Minister, told Franz Joseph, Emperor of Austria-Hungary, that "the consequence of the last war is 'Power above Law'; today no state is secure and cannot claim its rights, except on the basis of all combinations that what it seeks peacefully it can also pursue successfully with weapons in the hand." Likewise, historians have concluded that mid-century wars intensified the militarization of international politics.¹⁶

15 Nye, "Old Ways," 581–590.

16 Diary entry, August 18, 1871, in John Vincent (ed.), *A Selection from the Diaries of Edward Stanley, 15th earl of Derby, 1869–1878* (London, 1994), 67; Johannes Paulmann, *Pomp und Politik: Monarchbegegnungen in Europa zwischen Ancien Regime und Erstem Weltkrieg* (Paderborn, 2000), 151; Klaus Hildebrand, *Das vergangene Reich: Deutsche Außenpolitik von Bismarck bis Hitler 1871–1945* (Stuttgart, 1995), 23; Josef Becker, "Zur Einführung," in *idem*, with Michael Schmid (ed.), *Bismarcks Spanische "Diversion" 1870 und der preußisch-deutsche Reichgründungskrieg* (Paderborn, 2003), I, xlvi–xlix; David Stevenson, "Militarization and Diplomacy in Europe before 1914," *International Security*, XXII (1997), 125–161.

Yet, contrary to contemporaries' expectations, the Franco-Prussian War was the final conflict in a succession of mid-century wars between the great powers. Throughout the following four decades, European great powers fought wars across the world but not against each other. After 1871, interdependence limited the utility of military force in great-power politics, contributing instead to the maintenance of peace between the European great powers for more than four decades. In turn, this peaceful coexistence facilitated the development of international commerce and transnational sociability; interdependence generated its own self-sustaining dynamics.

The dynamics of transnational associations and economic interdependence became evident soon after the Franco-Prussian War. In September 1873, the Institut de droit international held its inaugural meeting in Ghent, counting among its members leading lawyers and academics from Europe and North America. Its statute referred to the "juridical conscience of the civilized world" as a standard for assessing international politics. The resolution of the Anglo-American crisis regarding the *Alabama*—a Confederate warship built secretly in Britain to attack Union merchant vessels—at an arbitration in 1872 offered succor to international lawyers, whose efforts in the 1850s and 1860s to promote the legal settlement of international disputes appeared irrelevant in the wake of successive wars. British Prime Minister William Gladstone presented arbitration as an alternative to Bismarckian power politics. Pacifist groups also drew encouragement from the *Alabama* resolution and an earlier settlement involving British and Russian interests in the Black Sea, which prohibited the unilateral revision of treaties. Although the assembled group of international lawyers, pacifists, and an embattled prime minister provided scant support for constructing an alternative international order, their problem-solving initiatives signaled how transnational networks emerged from civil society. From different positions, lawyers, liberals, pacifists, and others began to erect a normative framework, buttressed by transnational public opinion, that limited the role of military force in great-power relations.¹⁷

Economic interdependence, already set in motion by free-trade treaties in the 1860s, accelerated after 1870. France and

17 Martti Koskenniemi, *The Gentle Civilizer of Nations: The Rise and Fall of International Law, 1870–1960* (New York, 2002), 39–53; Paul Laity, *The British Peace Movement, 1870–1914* (New York, 2001), 37–60.

Germany decided to join Britain in adopting the gold standard by 1873. This combination of the three largest European economies constituted a tipping point; Italy followed in 1883 and Russia in 1895. The spread of the gold standard facilitated international trade. As Flandreau explained, the growth of the gold standard was not the result of internationally coordinated decisions but the outcome of domestic political bargaining, technical studies of currency policy, and tensions about French indemnity payments to Germany. That said, the new standard's structural effects served to increase trade in the late nineteenth century, despite the adoption of significant tariffs in major economies—with the exception of Britain—from the late 1870s.¹⁸

After 1871, international trade and capital transfers became an increasingly important dimension of economic activity. World trade grew more quickly than the world economy, doubling in value during the decade before World War I. Foreign investments represented 7 percent of global GDP in 1870; they had reached 20 percent of global GDP by 1913. Evidence that the proportion of world trade taking place between developed economies barely changed between 1850 and 1913 (from 82 percent to 81 percent according to Pollard's calculations) suggests that the the leading powers remained each other's largest trading partners despite extensive colonial expansion. World trade grew in different phases, slowing during the recession following 1873 and the subsequent imposition of tariffs before accelerating to an average annual growth rate of 4 percent between 1896 and 1913. Significantly, tariffs slowed, but did not reverse, the global economic integration that was driven by imperial expansion, technological changes, dramatic improvements in transport, and institutional infrastructure, such as credit facilities and common standards. Economic interdependence was uneven in terms of geographical spread and economic activity, but the great powers' economies were much more closely integrated in 1913 than in 1871.¹⁹

18 Marc Flandreau, *The Glitter of Gold: France, Bimetallism, and the Emergence of the International Gold Standard, 1848–1873* (New York, 2004), 176–208; Torp, *Die Herausforderung der Globalisierung*, 41–42; Vera Zamagni, *The Economic History of Italy, 1860–1990* (New York, 1992), 180; Gopalan Balachandrian, “Power and Markets in Global Finance: The Gold Standard, 1890–1926,” *Journal of Global History*, III (2008), 317–319.

19 Sidney Pollard, “Free Trade, Protectionism, and the World Economy,” in Martin H. Geyer and Paulmann (eds.), *The Mechanics of Internationalism: Culture, Society, and Politics from*

A “global civil society,” predominantly centered upon elite networks and organizations in Europe and North America, developed alongside economic interdependence in the late nineteenth century. The establishment of a global telegraphic cable network, international media organizations, and economic interdependence went hand in hand, embodied in news agencies, such as Havas and Reuters. Communication and trade across borders required common standards and institutions. In 1865, the International Telegraph Union adopted common standards at a meeting in Paris. In the 1870s and 1880s, similar kinds of agreement multiplied; weights and measures, postal communications, intellectual property, and time became subject to international treaties and institutional oversight. By the turn of the century, improved communications facilitated the regular gathering of experts and campaigners—lawyers, anti-slavery groups, peace activists, sportspeople, and academics—and permeated international political life. Transnational networks and institutions often laid claim to being universal, but historians have shown that these processes created hierarchies and excluded certain groups. Moreover, ethnic nationalist associations, such as the Pan-Germans and Pan-Slavs, took advantage of the same technologies as, say, pacifists, who held radically different assumptions about international politics.²⁰

What effect did the acceleration and intensification of interdependence have on assumptions that military power determined international politics? After all, conflict across the Mediterranean in the fifteenth and sixteenth centuries, as well as between England and the Dutch Republic during the seventeenth century, demonstrate that trade did not prevent war, nor vice versa. By the late nineteenth century, the context had changed and so too had the cost-benefit analysis. As Bloch and Angell averred, interdependence raised the economic stakes of waging war. Political and

the 1840s to the First World War (New York, 2001), 27–34; Findlay and O'Rourke, *Power and Plenty*, 408–411; Torp, *Globalisierung*, 13–72; Michael D. Bordo, Alan M. Taylor, and Jeffrey G. Williamson (eds.), *Globalization in Historical Perspective* (Chicago, 2003).

20 John Keane, *Global Civil Society?* (New York, 2003); Simone M. Müller and Heidi J. S. Twork, “The Telegraph and the Bank’: On the Interdependence of Global Communications and Capitalism, 1866–1914,” *Journal of Global History*, X (2015), 264–268; Rosenberg, “Transnational Currents,” 826–832; Vanessa Ogle, *The Global Transformation of Time, 1870–1950* (Cambridge, Mass., 2015); Brigitt Morgenbrod, “Wien-Berlin und die ‘Deutsche Kulturnation,’” in Helmut Rumpel and Jan-Paul Niederkorn (eds.), *Der Zweibund 1879: Das deutsch-österreichisch-ungarischen Bündnis und die europäische Diplomatie* (Vienna, 1996), 327–343.

military leaders knew that war entailed the breakdown of international trade and the disruption of complex economies based on a global division of labor and increasingly integrated capital markets. The political costs of initiating war rose within the context of a transnational public sphere, in which political leaders' repeated vows of peaceful intent spread beyond national borders. As Riezler noted, any violation of the normative framework painstakingly constructed in transnational gatherings and publications entailed the penalties of alienating public opinion on a wide scale.²¹

Military professionals also recognized how interdependence restricted the utility of force. Admirals were well aware of how international trade rendered particular states vulnerable and how this vulnerability offered new ways of waging war. But even a short war risked economic disaster and social upheaval. The primary preoccupation of decision makers was not the length of a war but its consequences. From this perspective, even victory in a short war, if at all feasible, could result in the severe economic dislocation and social upheaval of both sides. Lambert's claim that the British government favored a "short war" strategy to bring about Germany's economic defeat is undermined by his own research, which shows that Britain was also wary of the economic backfire. In 1912, the Committee of Imperial Defence concluded that Britain's attempt to exert financial pressure on Germany in a war might be successful, precisely because it would be protracted, but such a lengthy war would also undermine the British economy. Those who argued that a short war based on a decisive battle might be possible—such as Schlieffen, chief of the German army's general staff, and Foch, a leading French general—found it difficult to develop a convincing military strategy; generals across Europe recognized the risks incurred from a war of attrition. Attempts to adapt military and naval strategy to the reality of the dependence on foreign trade—such as Helmuth von Moltke's modification of the Schlieffen Plan for Germany's invasion of France and Belgium in 1914 to include a "windpipe" for trade

21 Keith Wilson, *The Policy of the Entente: Determinants of British Foreign Policy, 1904–1914* (New York, 1985), 11–14; G. Trubetskoi, *Russland als Grossmacht* (Stuttgart, 1913), 131; Johann von Bloch, *Die wahrscheinlichen politischen und wirtschaftlichen Folgen eines Krieges zwischen Grossmächten* (Berlin, 1901); Angell, *Europe's Optical Illusion* (London, 1910); Ruedorffer, *Grundzüge*, 151–152, 218–219; Maartje Abbenhuis, *The Hague Conferences and International Politics, 1898–1915* (London, 2018).

through the Netherlands—reflected expectations of a costly and lengthy war.²²

INTERDEPENDENCE AND THE REMAKING OF POWER POLITICS Interdependence may have limited the utility of military power, but it also produced more possibilities for the exercise of power in international politics. Economic leverage resulted from international trade and capital flows; expert missions gave great powers scope to influence the political orientation of strategically important states; and cultural diplomacy sought to sway public opinion in other societies. Power was fungible; resources in one domain—say, finance—could have effects in another domain—say, security. These channels existed in any interdependent system. For example, propaganda from the French Republic and from the conservative monarchies during the French revolutionary wars became an important strategic tool, designed to undermine the enemy's political footing. The complexity and intensity of transnational networks in the late nineteenth century allowed for an unprecedented exercise of different forms of power between the great powers while they were, by all appearances, at peace—not only bilaterally (or dyadically, to use the term favored in international relations) but also within a complex system of interdependence that encompassed multiple countries and regions. The reluctance of great powers to fight each other also served to magnify the importance of forms of power other than military force. Britain, France, and, to a lesser extent, Germany (as well as the United States in the Western Hemisphere and East Asia) benefited more

22 Mulligan, "Armageddon: Political Elites and their Visions of a General European War before 1914," *War in History* (2018), available at doi: 10.1177/0968344517736082; Lambert, *Planning Armageddon*, 42, 115–120, 150–164, 192; Matthew Seligmann, "Failing to Prepare for the Great War? The Absence of Grand Strategy in British War Planning before 1914," *War in History*, XXIV (2017), 428; Stephen Cobb, *Preparing for Blockade, 1885–1914: Naval Contingency for Economic Warfare* (Farnham, 2013), 33–60, 101–130. Alan Kramer criticized Lambert's "short war" thesis in "Blockade and Economic Warfare," in Winter (ed.), *Cambridge History*, II, 465. Alfred von Schlieffen, "Der Krieg in der Gegenwart," in *idem, Gesammelte Schriften* (Berlin, 1913), I, 11–24; Ferdinand Foch, *Des principes de la guerre* (Paris, 1996), 130; Helmuth von Moltke, diary entry, February 4, 1905, in Eliza von Moltke (ed.), *Generaloberst Helmuth von Moltke: Erinnerungen, Briefe, Dokumente 1877–1916* (Stuttgart, 1922), 315; Stig Förster, "Dreams and Nightmares: German Military Leadership and the Images of Future Warfare, 1871–1914," in Manfred Boemeke, Roger Chickering, and Förster (eds.), *Anticipating Total War: The German and American Experiences, 1871–1914* (New York, 1999), 343–376.

from interdependence than did other states, altering power relations among the great powers.²³

Financial power became a prime political instrument after 1871, but financial resources did not translate automatically into power in international politics. The direction of investment, the role of the state, the dependency of the creditor and the debtor, and the fungibility of financial power determined its effects. Britain had the deepest credit resources and institutions, but much of its investment was directed outside Europe, particularly to its colonial empire. Moreover, compared to France, the British state played a limited role in directing finance. Russia achieved some bargaining power because of the enormous sums that the tsarist government owed French investors.

The collapse of the tsarist regime after the revolution in 1905 stood to ruin numerous French investors, but France and other creditors generally had the upper hand. French politicians used loans to influence negotiations with Russia concerning the formation of an alliance from the late 1880s and its consolidation in 1912 and 1913, when the French government tied loans to the construction of strategic railroads in Poland. Russian leaders had good strategic as well as financial reasons to pursue an alliance with France and consolidate the countries' military cooperation on the eve of the war, but French loans nudged decision makers in St. Petersburg to hew closely to French aims. In 1905 and 1906, the tsarist regime briefly leaned toward Germany before the French government made a loan to Russia conditional on support against Germany during the First Moroccan Crisis. A loan in 1906 to Russia from Barings bank, supported by Sir Edward Grey, the Foreign Secretary, paved the way for the Anglo–Russian entente.²⁴

23 Ruedorffer, *Grundzüge*, 27–30; Pierre Guillen, *L'expansion 1881–1898* (Paris, 1989), 54, points to French politicians' awareness of the importance of financial power to the Third Republic's foreign policy.

24 Jennifer Siegel, *For Peace and Money: French and British Finance in the Service of the Tsars and Commissars* (New York, 2014), 61–98; René Girault, *Emprunts russes et investissements français en Russie, 1887–1914* (Paris, 1973), 22–23, 202–247, 423–450; Vladimir N. Kokovtsov, *Out of My Past: The Memoirs of Count Kokovtsov* (Stanford, 1935), 84–96; D. W. Spring, “Russia and the Franco-Russian Alliance, 1905–1914: Dependence or Interdependence?” *Slavonic and East European Review*, LXVI (1988), 564–592. For domestic political economy and alliance behavior, see Michael N. Barnett and Levy, “Domestic Sources of Alliances and Alignments: The Case of Egypt, 1962–1973,” *International Organization*, LXV (1991), 369–395.

The withdrawal of capital, or the threat of it, also bore consequence. The decision of French and Russian investors to pull capital out of Germany in September 1911 contributed to financial panic in Germany during the Moroccan Crisis. Because negotiations between the French and German governments stalled at the end of August and the threat of war was looming, foreign investors, already concerned with an economic downturn, were prudent to withdraw capital from Germany. Soon afterward, when Alfred von Kiderlen-Wächter, the secretary of state, softened Germany's stance, the crisis was quickly resolved, largely to France's advantage.²⁵

Loans represented important leverage in the competition between great powers to control the alignment of smaller states. In the decade before World War I, France and Germany used loans to draw the Balkan states into their respective alliances. Loans often came with strings attached, such as deals to purchase weapons from a particular manufacturer. Small states had their own agendas, too, as they sought to modernize; their independent policies during the Balkan Wars reveal them never to have been passive objects in the great-power game. They managed to exploit rivalries between the great powers to secure advantageous loan terms. Political, financial, and military concerns meshed to sharpen their alignments with the great powers. By the eve of World War I, the economic and political ties in the Balkans strikingly matched; Serbia and Greece were recipients of French loans, whereas Bulgaria was on the verge of concluding a deal with German banks in July 1914.²⁶

Although trade was less fungible than finance as a lever of power, and although British efforts to use free trade to remake the European order in the 1860s had failed, trade, particularly after

25 Raymond Poidevin, *Les relations économiques et financières entre la France et l'Allemagne de 1898 à 1914* (Paris, 1969), 544–546; Jean Claude Allain, *Joseph Caillaux: Le défi victorieux* (Paris, 1978), 377–383; Boris Barth, *Die deutsche Hochfinanz und die Imperialismen: Banken und Außenpolitik vor 1914* (Stuttgart, 1995), 439–445.

26 Poidevin, “Les états balkaniques, théâtres d'affrontement entre intérêts français et allemands avant 1914,” in Christian Baechler and Klaus-Jürgen Müller (eds.), *Les tiers dans les relations franco-allemandes* (Munich, 1996), 97–103. For diplomatic discussion of the loans, see Izvol'ski to Sazonov, June 20, 1912; “Voyage à Paris et à Berlin, October 24, 1913,” *Un livre noir: Diplomatie d'avant guerre d'après les documents des archives russes, novembre 1910–juillet 1914* (Paris, 1922), I, 283–284; II, 360–363; Neratov to Bark, May 27, 1914, *Internationale Beziehungen im Zeitalter des Imperialismus* (Berlin, 1931), Series 1, III, 80–81.

the introduction of tariff barriers from the late 1870s, provided states with an effective instrument to mold foreign policy. Trade bolstered the Triple Alliance between Germany, Austria-Hungary, and Italy, as the Italian economy turned toward its northern partners after its trade war with France in the 1880s. Leo von Caprivi, Otto von Bismarck's successor in Germany, saw trade treaties as a means to secure German commercial and political dominance in Central Europe after 1890. Although Germany was Austria-Hungary's most important trading partner, Germany's most important trading partners were Britain, Russia, and the United States. During trade negotiations with Russia in 1904, Chancellor, Bernhard von Bülow exploited the Russian political and military weakness resulting from the war against Japan to secure better terms for Germany. In this instance, German leaders exploited political power for economic gain.²⁷

Governments sought to escape and prevent dependent trading relations—in other words, to deny leverage to their rivals. The most notable example of this strategy was the reorientation of Serbia's trade toward Germany and France, following its “Pig War” trade dispute with Austria-Hungary in 1906. The outcome made a mockery of the claim by Count Agenor Goluchowski, the Habsburg foreign minister, that Serbia was an “economic dependency” of Austria-Hungary. Instead, Serbia reduced its vulnerability to Austro-Hungarian commercial pressure, establishing a more independent foreign policy. French politicians occasionally feared trade dependence on Germany, but no great power became commercially dependent on another power.²⁸

Small states tapped international capital markets to modernize their military, administration, and economic infrastructure in a

27 Peter March, *Bargaining on Europe: Britain and the First Common Market, 1860–1893* (New Haven, 1996); Gabriele Metzler, *Großbritannien–Weltmacht in Europa: Handelspolitik im Wandel des europäischen Staatensystems 1856–1871* (Berlin, 1997).

28 Herman Lebovics, *The Alliance of Iron and Wheat in the Third French Republic, 1860–1914* (Baton Rouge, 1988), 47–56; Rainer Lahme, *Deutsche Außenpolitik 1890–1894: Von der Gleichgewichtsstrategie Bismarcks zur Allianzstrategie Caprivis 1890–1894* (Göttingen, 1990), 227–230; Konrad Canis, *Von Bismarck zur Weltpolitik. Deutsche Außenpolitik 1890 bis 1902* (Berlin, 1999) 122–127; *idem*, *Die Bedrängte Großmacht: Österreich-Ungarn und das europäische Mächtesystem, 1866/7–1914* (Paderborn, 2017), 327–328; Michael Palairet, *The Balkan Economies, c. 1800–1914: Evolution without Development* (New York, 1997), 303–306; Irmin Schneider, *Die deutsche Rußlandpolitik 1890–1900* (Paderborn, 2003), 135–166; Barbara Vogel, *Deutsche Rußlandpolitik: Das Scheitern der deutschen Weltpolitik unter Bülow 1900–1906* (Düsseldorf, 1973), 174–199; Poidevin, *Rélations économiques*, 511–528.

highly competitive world. One aspect of the modernization project was the expert mission—the most important being military and naval, although legal, financial, medical, and educational ones were also significant. Staffed by specialists from a single great power, these initiatives represented an effort to achieve or defend independence by forging ties to small states. Although the experts involved were often employed directly by the modernizing states, these missions were widely regarded as major players in great-power politics. Following Nye's definition, military and naval missions embodied soft power; their influence lay in their attractiveness to other states. German and French general staff officers and British naval officers dominated the missions to states in strategically crucial areas, such as the Balkans (including the Ottoman Empire) and East Asia.²⁹

The missions provided opportunities to shape military strategy, promote the purchase of weapons, and influence senior military figures. Given the political importance of the military in many states, the missions were in a position to influence a country's foreign policy. By the early twentieth century, French and German missions in the Balkans had become a proxy for rivalry between the two great powers. French officers viewed the success of the Balkan League forces that they had trained and armed against the German-trained Ottoman army in the First Balkan War as evidence of French military prestige. Similarly, the rise of Serbian power strengthened the military position of the Franco-Russian alliance at the expense of the German-Austro-Hungarian alliance.³⁰

29 For European missions and connections to Japan, see Olive Checkland, *Britain's Encounter with Meiji Japan, 1868–1912* (London, 1989); Andreas Weiß, *Asiaten in Europa: Begegnungen zwischen Asiaten und Europäern 1880–1914* (Paderborn, 2016), 102–126; Hoi-Eun Kim, *Doctors of Empire: Medical and Cultural Encounters between Imperial Germany and Meiji Japan* (Toronto, 2014), 3–24, 90–92.

30 Nye, *Soft Power: The Means to Success in World Politics* (New York, 2004); Jonathan Grant, *Rulers, Guns, and Money: The Global Arms Trade in the Age of Imperialism* (New York, 2007); Zisis Fotokis, *Greek Naval Strategy and Policy, 1910–1914* (New York, 2005); Olivier Cosson, *Préparer la Grande Guerre: L'armée française et la guerre russo-japonaise (1899–1914)* (Paris, 2013), 269–273; Adrian Wettstein, "The French Military Mind and the Wars before the War," and Markus Pöhlmann, "Between Manchuria and the Marne: the German Army and Its Perception of the Military Conflicts of 1911–1914," in Dominik Geppert, Mulligan, and Andreas Rose (eds.), *The Wars before the Great War: Conflict and International Politics before the Outbreak of the First World War* (New York, 2015), 176–189 (Wettstein), 204–229 (Pöhlmann); Stefan Schmidt, *Frankreichs Außenpolitik in der Julikrise: Ein Beitrag zur Geschichte des Ausbruchs des Ersten Weltkrieges* (Munich, 2009), 197–204.

States adopted various methods to influence public opinion in other countries. The transformation of the public sphere in the late nineteenth century fostered the assumption that public opinion played an important role in political decisions. The opportunities for cultural contact multiplied: Cables transmitted news between continents in a matter of hours; international exhibitions proliferated; and newspapers and reviews featured articles by international contributors. Public opinion was no longer bounded by national borders but open to foreign influence. The scope of states to shape public opinion has been a highly contentious issue; historians have largely concentrated on the involvement of governments in their own national debates rather than those in other countries. But diplomats sought to promote a positive image of their own country abroad. The boundaries between state and civil society were fluid in the cultural as well as the economic sphere; academics, journalists, and others often saw personal advantage in supporting a particular national interest. Observers admired French cultural diplomacy, which utilized art, literature, and fashion to promote the Third Republic. According to German observers, Britain's advantage lay in the vibrancy of its civil society and its control of global cable networks rather than in state-sponsored cultural diplomacy.³¹

Notwithstanding the difficulty of measuring the effect that cultural diplomacy had on specific decisions, its advocates viewed it as having distinct value in policymaking. Moments of public success—such as the visit of Nicholas II to France in 1896 or Edward VII to Paris in 1903—were designed to bolster public support for decisions that arose from geopolitical and military considerations. Setbacks—such as Kaiser William II's disastrous 1908 *Daily Telegraph* interview, supposed to signal his appreciation of Britain—reflected instead a pre-existing distrust. Nonetheless, the rapturous greeting of visiting monarchs helped to bolster the nascent Franco-Russian alliance and Anglo-French entente,

31 "Dépêche du conseiller d'État actuel Nekloudoff," October 14, 1910, in *Un livre noir*, I, 1–6; letters between Erich Lilienthal and Otto Hamann, fall 1911, R 1491, German and French cultural diplomacy in Scandinavia, Political Archive of the German Foreign Office, Berlin; Karl Lamprecht, *Über auswärtige Kulturpolitik* (Stuttgart, 1913); Ruedorffer, *Grundzüge*, 87–100, 249–251; Roland Wenzlhuemer, *Connecting the Nineteenth Century World* (New York, 2013); Paul. M. Kennedy, "Imperial Cable Communications and Strategy, 1870–1914," *English Historical Review*, LXXXVI (1971), 728–752.

improving their security value. The ending of the press wars between Britain and Germany after 1911 facilitated détente between the two countries. In smaller states, such as Belgium and Romania, the relative weight of Germany and France in public opinion, particularly among the politically important middle classes, was viewed as an important indicator of the state's foreign policy. Public opinion may not have determined foreign-policy decisions outright, but it certainly set bounds to the possibilities.³²

The intensification of connections—political, cultural, technological, and economic—between societies changed the means of conducting foreign policy and altered the distribution of power resources in the international system. These changes benefited Europe, settler colonies, the United States, and Japan, at the expense of other regions, but the changes also created cleavages *between* the leading European powers. Britain and France reaped the most rewards, Germany slightly fewer, and Russia, Austria-Hungary, and Italy the fewest, often unable to influence other states and even vulnerable to dependency themselves.³³

INTERDEPENDENCE AND THE ORIGINS OF WAR Keohane and Nye suggest that states tend to adopt military measures when vital interests are at stake and “when there is a substantial incongruity between the distribution of power resources on one dimension and those on another.” Between 1911 and 1914, the militarization of European politics, evident from the continental arms race, an increased willingness to contemplate the use of military force, and regional wars undermined peace in Europe. Specific decisions that led to this militarization resulted from the decision makers' perception that they were weak in fundamental respects. They sought to compensate for this weakness by strengthening their military might and becoming more assertive in crises. This tendency was not a move toward a general European war, but it produced an environment within which such a war became much more likely than before.

32 Paulmann, *Pomp*, 338–342; Peter Winzen, *Das Kaiserreich am Abgrund: Die Daily Telegraph Affäre und das Hale Interview von 1908* (Stuttgart, 2002); Geppert, *Pressekriege*, 412–419; Marie Thérèse Bitsch, *La Belgique entre la France et l'Allemagne, 1905–1914* (Paris, 1994), 247–317.

33 Barry Buzan and George Lawson, *The Global Transformation: History, Modernity, and the Making of International Relations* (New York, 2015), 240–245, 307–308; Kenneth Pomeranz, *The Great Divergence. China, Europe, and the Making of the Modern World Economy* (Princeton, 2000).

International politics had taken a military turn on other occasions since 1871, particularly in the late 1880s and early 1890s, and military force was always present in the calculations of great-power politics. After 1911, however, the division of great powers into two blocs and the fear in certain states, particularly Austria-Hungary, that their status as great powers, indeed as states, was at stake, heightened the risks of a general European war. Historians have demonstrated how this militarization of European politics was embedded in the logic of security competition. The purpose of this analysis is to show how power relations in an interdependent system, which tended to constrain the resort to military force, could ultimately lead to the militarization of international politics.³⁴

Decisions made by the German and Italian governments in autumn 1911 illustrate the relationship between certain kinds of weakness and a turn toward military power. Partly in response to French financial pressure during the Second Moroccan Crisis in 1911, the German government passed a bill through the Reichstag that placed a fresh emphasis on its army. Likewise, Italy's decision to invade Libya in September 1911 stemmed, to some extent, from the failure of its companies to secure influence in the North African provinces of the Ottoman Empire. These decisions undermined international stability by sparking a land-arms race among the continental great powers and precipitating a crisis in the Ottoman Empire, leading to the First Balkan War in 1912.³⁵

The connections between weakness in economic and cultural power and an inclination toward military force are evident in the policy decisions and changes in Vienna and St. Petersburg between late 1912 and early 1914. As Austria-Hungary faced the Serbian

34 Keohane and Nye, *Power and Interdependence*, show how the fungibility of power can lead to the use of military force under conditions of "complex interdependence." Citing the Japanese attack on Pearl Harbor in 1941 as a response to American efforts to contain Japan through economic means, they argue that the coercive manipulation of asymmetrical economic interdependence can lead to a military response in an "act of desperation" arising from weakness in other forms of power (14–16). David Stevenson, *Armaments and the Coming of War: Europe, 1904–1914* (New York, 1996); David G. Herrmann, *The Arming of Europe and the Making of the First World War* (Princeton, 1996).

35 Oliver Stein, *Die deutsche Heeresrüstungspolitik 1890–1914: Das Militär und der Primat der Politik* (Paderborn, 2007), 156–205, 290–306; Gian Paolo Ferraioli, "La diplomazia italiana, gli imperi centrali e l'impresa di Libia," in Luca Michaletta and Andrea Ungari (eds.), *L'Italia e la guerra di Libia: Cent'anni dopo* (Rome, 2013), 269–271.

challenge in the Balkan Wars, and Russia worried about losing influence over the Ottoman Empire, their leaders adopted more of a military posture, not just in response to security threats but also to economic and cultural stimuli. This compensation for weakness was not restricted to the bilateral relationships—Austria-Hungary/Serbia and Russia/the Ottoman Empire; it reverberated within the entire system of interdependence vis-à-vis the other great powers.

In 1907, Foreign Minister Alois von Aehrenthal considered a customs union between the Habsburg Empire and Serbia as a means of locking the Balkan state into the orbit of Austro-Hungarian influence. In October 1912, stunned by the Balkan states' victories, Leopold von Berchtold, Aehrenthal's successor, revised this plan to contain Serbia. Given Serbia's threatening territorial expansion and the demise of the status quo in the Balkans, Berchtold sought to limit Serbia's economic freedom. Although denying Serbia access to a port on the Adriatic Sea later became his key objective, in a memorandum dated October 30, 1912, he stressed an economic angle: "Through a tighter economic connection, which also contains many advantages for Serbia, a community of interests will be created that can secure peaceful co-existence for a long time." The customs union promised to fold Serbia and the western Balkans into the Habsburg sphere, counter Russian influence, and fend off German and French commercial interests.³⁶

Austro-Hungarian optimism about this plan had little foundation. Serbia had diversified its economic relationships during its trade conflict with Austria-Hungary after 1906. By 1912, Vienna lacked the very economic levers that it sought to restore through the customs union. Well-informed observers and politicians, such as Josef Redlich, lamented Habsburg financial weakness after the government placed a loan on the American market at a high interest rate of 6½ percent per year, a symbol of the empire's dependency

36 Mémoire Aehrenthal, February 5, 1907, in Solomon Wank (ed.), *Aus dem Nachlass Aehrenthal: Briefe und Dokumente zur österreichisch-ungarischen Innen- und Außenpolitik 1885–1912* (Graz, 1994), Part 2, 448–452; Berchtold Konzept, October 30, 1912, Berchtold to Belgrade, November 8, 1912, in Ludwig Bittner and Hans Ueberberger (eds.), *Österreich-Ungarns Aussenpolitik von der Bosnischen Krise 1908 bis zum Kriegsausbruch 1914* (Vienna, 1930), IV (hereinafter *ÖUA*), docs. 4205, 4317, 727–729, 798–799; Jürgen Angelow, *Kalkül und Prestige: Der Zweibund am Vorabend des Ersten Weltkrieges* (Vienna, 2000), 307–317; Franz-Josef Kos, *Die politischen und wirtschaftlichen Interessen Österreich-Ungarns und Deutschlands in Südosteuropa 1912/13* (Vienna, 1996), 49–55.

on external financial support. The Triple Entente supported Serbian economic independence. Grey, speaking for Britain, doubted the Serbian case for a port, describing the proposed customs union as “dangerous”; French President Raymond Poincaré feared the “enslavement” of Serbia. Berchtold sought to open negotiations in November, but Serbian leaders, wary of being trapped in economic dependency, rebuffed his hints about the possibility of a grand political and commercial bargain between Austria-Hungary and Serbia.³⁷

By early December, when the failure of the customs-union project became clear, Austro-Hungarian foreign policy immediately shifted; Berchtold began to support diplomatic initiatives with military deployments. Throughout November, the general staff had pressed for military preparations to counter Serbian and Russian threats. On December 5, Emperor Franz Joseph mobilized 27,000 troops on the southern border. Two days later, Archduke Franz Ferdinand, his heir, engineered the return of Franz Conrad von Hötzendorff as chief of the general staff. Fired a year earlier, after demanding a preventive war against Italy, Conrad’s re-emergence marked a new willingness among the Habsburg leadership to entertain the idea of war against Serbia. In October, Conrad had viewed the customs-union project as a legitimate way to contain Serbia, but following its failure, he returned to his habitual demands for a preventive war. In subsequent crises between Serbia and Austria-Hungary—about the evacuation of Montenegro from the Ottoman city of Scutari in spring 1913 and about the Albanian border in October 1913—Berchtold threatened military action. He believed that Serbia would back down, but his belligerence signified, in the wake of the failed customs-union project, a new approach that revealed Austria-Hungary’s lack of economic leverage in the Balkans.³⁸

37 Joseph Baernreither, *Fragmente eines politischen Tagebuches: Die Südslawische Frage und Österreich-Ungarn vor dem Weltkrieg* (Berlin, 1928), 172; Williamson, *Austria-Hungary and the Origins of the First World War* (London, 1991), 54–57; December 10, 1912, in Fritz Fellner (ed.), *Schicksalsjahre Österreichs, 1908–1919: Das politische Tagebuch Josef Redlich* (Vienna, 1954), I, 184; Benckendorff to Sazonov and Izvolski to Sazonov, November 7, 1912, *Die Internationalen Beziehungen im Zeitalter des Imperialismus* (hereinafter *IBZ*) (Berlin, 1942), 3rd Series, IV, Part 1, 184, 188–190; diary entry, November 5, 1912, in Fellner (ed.), *Schicksalsjahre Österreichs*, 172. See also the reports about the Serbian elite opinion from Stephan Ugron, the Austro-Hungarian envoy, November 15 and 25, 1912, in *ÖUA*, 883–885, 1000–1001.

38 Kos, *Interessen*, 89–96; Franz Conrad von Hötzendorff, *Aus meiner Dienstzeit* (Vienna, 1921), II, 314–326, 373–389; Stevenson, *Armaments*, 256–260.

Russia's series of setbacks with regard to the Ottoman Empire also prompted a move toward a more militarized foreign policy in 1914. In a memorandum of 1900, N. N. Peshkov, the Russian military attaché to Constantinople, discussed the unfortunate consequences of Russia's resort to military threats due to its lack of economic leverage—the alienation of the Ottoman rulers and the decrease in Russian influence. This predicament had become dire by early 1914 after the largely successful German military mission to the Ottoman Empire under Otto Liman von Sanders, the outcome of the Armenian reform negotiations, and the plans of the Ottoman Debt Council exposed the limits to Russia's power, especially in the economic context.³⁹

Despite some successes for Russian foreign policy, notably the downgrading of the German military mission in Constantinople and the conclusion of the Armenian reforms, Foreign Minister Sergei Sazonov and other observers were well aware of Russia's relative weakness. During the Liman von Sanders crisis, Sazonov urged the French government to threaten the Ottoman Empire with a financial boycott if it refused to change the terms of the German military mission. The French government rejected this approach on the grounds that such a financial boycott would simply open the path for German lenders to replace the French. Ministers discussed Russian economic sanctions as an alternative to military threats, but Sazonov knew that Russia had no economic leverage of its own over the Ottoman Empire. Konstantin Gulkevich, councilor at the Russian embassy in Constantinople, argued in February 1914 that the "lethargy of [Russia's] commercial circles" made economic relations with the Ottoman Empire difficult.⁴⁰

In early 1914, Sazonov failed to get a Russian delegate on the Ottoman Debt Council that originally formed in 1881 to secure loan repayments but ultimately blurred the lines between private creditors and the great powers. The absence of a Russian representative reflected the lack of Russian investment in the Ottoman Empire and divergent interests between Russian foreign policy

39 Dominic Lieven, *Towards the Flame: Empire, War, and the End of Tsarist Russia* (London, 2015), 77.

40 "Journal einer Sonderkonferenz vom 31. Dezember 1913," in Mikhail Pokrovski (ed.), *Drei Konferenzen: Zur Vorgeschichte des Krieges* (Berlin, 1920), 32–45; Izvolski to Sazonov, January 15, 1914, and Gulkevich to Sazonov, February 16, 1914, *IBZI*, I, 12–4, 253–5.

and creditors. Francis Bertie, the British ambassador to Paris, remarked, apropos of Sazonov's proposal to join, that a Russian delegate "would, as was habitual in a Russian, treat questions from the point of view that Russia is the natural heir to the Turk, whereas the preservation of what now remains of the Ottoman empire is a French and British interest." In the Liman von Sanders crisis and the failed bid to obtain a seat on the Ottoman Debt Council, Sazonov found Britain and France unwilling to use their economic power over the Ottoman Empire to support aims that Russia lacked the financial resources to achieve by itself.⁴¹

Starting in the 1870s, Russia had exploited the issue of Armenian reforms to exert influence within the Ottoman Empire. Russia led efforts by the great powers to impose reforms on the Armenian provinces, installing its own officials to supervise. The upshot was a Russian–Ottoman agreement in February 1914 that fell far short of Sazonov's original ambitions. For example, the two inspectors assigned to monitor it were from the unaligned European states of Norway and the Netherlands, depriving Russia of an opportunity to exert its influence. Sazonov found his proposals blocked first by Britain and France and later by Germany, enabling the Ottoman Empire to pit the great powers against each other.⁴²

On February 21, Sazonov chaired a special conference of military, naval, and diplomatic officials to discuss Russian plans to seize the Turkish straits if the Ottoman Empire were to collapse. This conference has been the subject of some controversy. McMeekin viewed it as evidence of an aggressive posture by Russia, whereas Bobroff and Lieven viewed it as standard contingency planning that reflected the importance of the Straits to Russian interests. The context of the conference was Russia's weakness in its relationship with the Ottoman Empire and the difficulty of securing its interests through commercial cooperation, which instigated a renewed consideration of military measures.⁴³

41 Bertie to Grey, January 20, 1914, Add MS 63032, fos 73–6, Bertie Papers, British Library.

42 Roderic Dawson, "The Armenian Crisis, 1912–1914," *American Historical Review*, LIII (1948), 481–505; Hans Lukas Kieser, Mehmet Polatel, and Thomas Schmutz, "Reform or Cataclysm? The Agreement of 8 February 1914 Regarding the Ottoman Eastern Provinces," *Journal of Genocide Research*, XVII (2015), 285–304.

43 Sean McMeekin, *The Russian Origins of the First World War* (Cambridge, Mass., 2011), 33–40; Lieven, *Towards the Flame*, 285–290; Ronald Bobroff, *Road to Glory: Late Imperial Russia and the Turkish Straits* (London, 2006), 87–91.

The conference had its origins in a memorandum drafted by Sazonov in November 1913 that questioned Russia's capacity to secure its interests in the straits. In the meantime, Tsar Nicholas II had removed Minister of Finance Vladimir Kokovtsov, a consistent advocate of retrenchment and compromise in foreign policy. The conference marked Sazonov's ascendancy and a greater willingness to contemplate the use of military force to protect Russian interests. After Admiral Ivan Grigorovich and General Yacob Zhilinski presented the naval and military options, the conference decided to strengthen Russian forces in the Black Sea and Caucasus. The tsar agreed to these measures in April 1914. The conference was not so much a "war council" as an instance of contingent military planning, but the emphasis on military force stemmed largely from the exposure of Russia's lack of alternatives. These considerations also inclined Russian leaders toward military measures during the July Crisis (the circumstances following the assassination of Archduke Franz Ferdinand of Austria-Hungary by a Bosnian Serb). Given its lack of commercial clout and the blow to its cultural claims as protector of the Slavs, Russia could scarcely endure the loss of influence throughout the Balkans that would follow a Serbian capitulation to Austria-Hungary.⁴⁴

Neither the Austro-Hungarian decisions in December 1912 nor the Russian ones in early 1914 were premeditated steps toward a general European war. Their immediate deliberations concerned Serbia and the Ottoman Empire, not the other great powers. Nonetheless, they increased the likelihood of a general European war. Shorn of economic leverage and other forms of "soft power," leaders in both countries became increasingly disposed toward military action. Hence, by spring 1914, two powers in opposing blocs that were worried about the loss of vital interests came to believe their best defense to be a show of force. These developments were not necessarily a permanent condition of international politics; they could have been reversed if either state had been able to achieve a little local success. But they turned out to be—particularly in Austria-Hungary's case—important steps toward the militarization of diplomacy during the July Crisis.

44 "Journal einer Sonderkonferenz," February 8, 1914, in Pokrovski (ed.), *Drei Konferenzen*, 46–67; Levy and Mulligan, "Shifting Power, Preventive Logic, and the Response of the Target: Germany, Russia, and the First World War," *Journal of Strategic Studies*, XL (2017), 757–761.

This account of how interdependence reshaped power politics in the late nineteenth and early twentieth centuries draws from disparate fields—recent historical research about transnational networks and political-science studies of great-power politics, interdependence, war, and peace. More work needs to be done concerning the relationship between different forms of interdependence and power politics, especially the agency of small states, the public diplomacy of the great powers, the relative power of creditors and debtors, and the fungibility of different modes of power. That said, this article argues that the solution to the puzzle of how economic, social, and cultural interdependence both sustained peace and created the conditions for war lies in understanding how interdependence reshaped power relations between the great powers.

Interdependence increased restraints on the use of military force by raising the economic costs of war and the political costs of violating international norms. At the same time, the growth of close social relations between different societies and states redistributed power; Britain, France, and, to a lesser extent, Germany profited from it, whereas Russia, Austria-Hungary, and Italy suffered deficits, even in their relations with weaker states in the Balkans and the Ottoman Empire. These conditions created winners and losers, not because the interests of the countries involved changed radically but because their capacity to advance them changed. The shift in Vienna and St. Petersburg toward a willingness to employ military force derived from recent setbacks and expectations of further losses. Two great powers, in opposing blocs, concluded that the system was stacked against them. Both of them attempted to alter the rules through military threats, thus setting the stage for the July Crisis, hoping, even expecting, that its antagonist would back down. Once employed, as either threat or direct action, military force trumped other forms of power. This resort to militarization as a result of weakness within an interdependent system has occurred in other periods, mandating further case studies of this issue.⁴⁵

45 Besides Keohane's and Nye's point about the Japanese attack on Pearl Harbor and the Philippines in 1941, other potential examples include whether defeats for pro-Prussian politicians in southern German states and the failure of the *Zollparlament* to develop into a "national" parliament influenced the calculus of Bismarck's strategy between 1868 and 1870 and the relationship between interdependence and the breakdown of *détente*. See Becker, "The Franco-Prussian Conflict of 1870 and Bismarck's Concept of a Provoked Defensive War: A

The shifting relationship between interdependence and power also explains the divergent assessments of power on the eve of World War I. To outside observers, Russia's military power was growing exponentially, threatening to overshadow the continent by the end of the decade, though its leaders had an acute sense of its fragile economy, as well as the series of setbacks that it had endured since 1904. Britain's declining share of the world economy was a definite concern to Edwardian policymakers, but the structures of international politics and economics had improved Britain's capacity to defend its interests in the early twentieth century. Nonetheless, policymakers were hard-pressed to assess their relative strength because of the multidimensionality of power within an interdependent political system.⁴⁶

The outbreak of war in 1914 did not end the relationship between interdependence and power politics. Belligerents and neutrals alike sought to exploit transnational connections. Chancellor Theobald von Bethmann Hollweg's September program for a customs union and German dominance of Europe echoed in grandiose form the prewar thinking of Aehrenthal and Berchtold about commercial supremacy over Serbia. The United States was able to reverse its debtor status by using loans to affect British policy but also encountered the problem that the debtor's default often meant the creditor's ruin. Moreover, the contest between the belligerents for public opinion in neutral countries dwarfed prewar initiatives. Interdependence, rooted in the patterns of the prewar world, steered the outcome of World War I.

Since the Brexit referendum and Donald Trump's election as president of the United States in 2016, commentators have placed increasing emphasis on an anti-globalization backlash, driven by those who have lost—or believe that they have lost—economically and culturally as a result of accelerating interdependence since the

Response to David Wetzel," *Central European History*, XLI (2008), 96. For détente, see Vladislav Zubok, "The Soviet Union and the Détente of the 1970s," *Cold War History*, VIII (2008), 427–447.

46 Otte, "A Formidable Factor in European Politics," in Levy and John A. Vasquez (eds.), *The Outbreak of the First World War: Structure, Politics, and Decision-Making* (New York, 2014), 87–112; William C. Wohlforth, "The Perception of Power: Russia in the pre-1914 Balance," *World Politics*, XXXIX (1987), 353–381; Lieven, *Towards the Flame*; Aaron L. Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905* (Princeton, 2010; orig. pub. 1988); Keith Neilson, "The Myth of the Decline of Great Britain before 1914," *International History Review*, XIII (1991), 695–725.

1990s. But other decisions and processes have undermined the world order. For example, Russian President Vladimir Putin's decision to invade Ukraine reflects both Russia's relative economic weakness vis-à-vis the European Union and the United States in the region as well as his own preference for military force. Indeed, the preference for military force may have accentuated his disinterest in the kind of economic development required to compete in an interdependent world. Equally, China's violation of trade rules and intellectual property and its effective use of economic diplomacy to enhance its geopolitical influence have stirred concerns among some factions in the United States that globalization is rigged against American interests, thus leading to a turn away from global multilateral diplomacy. As the years before 1914 show, weaknesses and setbacks in an interdependent world can trigger an increased emphasis on military force in international politics.⁴⁷

47 Georges Henri Soutou, *L'or et le sang: Les buts de guerre économiques de la Première Guerre Mondiale* (Paris, 1989); Lambert, *Planning Armageddon*.