

# Domestic Coalitions, Internationalization, and War

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Then and Now

The sources of World War I are numerous and widely studied. Some scholars have argued that they are underdetermining individually but overdetermining collectively. The purpose of this article is not to fuel the battle among theories claiming complete explanatory power, but rather to examine some lessons for contemporary international relations. Much of the recent commentary on the war's centenary evokes similarities between Germany in 1914 and China in 2014, and between globalization then and now. There are crucial differences on both accounts, however.

I advance an approach that transcends rigid renditions of primacy where domestic politics (*Innenpolitik*) or foreign policy (*Aussenpolitik*) alone explains outcomes. Rather, my approach hinges on domestic coalitions that operate as transmission belts between the two. Coalitions that aggregate state and private actors define the kinds of links to the global economy, and to their strategic (coalitional) cluster, that best serve their political survival. Internationalizing coalitions thrive with increased engagement in the global economy, inward-looking coalitions with decreased engagement. In turn, the global economy and the relevant strategic context—the balance of external threats and opportunities that coalitions face—provide different constraints and inducements for each coalitional type. Resulting (coalitional) balances of power—within and across states—have implications for whether or not coalitions will be more or less averse to the risk of war. Strategic clusters dominated by inward-looking actors will exhibit less aversion to war than internationalizing clusters. The nature of dominant coalitions thus provides a conceptual anchor for understanding the links between internal and external politics in 1914 and 2014. As an analytical category, coalitions draw greater attention to agency in debates that all too often emphasize international structure, impersonal forces, and inevitability. Two interrelated core claims rest on this basic analytical building block.

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First, despite apparent similarities in the domestic coalitional models of putative revisionist challengers—Germany and China—important differences defy facile analogies. Real-world coalitions can never match ideal types, which are abstractions by definition. Yet Germany’s dominant coalition under Wilhelm II’s *Kaiserreich* (1888–1919) was closer to the inward-looking category: it joined protectionism and militarization under a hypernationalist tent; it overwhelmed domestic internationalizing adversaries and sought to freeze reigning agrarian/industrial structures; and it was prone to brinkmanship while projecting aggressive expansionist aims. Although China today may elicit some parallels, its internationalizing leaders have anchored their political survival to the global political economy. While facing intermittent inward-looking challenges, internationalizers within and beyond the Chinese Communist Party (CCP) have dramatically increased their sway in the post-Deng Xiaoping era. Their internationalizing strategy has facilitated a historical transformation of socioeconomic structures. China’s leaders rely on nationalism strategically, sometimes unleashing nationalism and at other times restraining it. In addition, they must reconcile nationalism with continued internationalization, which remains the basis of their strategy for regime survival.

Second, some observers may contest the extent to which contrasts between Germany and China overwhelm the similarities between the two. Yet the specific “world-time”—global, regional, political, institutional, economic, and temporal contexts within which coalitions operate—widens the gap between 1914 and 2014 further. With regional coalitional clusters and the global political economy diverging across both periods, so do the links between domestic and external politics. Germany’s strategic coalitional cluster—particularly Russia, Austria-Hungary, and Serbia—reflected some of the same inward-looking features as Germany. Hypernationalism, protectionism, and external expansion lowered collective aversion to war. In contrast, China’s strategic coalitional cluster within and beyond the region is far more internationalizing than Germany’s 1914 counterparts. Furthermore, China’s reliance on foreign direct investment (FDI) as the dominant source of external capital puts China firmly in regional and global production chains. Along with other features, globalized production networks—spread over many countries—are the main drivers of contemporary globalization. Globalized production is much less vulnerable than trade was in 1914 and creates unprecedented alternatives to wars of expansion. Most important, the domestic costs of enhancing or decreasing economic openness, attracting or spurning FDI, are far more salient for domestic political survival today than they were in 1914. International institutions favoring internationalizing coalitions have replaced the institutional vacuum reigning in 1914. These and other circumstances discussed below suggest that ahistorical

analogies could therefore mislead; invoking them as if history must recur could inadvertently create new realities unfavorable to peace. Imperfect analogies can lead the sides to act on the basis of erroneous interpretations.

The next sections develop the conceptual argument, apply it to pre-World War I Germany, compare Germany in 1914 with China in 2014, and evaluate the contrasting world-time within which each case was/is embedded. The conclusions address implications for international relations theory, noting that notwithstanding major differences between 1914 and 2014, predictions about war (as war itself) are always risky.

### *Internationalization, Coalitions, and War*

Many of the studies that address globalization's presumed failure to prevent World War I rely on quantitative measures of interdependence, primarily trade flows. They rarely dwell on political mechanisms connecting those indicators with domestic politics. The nature of dominant political-economy coalitions, and their implications for war and peace, is one such mechanism. A theoretical tradition along these lines focused on great powers historically, whereas newer variants explain external conflict and cooperation across contemporary states more broadly.<sup>1</sup> The distributional consequences of internationalization provide a useful analytical point of departure. Expanding international markets and institutions affect domestic incomes, prices, employment, and politics. Some groups benefit from international exchange, others do not. The kinds of ties linking politicians, sectors, parties, and institutions to the international context influence their conceptions of interests and their choice of strategies. The effects of internationalization are not restricted to political economy, however; they are also felt by cultural groups and social movements that perceive internationalization and crude market forces as threatening their values or identities. These movements are receptive to appeals for placing communal "organic" values, such as nationalism, ahead of all others.

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1. Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986); Richard Rosecrance, *The Rise of the Virtual State: Wealth and Power in the Coming Century* (New York: Basic Books, 1999); Alexander Gerschenkron, *Bread and Democracy in Germany* (Ithaca, N.Y.: Cornell University Press, 1989); Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, N.Y.: Cornell University Press, 1991); Arthur A. Stein and Richard Rosecrance, eds., *The Domestic Bases of Grand Strategy* (Ithaca, N.Y.: Cornell University Press, 1993); Etel Solingen, *Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy* (Princeton, N.J.: Princeton University Press, 1998); Patrick J. McDonald and Kevin Sweeney, "The Achilles' Heel of Liberal IR Theory? Globalization and Conflict in the Pre-World War I Era," *World Politics*, Vol. 59, No. 3 (April 2007), pp. 370–403; and Steve Chan, *China, the U.S., and Power Transition Theory: A Critique* (London: Routledge, 2013). Space constraints limit references to massive literatures on World War I, interdependence, Germany, China, and other relevant topics discussed throughout this piece.

Politicians understand the mobilizing capacity of economic interests, norms, identity, and historical myths associated with dilemmas of internationalization. They thus organize constituencies across the state-society divide into competing coalitions and craft models of political survival attuned to those coalitional preferences. Two Weberian “ideal-typical” models—one internationalizing and the other inward-looking—capture the essence of those preferences.<sup>2</sup> The two models vie for control over wide-ranging policies affecting the nature and depth of international economic exchange. Politicians who endorse internationalizing models attract actual or potential beneficiaries of economic openness, including internationally competitive sectors and consumers. Politicians advancing inward-looking models logroll across constituencies adversely affected by openness, including proponents of state entrepreneurship, nationalism, “self-sufficiency,” and military-industrial complexes. The two models, which differ in the extent to which states replace or enhance markets, also entail different conceptions of grand strategy. Grand strategies define approaches to global and regional economic and political structures, as well as to the internal extraction and allocation of resources.

The grand strategies of the two models involve synergies across their international, regional, and domestic pillars.<sup>3</sup> Internationalizing grand strategies emphasize access to global markets, capital, and technology; regional cooperation and stability; and domestic macroeconomic stability that reduces uncertainty, encourages savings, and enhances investment (including foreign investment). External crises and conflict compromise those synergies, fueling unproductive and inflationary military expenditures, protectionism, and state entrepreneurship under a mantle of “national security.” Each of these pillars of internationalizing strategies dampens incentives for war; collectively they weaken them further. Conversely, inward-looking models benefit from grand strategies that enhance the viability of statist, nationalist, protectionist, and military-industrial complexes. External insecurity and competition offer rationales for extracting societal resources, collecting monopoly rents, creating cartels, rewarding protectionist constituencies, and undermining internationalizing competitors. The strategy entails extensive statist ownership; rent seeking via tariffs and multiple exchange rates; and price controls and overvalued currency to raise wages and profits in nontraded goods. Forceful territorial expansion helps to extend the size of protected markets and squeeze

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2. Edward A. Hill, ed., *Max Weber on the Methodology of the Social Sciences* (Glencoe, Ill.: Free Press, 1949), pp. 105–107; and John G. Ruggie, *Constructing the World Polity: Essays on International Institutionalism* (New York: Routledge, 1998).

3. A fuller theoretical rationale and empirical foundation for the argument can be found in Solingen, *Regional Orders at Century's Dawn*; and Etel Solingen, *Comparative Regionalism: Economics and Security* (London: Routledge, 2014).

out competitors.<sup>4</sup> Hypernationalism, military prowess, arms races, and myths of encirclement divert attention from costs (including opportunity costs) borne largely by consumers and domestic internationalizing rivals. Inward-looking drivers multiply the probability of crises and war, by design or unintentional “slither.”<sup>5</sup> Competitive outbidding—for example, when inward-looking factions try to outdo one another in nationalistic credentials—leads to spiraling nationalism and pushes moderates to more extreme positions than they might have preferred.<sup>6</sup>

The relative strength of coalitions vis-à-vis domestic and external competitors determines whether strategies are more pristine or diluted versions of the ideal type. The relative incidence and strength of respective coalitions within a given cluster of states define the strategic (coalitional) context. Comparable internationalizing coalitions converge on mutual incentives to avoid war. Their strategies are thus collectively stable; they create an environment inimical to inward-looking adversaries, undermining the merits of economic closure, militarization, and war. Converging strategies in clusters dominated by similar inward-looking coalitions are also collectively stable, or hardened against mutations toward internationalization. Competing nationalist, protectionist, and militarized coalitions across states feed off one another. This strategic dynamic lowers the barriers against escalating conflict and undercuts internationalizing adversaries throughout the cluster. Such constellations generate greater brinkmanship and structural tendencies toward war even when the latter may not be anyone’s highest preference. Coalitions and their associated models of political survival thus filter similar external pressures and inducements differently, adapting them to their grand-strategic requirements.

The argument outlined thus far adds an important component often missing in standard theories of interdependence and peace that ignore political agency. Trade openness (imports plus exports/gross national product) can provide important information—a useful simplification for how global and domestic political economies interact—but a simplification nonetheless. Yet coalitions rise and fall on account of a much more multifaceted political calculus; they must respond to wide-ranging domestic-international interactions, including those

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4. Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley: University of California Press, 1945).

5. David Lloyd George, prime minister of Great Britain in 1916, described the outbreak of World War I as accidental: “How was it that the world was so unexpectedly plunged into this terrible conflict? Who was responsible? . . . The nations slithered over the brink into the boiling cauldron of war without any trace of apprehension or dismay.” Lloyd George, *War Memoirs*, Vol. 1 (London: Odhams, 1924), p. 32.

6. Jack Snyder and Karen Ballentine, “Nationalism and the Marketplace of Ideas,” *International Security*, Vol. 21, No. 2 (Fall 1996), pp. 5–40.

stemming from security considerations. Thus, although the relative strength of internationalizers may sometimes dovetail with trade openness levels, it cannot be easily inferred from them. South Korea's trade openness was merely 20 percent in 1963—not too different from inward-looking North Korea's—when President Park Chung-hee adopted an internationalizing model and military restraint vis-à-vis North Korea. Internationalizers from Singapore to Turkey advanced such models under initially incipient rates of trade to gross domestic product (GDP). Rising ratios can expand the beneficiaries of growing trade openness—and sometimes their political power—but they can also buttress inward-looking countermovements.<sup>7</sup> The latter can also thrive under declining trade openness. China's internationalizers faced inward-looking challenges under very low openness in the 1980s but also under much higher levels in the 2010s. The relationship between trade openness and coalitional models is thus not linear. Rather it is affected by domestic contestation, political dynamics, institutional variation, global world-time, and noneconomic forces mobilized under nationalist/internationalist banners.

In sum, coalitions can have independent effects on, and be differently affected by, interdependence. The latter does not exist in a political vacuum; whether or not interdependence dampens incentives for war is contingent on political agents exerting dominance over crucial decisions in particular historical contexts. The character of the global and regional political economy at particular world-times affects the viability of respective models. Whether markets and geography are expanding or contracting; whether international institutions underwrite mutual commitments to free trade and investment or to protectionism; and other dynamics of international exchange weigh heavily on coalitions' wherewithal, as do domestic institutions. Coalitional ideal types, let alone their empirical referents, thus vary over time and space. While adding analytical richness and empirical validity, coalitions are also complex, demanding, dynamic, and contingent categories.<sup>8</sup> More explicit specification of causal mechanisms and political microfoundations may help to resolve apparent inconsistencies regarding the association between global economic exchange and incentives to avoid war.

Three important clarifications are in order before introducing the empirical

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7. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon, 1944).

8. As Ernst B. Haas warns, "Even to assert a simple causal connection between international interdependence and international violence is to skate on theoretical ice that is too slippery for comfort." See Haas, "War, Interdependence, and Functionalism," in Raimo Vayrynen, ed., *The Quest for Peace: Transcending Collective Violence and War among Societies, Cultures, and States* (Beverly Hills, Calif.: Sage, 1987), p. 109. On contingency in World War I, see Richard Ned Lebow, *Forbidden Fruit: Counterfactuals and International Relations* (Princeton, N.J.: Princeton University Press, 2010).

applications of this general argument. The first reiterates that Weberian ideal types are not historical or “true” realities but conceptual constructs or limiting concepts against which real situations are compared. As ideal types, they need not fit any particular case completely; they provide instead a heuristic, a shortcut for reducing a far more complex reality down to some fundamentals.<sup>9</sup> Second, to minimize *post hoc ergo propter hoc* reasoning, I focus here on processes leading up to the outbreak of World War I rather than its aftermath. The war itself might have provided an easier case for the general argument insofar as war often radicalizes inward-looking coalitions further and weakens their internationalizing adversaries, at least initially. Third, I concentrate on Germany and China because they stand at the center of contemporary comparisons as putative rising challengers. Despite revisionist work on the sources of World War I, and the recognition that there was no single culprit for its eruption, Wilhelm II’s *Kaiserreich* remains a crucial part of the war puzzle.<sup>10</sup> Yet this is quite different from arguing that Germany bore exclusive responsibility for launching a calculated world war, or that it did so to escape domestic crisis. Nonetheless, the signals emanating from the *Kaiserreich*’s inward-looking ruling coalition reduced internal and external ambiguity about its intentions. Coalitions act as signaling mechanisms vis-à-vis domestic and foreign audiences. In the absence of complete information (i.e., in the real world), strategic interlocutors make coalitional composition and behavior a crucial basis for inferring each other’s intentions. Germany’s dominant coalition and its inward-looking counterparts among allies and adversaries thus reinforced the odds of war.

### *Germany’s Ruling Coalition before World War I*

Over the several decades preceding World War I, an inward-looking, statist-protectionist, militarized ruling coalition progressively entrenched itself in German politics. The pillars of the coalition were mostly Prussian landowners (Junkers), Ruhr-based heavy industrialists, and the military. In 1879, the year Germany allied itself with Austria-Hungary, this “iron and rye” coalition instituted high tariffs. New agrarian tariffs passed in 1887 were perceived by Russia as an economic declaration of war. The *Kaiserreich* promoted aggressive hypernationalism and a military buildup as the glue that would sustain

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9. Ruggie, *Constructing the World Polity*, p. 31.

10. Recent scholarship includes Lebow, *Forbidden Fruit*; Margaret MacMillan, *The War That Ended Peace: The Road to 1914* (New York: Random House, 2013); and Christopher Clark, *The Sleepwalkers: How Europe Went to War in 1914* (New York: HarperCollins, 2013).

Germany's ruling coalition. This political construct—pivoted on hypernationalism and a military buildup—was expected to curtail demands from a rising middle class; to undermine centrifugal forces including Länder (constituent states), ethnic, class, and other forms of particularism; and defeat socialists, free traders, and other opponents.<sup>11</sup> By the 1890s, Wilhelm's *Weltpolitik* ("world policy" associated with colonial expansion in Europe, the Near East, and Africa) and the battle fleet buildup had exacerbated Anglo-German rivalry. These policies also deepened the military's influence, fostered by Wilhelm, who appointed Adm. Alfred von Tirpitz as state secretary for the navy. *Sammlungspolitik* (the politics of rallying together), developed in 1897, was designed to reaffirm the protectionist social compact and undermine Social Democrats. The latter—rising from 20 to 30 percent of voters (1890s to early 1900s)—opposed agricultural tariffs, *Weltpolitik*, and Prussian militarism. *Sammlungspolitik*, *Weltpolitik*, protectionism, hypernationalism, militarization, and expansionism became tightly connected and synergistic. Nationalist pressure groups funded by state and private cartels and the military—Flottenverein, Wehrverein, Kolonialverein, Alldeutscher Verband—agitated on behalf of this agrarian-industrial-military complex (AIMC) to secure raw materials largely via imperial expansion.<sup>12</sup> A strong conservative bureaucracy presided over execution of the AIMC's grand strategy.

Forceful demands for protection from once free-trading Junkers—who now feared global competition and declining prices—increased tensions within the AIMC in the 1890s. Expanding trade, capital, and labor mobility offered some industries incentives to oppose protection. Chancellor Leo von Caprivi signed trade agreements lowering grain tariffs to gain market access for industrial exports and advance a German-led Mitteleuropa customs union. Junkers formed the Agrarian League (Bund der Landwirte) in 1893 to resist Caprivi and freer trade, fueling the ranks of the "Conservatives" Party. The chambers of commerce and Industrialists League (Bund der Industriellen), created in 1895 by light manufacturing exporters, endorsed Caprivi's project, but a Junkers' onslaught led to his replacement. Finance Minister Johann von Miquel launched *Sammlungspolitik* to restore iron-rye cooperation. The coalition thus became a

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11. *Kaiserreich* institutions reflected fiercely conservative Prussian resistance to rising Social Democracy. The Reichstag (parliament) was responsible for approving the *Keiserreich's* budget but could not control the government's executive branch. Furthermore, various institutional barriers obstructed universal male suffrage. See Gerschenkron, *Bread and Democracy in Germany*; Stephen Van Evera, "The Cult of the Offensive and the Origins of the First World War," *International Security*, Vol. 9, No. 1 (Summer 1984), pp. 58–107; and Snyder, *Myths of Empire*.

12. The Kolonialverein (Colonial League) was formed in 1882, the ultranationalist Alldeutscher Verband (Pan-German League) in 1891, the Flottenverein (Navy League) in 1898, and the Wehrverein (Army League) in 1912.



veto group within the Interior Ministry's Economic Committee, enforcing protection and sponsoring industrial and banking cartels that could resist external and internal competition.

As Germany was becoming more integrated in the global economy by the early 1900s, uncompetitive—particularly agrarian—sectors denounced growing dependence on imported food, raw materials, and industrial unfinished and finished products. Russian and U.S. protectionism, the collapse of the French treaty system that had kept European protectionism relatively low (on which Germany free rode), and statism (the state was the single largest owner of property) nurtured the inward-looking model and a more aggressive Mitteleuropa concept. Kaiser Wilhelm described it as a German-led counter to the United States; Caprivi considered it targeted against Russia. Many others saw it as countering Britain, the United States, and Russia.<sup>13</sup> Navy expansion provided heavy industry with a convenient escape from global competition as well as insurance against economic contraction, cementing AIMC synergies with militarization. Heavy industrialists and shipbuilders besieged the Reichstag and Naval Office to demand an expanded navy. Junkers and industrial and banking cartels populated the Reichstag, enjoying high political access to military, foreign ministry, and other bureaucracies. Chancellor Bernhard von Bülow increased minimal grain tariffs in 1902, further undermining workers and exporters. The tariffs inflicted “a brutal intervention into Russia’s economy,” but were also made irreversible by treaties.<sup>14</sup> Dissatisfied agrarians threatened to endorse lower industrial tariffs unless industrialists approved higher agrarian ones, which were eventually enacted in 1905.

As Peter Gourevitch argues, it is more accurate to describe opponents of protectionism as supporting freer—rather than free—trade or lower taxes.<sup>15</sup> This opposition was handicapped by lack of government support; great heterogeneity of interests (consumers, producers, manufacturers, and urban and rural constituencies); and deep divisions over property rights, taxes, and much more. Caprivi recognized that further German insertion in the global economy

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13. Fritz Fischer, *War of Illusions: German Policies from 1911 to 1914* (New York: W.W. Norton, 1975), p. 6–12.

14. Eckart Kehr, *Economic Interest, Militarism, and Foreign Policy: Essays on German History* (Berkeley: University of California Press, 1977), p. 43. On internal dissent within the Industrialists League regarding proposed 1902 tariffs, U.S. export growth, and Mitteleuropa, see “Germans Discuss the ‘American Danger’; Industrial League Favors the Proposed Tariff Bill. Thinks This Country Can Be Coerced by It—Wants Plan for European Anti-American Union Considered,” *New York Times*, October 22, 1901. On left-of-center parties’ support for lower tariffs and international cooperation, see Paul M. Kennedy, *The Rise of the Anglo-German Antagonism, 1860–1914* (London: George Allen and Unwin, 1980), p. 305.

15. Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca, N.Y.: Cornell University Press, 1986), p. 99.

would have served proponents of lower tariffs better. Yet that was exactly the path not taken, thus weakening incipient internationalizing forces that were progressively overwhelmed by protectionist majorities even in chambers of commerce. The National Liberal Party's right wing, funded by heavy industry, represented belligerent *Weltpolitik* and virulent opposition to social democracy. A center wing, led by Ernst Bassermann and Gustav Stresemann, and initially backed by some banks and exporters, was more moderate but weaker. Once associated with the Industrialists League, this center group merged with the League's erstwhile rival—the heavy industrialists' stronghold, the Central Association of German Manufacturers—in 1906. The center wing eventually yielded to electoral considerations and right-wing pressures on foreign policy, especially after 1912, when Social Democrats became the largest single party in the Reichstag. The Liberals' left wing ("Young Liberals"), friendlier to freer trade and accommodation with Social Democrats, held little influence and compromised with their party's majority. The Hansa League for Commerce, Trade, and Industry, a grouping of internationally oriented traders, industrialists, bankers, and middle-class craftsmen formed in 1909, also opposed extreme protectionism and intolerance of social democracy.<sup>16</sup> Yet under heavy attack from Wilhelm, the chancellor, and iron-rye forces, the Hansa League split and declined politically.

Resistance by *Länder* and localities, which collected income and property taxes but exempted feudal landowners, offered the *Kaiserreich* few alternatives for relief from growing financial constraints.<sup>17</sup> It had thus depended heavily on agrarian tariffs for about 47 percent of its revenue since the 1890s. Bülow regarded such chronic financial constraints as Germany's Achilles' heel (and main rationale for avoiding war at that time), but Conservatives defeated his 1909 proposed inheritance tax. Under Chancellor Theobald von Bethmann Hollweg, some financial and commercial interests urged more equal taxation and opposed iron-rye demands for higher tariffs upon the expiration of Bülow's treaties. Yet new 1909 taxes on sales and financial transactions spared large landowners, funded the fleet, and undermined popular support for *Sammlungspolitik*. Social Democrats became the largest single party—one-third

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16. Chemical, paper, and other industries opposing protection left the Industrialists League in 1900. Prominent Hansa League banks—Deutsche Bank, Bleichröder, and Discontogesellschaft—had more moderate foreign policy positions than the core parties to the AIMC. See Kennedy, *The Rise of the Anglo-German Antagonism, 1860–1914*.

17. Although a Prussian banking consortium and other banks benefited from government borrowing at high interests beginning in the late 1890s, internationalizing financiers were concerned about the effects of international crises and the prospect of war on their external networks. See Kennedy, *The Rise of the Anglo-German Antagonism, 1860–1914*, pp. 302–305; and Hans-Ulrich Wehler, *The German Empire, 1817–1918* (London: Bloomsbury Academic, 1985), p. 141.

of the Reichstag in 1912—allowing Bethmann to pass a direct imperial property tax (including inheritance) only in 1913.

The links between the AIMC's domestic and international pillars were thick. The tariff bill and Second Naval Law, passed in 1900, buttressed the iron-rye's logroll, its basic political quid pro quo. Thus industry got the fleet and *Weltpolitik* while Junkers got tariffs, increased income, and continued political dominance.<sup>18</sup> Agrarian tariffs paid for shipbuilding and obviated direct taxation of wealth, further burdening a growing working class. Coal and steel, as well as some shipping and arms industries, became core beneficiaries of naval expansion and imperial designs. Leading weapons manufacturer Alfred Krupp peddled patriotic virtues and economic reasons for war, in line with a ferociously nationalistic media. Coal magnate Emil Kirdorf agitated against yielding Morocco's ore resources in 1911, calling continued access to those resources "a question of life and death," even as some German bankers sought a compromise.<sup>19</sup> Iron-ore industrialists proclaimed the 1871 borders with France unfavorable to Germany. Others urged annexation of a captive, autarchic, *Mitteleuropa* (France included) to free Germany from food dependence, capital scarcity, and saturated domestic markets.<sup>20</sup> Reichstag Junkers claimed that Caprivi's treaty with Russia would cost German agriculture more "than a miserable war."<sup>21</sup> Grain protectionism was a crucial component of *Wehrwirtschaft*

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18. Kehr, *Economic Interest, Militarism, and Foreign Policy*.

19. "Morocco Crisis: Berlin Excited—Paris Calm," *New Zealand Herald*, October 24, 1911, <http://paperspast.natlib.govt.nz/cgi-bin/paperspast?a=d&d=NZH19111024.2.98>; and Fischer, *War of Illusions*, pp. 75, 81.

20. Forces friendlier than the AIMC to internationalization favored a different conception of *Mitteleuropa*, one closer to a voluntary customs union than an entity created by forceful annexation. Among these forces were the Internationalist League's president, Deutsche Bank's directors (Arthur von Gwinner and Karl Helfferich), and the chairman of the electrical engineering company Allgemeine Elektrizitätsgesellschaft, Walther Rathenau. Bethmann ignored Rathenau's advice not to join Austria in war or annex France and to accept a "voluntary peace." Gwinner opposed "blind" annexation and urged accommodation with Britain, as did international trade financier Max Warburg. Asked by Kaiser Wilhelm in June 1914 what he thought of preventive war against Russia, Warburg responded that Germany could only become stronger economically and militarily with every year of peace; therefore it could only benefit from waiting. Export-oriented shipping magnate Albert Ballin opposed war, insisting that Germany could not afford a naval race with Britain. Although Ballin occasionally succumbed to more hard-line positions, in a 1915 letter to Foreign Secretary Gottlieb von Jagow, he accused Jagow of shared responsibility for "staging" a war that cost Germany generations of splendid men. See Luigi Albertini, *The Origins of the War of 1914*, Vol. 1. trans. Isabella M. Massey (Oxford: Oxford University Press, 1965), pp. 325, 334; Niall Ferguson, *The Pity of War* (New York: Allen Lane, 1998), p. 33; Fritz Fischer, *Germany's War Aims in the First World War* (New York: W.W. Norton, 1967), pp. 10, 28, 91; and Fischer, *War of Illusions*, pp. 75, 134, 327, 457, 520–522.

21. Cornelius Torp, "The 'Coalition of 'Rye and Iron'' under the Pressure of Globalization: A Reinterpretation of Germany's Political Economy before 1914," *Central European History*, Vol. 43, No. 3 (2010), p. 413. Alexander Gerschenkron describes the effects of Junker power as follows: "Preservation of the Junkers means autarchy, and autarky in Germany means war." See Gerschenkron, *Bread and Democracy in Germany*, p. 183. On German decisionmakers' emphasis on self-reliance and their development of *Weltpolitik* to appeal to domestic audiences, see Clark, *The Sleepwalkers*, p. 152.

(war preparedness); Junkers, nationalists, and the military pressed the need for “food security” to avoid shortages during a looming war. The AIMC thus turned protectionism into “high politics”: it radicalized rallying themes (*Sammlungspolitik*, *Weltpolitik*, *Machtstaat*); called for military preparedness and protected markets overseas; fueled enmity toward Russia, France, and Britain; and tightened together domestic and external rationales for militarism. Even advocate of *Machtpolitik* (reliance on power politics and physical force) “Young Liberal” Friedrich Naumann warned against the AIMC’s strategy of feigning fear to further its interests.<sup>22</sup>

Documented evidence abounds regarding the expected “integrating” benefits of aggressive *Weltpolitik* for strengthening the inward-looking model. The policy was expected to enhance synergies between protectionism and military buildup and between war and the dismantlement of “democracy.” Explicit efforts to make Russia appear the aggressor would arguably not only keep Britain out of war but would also bond Social Democrats to the war consensus.<sup>23</sup> Tirpitz connected an offensive fleet with economic gains and subduing Social Democrats. At a 1912 war council meeting, Wilhelm, along with most German military advisers, strongly endorsed Gen. Helmuth von Moltke’s assessment that “war is inevitable, and the sooner the better.”<sup>24</sup> Although hardly deciding for war, that meeting is part of a list of extensive records revealing support for war by key actors who, eventually, won over Bethmann and a Reichstag majority.<sup>25</sup> Tirpitz may have wanted a navy as an end in itself, but his

22. Wehler, *The German Empire, 1817–1918*, p. 98. Chief of the General Staff Helmuth von Moltke argued that “things must be so built up that war will be seen as a deliverance from the great armaments, the financial burdens, the political tensions.” See Ferguson, *The Pity of War*, p. 140. The concept of *Machtstaat* alluded to a repressive, militarized state that projected power beyond its borders.

23. David E. Kaiser, “Germany and the Origins of the First World War,” *Journal of Modern History*, Vol. 55, No. 3 (September 1983), p. 453; Wolfgang J. Mommsen, “Domestic Factors in German Foreign Policy before 1914,” *Central European History*, Vol. 6, No. 1 (March 1973), p. 24; and Kehr, *Economic Interest, Militarism, and Foreign Policy*, pp. 22, 11–12. In a 1905 letter, the kaiser instructed Bülow, “First shoot down the Socialists, behead them and render them harmless—if necessary by a bloodbath—and then [fight a] war against the foreign foe! But not beforehand and not a tempo [at the same time].” See John C.G. Röhl, *The Kaiser and His Court: Wilhelm II and the Government of Germany* (Cambridge: Cambridge University Press, 1995), pp. 416–417.

24. Kehr, *Economic Interest, Militarism, and Foreign Policy*, p. 12; Annika Mombauer, *Helmuth von Moltke and the Origins of the First World War* (Cambridge: Cambridge University Press, 2001); and Clark, *The Sleepwalkers*, pp. 329–332.

25. In July 1914, the kaiser declared several times: “This time I shall not give in.” See MacMillan, *The War That Ended Peace*, Kindle line 10577. Jagow, Undersecretary of State Arthur Zimmermann, Bethmann’s personal assistant (Kurt Riezler), and Foreign Office Political Director Wilhelm von Stumm, among others, acknowledged war to be a calculated and deliberate choice. Jagow publicly admitted that Russia, France, and Britain were not interested in war; asked whether Germany really wanted the war, he responded with an unequivocal “yes, we wanted it.” See Fischer, *War of Illusions*, pp. 478, 31–38. Riezler admits in his diaries that the *Kaiserreich*’s policies were to both provoke and obstruct Russia, France, and Britain in an effort to obtain small prestige victories, appeal to public opinion, and respond to nationalist parties’ efforts to strengthen their popularity

and others' warnings of "encirclement" (*Einkreisung*) and external "threats" acquired a life of their own, fostering greater acceptance of military aggression.<sup>26</sup>

Bethmann offered his resignation (cast in terms bound to be rejected), arguing against war in 1912 to salvage negotiations with Britain. He also acknowledged Germany's gamble, including potential unintended costs of war domestically, leading him to seek Social Democratic complicity. Despite occasional cold feet, however, Bethmann accelerated the army's expansion; claimed that public opinion expected a new naval law and a third squadron and that the army must have those; shared the prevailing expansionist bandwagon (Germany is "condemned to spread outward"); agreed that "the people need a war"; encouraged British neutrality to enable Germany's continental conquest; conceded that war with Russia was necessary for *Kaiserreich* "independence"; circumvented restraining influences in July 1914; endorsed Wilhelm's "blank check" to Austro-Hungary encouraging immediate war on Serbia; overruled Wilhelm's belated "Halt-in-Belgrade" effort to delay it; rejected British offers of four-power mediation; and subsequently admitted this was "in a sense" preventive war.<sup>27</sup>

Although war was not inevitable, the signals emanating from Germany's ruling coalition reduced internal and external ambiguity about its intentions. Internationalizers weakened by statist protectionism and cartelization, Social Democrats, Progressives, the Hansa League, and "Young Liberals" were all sapped. Many succumbed to hypernationalism along with significant segments of the middle class. Extremists had devoured "moderate" allies, including Bülow, Bassermann, Stresemann, and many others, even in the Industrialists League.<sup>28</sup> "Moderates" differed in emphasis on submarine, battle

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through foreign policy. See Kurt Riezler, *Tagebücher, Aufsätze, Dokumente* [Diaries, essays, documents] (Göttingen: Vandenhoeck and Ruprecht, 2008), p. 188.

26. Riezler, *Tagebücher, Aufsätze, Dokumente*, p. 188; and Snyder, *Myths of Empire*.

27. Richard Rosecrance, *The Resurgence of the West: How a Transatlantic Union Can Prevent War and Restore the United States and Europe* (New Haven, Conn.: Yale University Press, 2013), p. 100; Michael R. Gordon, "Domestic Conflict and the Origins of the First World War: The British and German Cases," *Journal of Modern History*, Vol. 46, No. 2 (June 1974), p. 217; Albertini, *The Origins of the War of 1914*, Vol. 2, p. 431; and Kaiser, "Germany and the Origins of the First World War," pp. 463–470.

28. It is a sign of the *Kaiserreich*'s political center of gravity that Mommsen considers Bülow—committed to nationalism, imperial expansion, war on Russia, and a weak Reichstag—a moderate. See Mommsen, "Domestic Factors in German Foreign Policy before 1914," p. 18. Bülow understood the costs of protection and regressive taxation better than he did the risks of war. See Albertini, *The Origins of the War of 1914*, Vol. 2, p. 163; and Fischer, *War of Illusions*, pp. 45, 523. In 1919 Bülow's nephew and namesake removed from official archives documents reportedly proving German responsibility for World War I. See Holger H. Herwig, *The Outbreak of World War I: Causes and Responsibilities* (Boston: Houghton Mifflin, 1997); and Holger H. Herwig, "Clio Deceived—Patriotic Self-Censorship in Germany after the Great War," *International Security*, Vol. 12, No. 2 (Fall 1987), pp. 5–44.

fleet, or army expenditures but hardly opposed them despite Germany's chronic financial scarcity, high debt, and poor credit. Bethmann's "policy of the diagonal," seeking to cement AIMC dominance, effectively anchored the policy in the "cult of the offensive."<sup>29</sup> The AIMC, forcefully resisting democracy, had the upper hand, overwhelming internationalizing and democratic alternatives unable to stem the tide of war.

Scholars will continue to debate whether Germany implemented a deliberate war plan or exploited opportunities unleashed by the assassination of Archduke Franz Ferdinand of Austria in Sarajevo in June 1914; whether Germany could wage a cheap, short, triumphal war; whether Bethmann failed to predict British reactions; whether personalities, associations, or Wilhelm acted on principled or other grounds; whether militarism was elite based or populist; whether military or civilian wings of the AIMC were in charge or bore greater responsibility for war; whether this was a conquering domestic coalition or one strong enough to impose its narrow interests on others; and other important questions. Yet overall the aggregation of a hypernationalist, protectionist, and militarist ruling coalition emphasizing armed buildup, economic self-reliance, and territorial expansion made war more possible than it would have been under a different coalition facing identical international configurations.<sup>30</sup> For the AIMC, Germany's "place in the sun" included, at a minimum, a captive Mitteleuropa. Protectionism limited its resources and tightened financial bottlenecks, the latter providing another subterfuge for war advocates to pronounce the utility of war sooner than later. The costs of restraint were far more prohibitive for that particular German coalition than they might have been for others. Revealing how domestic alliances constrain and entrap no less than external ones, extremists pushed moderates—not always kicking and screaming—beyond the latter's comfort zone with war gambles. Foreign failures and responses by France, Russia, and Britain designed to restrain or foil aggressive German actions and ambitions became fodder for coalescing ever-stronger support for the war bandwagon. As noted below, an inward-looking cluster mutually reinforced the odds of war.

In sum, coalitional profiles alone may be insufficient for explaining World War I (claims of sufficiency are rare in social sciences), but one can hardly escape the conclusion that they were necessary in boosting the probability of war, by providing crucial background for understanding why war ob-

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29. Van Evera, "The Cult of the Offensive and the Origins of the First World War"; and Snyder, *Myths of Empire*.

30. On counterfactuals and World War I, see Gary Goertz and Jack S. Levy, eds., *Explaining War and Peace: Case Studies and Necessary Condition Counterfactuals* (New York: Routledge, 2007); and Lebow, *Forbidden Fruit*.

tained and complementing historical-diplomacy typically tracing how catalytic events unleashed the Great War.

### *China's Ruling Coalition: Similarities and Contrasts with Germany's Kaiserreich*

The political models underlying the *Kaiserreich* and today's China contain some commonalities. The disjointedness between rapid socioeconomic change, on the one hand, and stagnant political institutions, on the other, remains a core parallel. At the broadest level, the *Kaiserreich* was a multiparty democracy largely in form but rigged and autocratic in practice. China is an autocratic single-party state where competing factions vie for control and political rights are suppressed. Yet important contrasts are no less significant.

First, the *Kaiserreich* relied on different sources of revenue extraction than has China post-Deng Xiaoping. These differences bore implications for political accountability; for the availability of compensatory resources; for reliance on strategies to freeze versus transform sociopolitical structures; for instrumental uses of nationalism; and for relative costs of war. AIMC pressure and Länder monopoly over income tax locked the *Kaiserreich* into protectionism and dependence on customs for 47 percent of its revenues. This dependence reinforced the *Kaiserreich's* commitment to freeze existing agrarian/industrial structures. Financial constraints were the price for preserving the AIMC, making direct taxation, lower military expenditures, or further borrowing (in a tight domestic capital market) more difficult. Consumers thus largely underwrote military expenditures; demands for increasing those arguably buttressed calls for war sooner lest one could not be financed later. Such demands reinforced the cult of the offensive.<sup>31</sup> As financial constraints mounted, symbolic content—*Sammlungspolitik*, hypernationalism, the fleet, Mitteleuropa, myths of empire as the primary currency of regime survival—tilted the balance further from *panem* (bread) toward *circenses* (circuses).

By contrast, trade is a leading source of employment creation in China; in 2011 tariffs contributed about 3 percent of central government revenue, down from 5.5 percent in 2007.<sup>32</sup> China's internationalizing strategy has also enabled greater compensatory resources, unleashed a historical transformation

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31. Kennedy, *The Rise of the Anglo-German Antagonism, 1860–1914*, p. 358; and Ferguson, *The Pity of War*, pp. 135–140.

32. China's government revenue has grown 20 percent annually since the 1990s—in sharp contrast to the *Kaiserreich's* stagnant revenues and fiscal deficits. See Hongying Wang, "China's Long March toward Economic Rebalancing," Policy Brief No. 38 (Waterloo, Canada: Center for International Governance Innovation, April 2014).

of socioeconomic structures, lifted 600 million people out of poverty, and generated a large middle class. Symbolic content—“reform and opening” (*gaige kaifang*), “peaceful rise” (*heping jueqi*), “peaceful development” (*heping fazhan*), and a “well-off” society (*xiaokang shehui*)—could not but be internationalization friendly. Reminiscent of the *Kaiserreich* in some ways, nationalism remains an intrinsic ingredient of regime survival in China. Nationalism is deployed (and withheld) strategically to soften the rough edges of rapid modernization; to complement social transformation; and to compensate for growing inequality, suppressed household consumption, and democratic deficits.<sup>33</sup> Yet the currency of regime survival remains both *panem et circenses*: nationalism must contend with internationalization as pivotal for delivering prosperity and national power alike. Even sacred cows such as food security and self-sufficiency in grains, erstwhile used by nationalists to protect farmers (as in the *Kaiserreich*), are giving way to global comparative advantage.<sup>34</sup>

Second, whereas Germany’s strong inward-looking forces overwhelmed internationalizers, the latter’s sway within and beyond the CCP has increased dramatically. On the ashes of Mao Zedong’s autarchic model, Deng Xiaoping and his successors have forged an internationalizing strategy that requires dramatically different allies and “brandings” than the *Kaiserreich*’s. Regional and global instability were anathema to luring FDI, technology, imports of natural resources, and broad international acceptability—all key ingredients for domestic stability, economic growth, and continued political control. A “charm offensive”—synergistic with the internationalizing model—allowed deeper cooperative relations within and beyond the region and greater openness to multilateral and regional institutions. An internationalizing strategy and regional stability paved the road to (and paid the bills for) a well-off society and a rapidly growing middle class, particularly in the coastal regions. The strategy had increased trade openness to 68 percent by 2008, more than twice Germany’s 33 percent pre-World War I average.<sup>35</sup> China’s economy is far more integrated with the world today, and in different ways (explored below), than the *Kaiserreich* was in 1914. Moreover, Germany’s trajectory evolved from freer trade in the nineteenth century to protectionism; China’s from Maoist autarchy to post-Deng openness and massive trade surpluses and foreign reserves (nearly \$4 trillion by 2013).

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33. Jessica Chen Weiss, *Powerful Patriots: Nationalist Protest in China’s Foreign Relations* (Oxford: Oxford University Press, 2014).

34. Margaret M. Pearson, “China’s Foreign Economic Relations and Policies,” in Saadia Pekkanen, John Ravenhill, and Rosemary Foot, eds., *The Oxford Handbook of the International Relations of Asia* (Oxford: Oxford University Press, 2014).

35. Trade openness is here a consequence, not the driver, of an internationalizing model.



Inward-looking factions intermittently defy China's internationalization, feeding on unresolved rural reform, urbanization, local-central tensions, unemployment, an aging population, corruption, environmental threats, high FDI dependence for growth, absence of political freedoms, and other challenges. The state sector employs about half of the urban workforce in schools, hospitals, and state-owned enterprises in banking, oil, petrochemicals, telecommunications, steel, electricity, and other sectors. Some agricultural and inland sectors, as well as segments of the People's Liberation Army, propaganda, and security services, also resist internationalization. Inward-looking constituencies, many Maoist holdovers, remain overrepresented in the Central Committee and other party organs, bureaucracies, and large state-owned enterprises.<sup>36</sup> Bo Xilai's effort to logroll those constituencies behind the "Chongqing model" and "sing red songs" movement (despite his earlier promotion of foreign investment as Chongqing Party secretary) contributed—along with his corrupt practices—to his political demise.<sup>37</sup>

China's leaders survive politically by straddling coalitional camps to control them both. Inward-looking challengers, however, hardly approximate Germany's AIMC stranglehold thus far. Indeed, rampant protectionism is regarded as less viable or desirable than trade openness despite regulations favoring domestic enterprises (e.g., technology transfer). President Xi Jinping, with extensive experience working with the private sector in coastal areas, has secured both a CCP mandate to assign the market a "decisive" economic role and personal control over the military, domestic security, propaganda, and anticorruption machines. Commitments to fair, open, and transparent market rules remain a significant challenge. Yet the third plenum of the 18th Party Congress and the 2014 National People's Congress signaled continued allegiance to market reforms, financial liberalization, trade, FDI, and GDP growth. The private sector already generates most GDP, and more of the post-1980 generation works in private and foreign firms than older generations.<sup>38</sup> Liberalization of finance and key industries remains a major bottleneck. The emphasis

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36. Susan L. Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007); Thomas J. Christensen, "The Advantages of an Assertive China: Responding to Beijing's Abrasive Diplomacy," *Foreign Affairs*, Vol. 90, No. 2 (March/April 2011), pp. 54–67; and Beijie Tang, "Internationalization's Discontents: Domestic Coalitions and the Future of China's Peaceful Rise," Ph.D. dissertation, University of California, Irvine, 2014.

37. The "Chongqing model," associated with Bo Xilai, involved increased control and activity by state security agencies. It was ostensibly designed to combat corruption and organized crime, but also to tighten Chongqing authorities' political control. The model entailed increased reliance on propaganda to restore New Left themes reminiscent of Maoism or a "red culture," urging the masses to "sing red songs" from the revolutionary Maoist era.

38. "Everybody Who Loves Mr. Xi, Say Yes," *Economist*, November 16, 2013, p. 49; and Xu Lin, "Experience, Attitudes, and Social Transition—A Sociological Study of the Post-'80s Generation," January 9, 2014, <http://www.womenofchina.cn/html/womenofchina/report/168821-1.htm>.

on “rebalancing” and domestic consumption is associated with demographic transition, a sluggish global economy, competition from low-wage countries, and other factors. Rebalancing signals efforts to reach a new equilibrium and create less dependence on exports, not necessarily retrenchment from the global economy. Although some of the latter cannot be altogether discounted given the political pressures described above, few see signs of a return to autarkic designs in the foreseeable future.<sup>39</sup>

Third, Germany promoted aggressive nationalism to stem Länder, minority, religious, and class particularism, another pattern eerily close to CCP’s on/off reliance on nationalism to deflect internal centrifugal and external challenges. Yet, as argued, China’s model has required blending nationalism with peaceful internationalization, the latter a crucial ingredient for enhancing both prosperity and state power. Aggressive militarized imperialism was central to Germany’s nationalist brew. China’s hostility in the South China Sea in recent years is worrisome but has not yet extended to systematic militarized means for securing overseas resources worldwide. Inward-looking forces encouraging virulent nationalism do creep into maritime disputes and air defense identification zones. Such incursions raise a crucial dilemma for internationalizers: how to modulate nationalism—and control the military—while preventing self-entrapment; or how to prevent shifts from tamer (internationalization friendly) to a more rabid nationalism that could derail or disrupt internationalization.<sup>40</sup> Sometimes provocations reach risky levels, as in the Diaoyu/Senkaku, Spratlys, and Paracel Islands disputes and in economic coercion vis-à-vis Japan (rare earths) and the Philippines. Social media is a major outlet for nationalist agitation, reminiscent of 1914. Yet official calls for imperial expansion like those that animated the *Kaiserreich* remain marginalized, and China’s rallying slogans (cited above) could not be more different. Amid violence leading to the killing of Chinese nationals in May 2014 in Vietnam, Xi Jinping urged restraint. In a message directed as much toward domestic as external audiences, he declared that there is no gene for invasion in Chinese people’s blood.<sup>41</sup> War could only puncture “China’s dream” enabled by peaceful internationalization. As World War I suggests, however, nationalism is not always controllable; it can breed unintended consequences and subvert domestic civil-military balances with ominous implications.

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39. Pearson, “China’s Foreign Economic Relations and Policies.”

40. Even Bo Xilai warned nationalists against irrationally boycotting Japanese goods. See Weiss, *Powerful Patriots*; and Alastair Iain Johnston, “How New and Assertive Is China’s New Assertiveness?” *International Security*, Vol. 37, No. 4 (Spring 2013), pp. 7–48.

41. “Xi: There Is No Gene for Invasion in Our Blood,” *China Daily*, May 16, 2014, [http://usa.chinadaily.com.cn/china/2014-05/16/content\\_17511170.htm](http://usa.chinadaily.com.cn/china/2014-05/16/content_17511170.htm). Riots in Vietnam ensued after China deployed a deep-sea oil rig in waterways claimed by both China and Vietnam. See “Vietnam Detains Hundreds after Riots Targeting Chinese Businesses,” *Guardian*, May 22, 2014.

### *Contrasting World-Time: Internationalization circa 1914 and 2014*

Whether or not these and other contrasts between Germany's *Kaiserreich* and China overwhelm similarities—a topic bound to elicit sharp disagreements—does the constellation of international and domestic factors in 1914 versus 2014 introduce additional considerations that weaken the analogy?<sup>42</sup> As argued, coalitional ideal types, let alone their empirical referents, vary over time and space. The changing nature of the global economy, domestic politics, and institutions carries different implications for the viability of distinctive models and their international effects.

First, the contemporary context within which coalitions operate differs substantially from that preceding World War I. Whereas some consider external economic considerations to have been peripheral for decisionmakers in 1914, particularly in Germany, today's global context features far more centrally for decisionmakers and publics alike. The costs of enhancing or decreasing economic openness, attracting or spurning FDI, are far more salient for political survival in a world of many more democracies, and even in autocratic contexts. Domestic institutions—central banks, bureaucracies, legislatures, parties, unions, social movements, and the media—absorb or refract the effects of the global economy more than ever before. They also demand stability, employment, rising incomes, lower taxes, welfare benefits, and equitable burdens. The political power of internationalizing constituencies is unprecedented (though not irreversible), strengthened by intra-industry trade and integrated production chains.<sup>43</sup>

Whereas China's regime survival hinges foremost on economic prosperity tightly connected to internationalization, *Kaiserreich* military expenditures undermined prosperity amid dire financial constraints imposed by the *Kaiserreich's* inward-looking model. China's military modernization has not yet overtaken compensatory resources needed to offset autocratic rule, but could do so if unchecked, increasing risks to regime survival. The military absorbed 6–16 percent of China's central expenditures (2007–13), but claimed more than 80 percent of *Kaiserreich* appropriations (1890–1913), accounting

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42. Nuclear weapons are often cited as another major difference between the two eras, but a discussion of their role is beyond my focus here. See Etel Solingen, *Nuclear Logics: Contrasting Paths in East Asia and the Middle East* (Princeton, N.J.: Princeton University Press, 2007).

43. John Ravenhill, "The Economics-Security Nexus in the Asia-Pacific Region," in William T. Tow, ed., *Security Politics in the Asia-Pacific: A Regional-Global Nexus?* (Cambridge: Cambridge University Press, 2009), pp. 188–207. See also Christina L. Davis and Sophie Meunier, "Business as Usual? Economic Responses to Political Tensions," *American Journal of Political Science*, Vol. 55, No. 3 (July 2011), pp. 628–646.

for more than 65 percent of its total debt.<sup>44</sup> Cabinet directives dismantled civilian control of the military while AIMC dominance engineered Reichstag approval of military budgets. Whether or not China's army has become more powerful politically or outspoken is highly contested. Internationalization yielded resources to satisfy demands for modernization, but military budgets remain subordinated to CCP control. An unraveling of civilian dominance would not bode well and might narrow the gap with pre-World War I Germany. At present, however, China does not approach the *Kaiserreich's* military autonomy or militarization of state and society. The consolidation of disparate agencies into a unified coast guard seem designed to further tighten Xi Jinping's control.

Second, variations in the nature and comparability of regional clusters create different dynamics of strategic interaction. The *Kaiserreich* faced a far more inward-looking coalitional cluster beyond its borders than China does today. Germany's own nationalist, protectionist, and militarist model was pervasive and contagious; it reinforced other inward-looking models that strengthened it in turn. Germany pioneered alliances and raised tariffs ahead of others; led in dependence on customs relative to total revenue (two to four times higher than most great powers at the time); unleashed an arms race; and projected extreme hypernationalism. Russia reciprocated with tariffs, nationalism, threats, and militarization. Nationalists everywhere nurtured one another; the military enjoyed significant power and autonomy throughout European states; and early twentieth-century statist protectionism suppressed internationalizing private capital politically not only in Germany.<sup>45</sup> Early twenty-first-century East Asia, and the global context within which it is embedded, looks substantially different. Not only have internationalizers (including a record large consumer class) expanded both intra- and extra-regional trade and investment to unprecedented levels—much higher than the 1914 strategic cluster—but they are also better endowed politically to defend their interests.<sup>46</sup>

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44. Länder and localities funded social expenditures with revenues that spared wealthy landowners.

45. Clark, *The Sleepwalkers*. From 1894 to 1913, military expenditures rose by 164 percent for the Central Powers and 57 percent for the Entente. See Ferguson, *The Pity of War*, p. 106.

46. From 1909 to 1914, trade openness levels averaged 33 percent for Germany; 27 percent for France; 22 percent for Austria-Hungary; 12 percent for Russia; and lower in Serbia and the Ottoman Empire. From 2007 to 2012, by contrast, trade level openness averaged 118 percent for Taiwan; 101 percent for South Korea; and 30 percent for Japan. China's trade openness level averaged 68 percent in 2008. See Stephen N. Broadberry and Kevin H. O'Rourke, *The Cambridge Economic History of Modern Europe*, Vol. 2: 1870 to the Present (Cambridge: Cambridge University Press, 2010); and Erik Gartzke and Yonatan Lupu, "Trading on Preconceptions: Why World War I Was Not a Failure of Economic Interdependence," *International Security*, Vol. 36, No. 4 (Spring 2012), pp. 115–150.

Free-trading Britain was exceptional in 1914, more reliant on direct and graduated taxes (primarily income and inheritance, which paid for military expenditures). The state owned half as much of the economy as in Germany and Austria-Hungary. Britain also featured a large and politically strong commercial and industrial middle class fostered by internationalization, and a trade openness ratio averaging 47 percent. There were few peasants or militaristic aristocrats logrolling rabid nationalism and Britain's army and arms industry were weaker than Germany's. Its nimbler political institutions were better able to absorb demands for expanding rights than those of Germany, Russia, or Austria-Hungary. British internationalizers enjoyed a unique position, confining German-style inward-looking forces to the fringes. Along with the City of London and other economic/commercial constituencies, British shipbuilders—focused on merchant ships—and exporters were averse to war. Challenging expectations that hegemony drag challengers into war to prevent their own decline, Britain delayed firm alliance commitments and hesitated to declare war until Germany's assault on neutral Belgium overcame internal (including cabinet) opposition to war.<sup>47</sup>

Germany's AIMC weaved its visceral antipathy to democracy, the bourgeoisie, socialism, and republicanism into allegations of encirclement by Britain and France, emblems of advancing democratic industrialism.<sup>48</sup> The external and internal wars were, in some respects, one and the same; from an AIMC vantage point, the British defeat of the Boers was a strike against agrarian feudalism within Europe itself. In contrast, Chinese leaders promoting industrialization via internationalization denounce putative pro-democracy pincer movements by domestic and international adversaries, at least partly for their alleged potential to derail internationalization. Furthermore, internationalizers in China's strategic cluster—stronger than their 1914 counterparts—share converging incentives to tame interactive nationalism, even as Japan's and China's inward-looking factions test the boundaries.<sup>49</sup>

Third, pre-World War I internationalizers faced a radically different global economic, political, and institutional context. Lower transportation costs and

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47. Sean M. Lynn-Jones, "Détente and Deterrence: Anglo-German Relations, 1911–1914," *International Security*, Vol. 11, No. 2 (Fall 1986), pp. 142–145; Kennedy, *The Rise of the Anglo-German Antagonism, 1860–1914*, p. 303; Gourevitch, *Politics in Hard Times*, p. 114; and Gordon, "Domestic Conflict and the Origins of the First World War."

48. Wehler, *The German Empire, 1817–1918*. The kaiser labeled Britain "that filthy nation of grocers." A significant contingent of *Kaiserreich* academics called for a German imperial challenge against Britain and the "Muscovite yoke." See Fischer, *Germany's War Aims in the First World War*, p. 83; and Fischer, *War of Illusions*, p. 32.

49. Although initially tempted to ride the wave of nationalist protests against China, Vietnamese officials concerned with threats to FDI later punished those involved in violent riots.

other innovations, not free-trade policies, drove trade expansion under rising tariffs.<sup>50</sup> Germany's 1879 tariffs encouraged generalized tariffs elsewhere, as the world-time favored dominant preferences for protection, neomercantilism, statist entrepreneurship, private cartels, and nationalism. No golden age for free traders, a global institutional vacuum bolstered protectionism, which enjoyed a much better reputation than it does today. In contrast, widespread economic liberalization has underpinned extraordinary trade expansion over nearly seven decades now. International institutions (the General Agreement on Tariffs and Trade/World Trade Organization, the International Monetary Fund, the World Bank, the European Union, and bilateral, multilateral, and regional preferential trade agreements) have facilitated collective action in trade liberalization, softening the rough edges of globalization even in the Great Recession's aftermath. Arvind Subramanian and Martin Kessler summarize additional exceptional features of twenty-first-century trade integration: China plays a mega-trader role comparable to pre-World War I Britain (not Germany); historically unprecedented trade in goods and services grew from 11 percent of world GDP (early 1970s) to 33 percent (2012); and trade expansion is faster than ever (hyperglobalization). Additionally, today's trade integration is dematerialized (growing emphasis on services); democratic (embraced widely); crisscrossing (similar goods and investments from South to North and vice versa); nested in preferential trade agreements and networks; and on the cusp of mega-regionalism linking the largest traders with each other.<sup>51</sup>

Finally, FDI among strategic interlocutors was negligible in 1914. Richard Rosecrance notes that trade underpinned Germany's growth before World War I, as it does in China; yet the latter has relied on FDI as the dominant source of external capital, acquiescing to high dependence on dynamic regional and global Western and Japanese production and supply chains and value-added content.<sup>52</sup> The centrality of networked technology and geograph-

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50. Kevin H. O'Rourke and Jeffrey G. Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (Cambridge, Mass.: MIT Press, 1999).

51. Arvind Subramanian and Martin Kessler, "The Hyperglobalization of Trade and Its Future," Working Paper No. 13-6 (Washington, D.C.: Peterson Institute for International Economics, July 2013), <http://www.iie.com/publications/wp/wp13-6.pdf>; and Edward D. Mansfield and Helen V. Milner, *Votes, Vetoes, and the Political Economy of International Trade Agreements* (Princeton, N.J.: Princeton University Press, 2012). Sino-U.S. interdependence, which is much higher than the interdependence between pre-World War I Germany and Britain, is a crucial part of this broader and unparalleled global economic landscape.

52. Rosecrance, *The Rise of the Trading State*. Foreign-invested firms account for more than half of China's total trade; exports represent 40 percent of GDP. These exports, in turn, rely heavily on imported components that account for 60–80 percent of the value of all exports; more sophisticated manufactured exports increasingly rely on technologies imported from China's relevant strategic cluster. See Ravenhill, "The Economics-Security Nexus in the Asia-Pacific Region." China's FDI to

ical dispersion of production raise the costs of domestic substitution. Multi-national corporations' geographically diversified portfolios are deemed an effective and unprecedented substitute for conquest, enabling access to foreign markets, raw materials, and supplies without resorting to war.<sup>53</sup> Globalized production acts as both a more crucial and less vulnerable driver of contemporary globalization than trade in 1914. Opportunity costs of closure to FDI are politically prohibitive and compel stronger legal and institutional infrastructures for attracting and protecting it. Easier substitutes for unstable production links further lower FDI's vulnerability. Extensive financial globalization raises additional opportunity costs. Actors willing to disrupt those ties to the global economy through militarized conflict face higher political obstacles today than in 1914.

### *Conclusion*

Debates over the sources of World War I will likely endure until the end of history. There is even little agreement on whether any of the powers were itching for war or whether all of them were. Coalitional accounts contribute to that debate by dwelling on deeper, crucial sources of war and peace. Such accounts infuse agency and provide vital information on why some states find themselves self-isolated, vulnerable, encircled, "slithering" into powder kegs such as Sarajevo or, in some cases, choosing war deliberately. Coalitions are signaling mechanisms vis-à-vis domestic and foreign audiences. Strategic interlocutors make coalitional makeup and behavior an essential source for inferring each other's intentions in the absence of complete information. Such signals can sometimes discourage foreign interlocutors from deepening economic exchange with aggressive inward-looking models. The latter may not "cause" wars, but signal maximalist intentions at home and abroad, making war more foreseeable. Inward-looking coalitions may have no monopoly over "accidents," "faits accomplis," or "blunders," but their protocols infuse the strategic context with a higher potential for war. Internationalizers, particularly when equipped with compensatory resources to minimize domestic adjustment costs, are less likely than their inward-looking competitors to "leap into the dark" Bethmann style.<sup>54</sup> These expectations, of course, suggest significant tendencies rather than inevitability.

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GDP ratio reached 35 percent in 2002. Germany experienced reduced French and British capital inflows after 1900.

53. Stephen G. Brooks, "Economic Actors' Lobbying Influence on the Prospects for War and Peace," *International Organization*, Vol. 67, No. 4 (Fall 2013), pp. 863–888.

54. Bethmann told Riezler in July 1914 that action against Serbia could lead to a world war, yet

The coalitional argument also clarifies contradictory findings regarding interdependence and war by providing a mechanism capable of explaining why, when, and how economic exchange with the world may or may not inhibit war. Correlational data cannot affirm causal effects, least of all for an  $N = 1$  (World War I), and they entail risks of incorrect inferences. Coalitions cannot be simply derived from interdependence ratios. They are fundamentally political agents enabled and constrained by institutions, acting as transmission belts between external inducements and domestic political power. Coalitions translate incentives vis-à-vis the global economy into inputs on war and peace; they are thus crucial categories at the very vortex articulating *Innenpolitik* and *Aussenpolitik*. The line between the two *Primats* (primacies) is fluid, making coalitions the stuff of high politics. Growing interdependence may broaden the scope of beneficiaries of internationalization, but such dependency can also strengthen inward-looking resolve to reverse it. Extant interdependence ratios certainly provide important information. Yet they may fail to capture future expectations; risks and opportunities capable of mobilizing political constituencies; and institutional processes and mechanisms that amplify or thwart their power.

While taking the political corollaries of preferences regarding internationalization seriously, this argument differs from reductionist views that the *Kaiserreich* declared war only to escape domestic crisis. Or that it necessarily favored a world or a continental—rather than a “localized”—war. Or that it bore exclusive responsibility for it.<sup>55</sup> The *Kaiserreich*'s strategic coalitional context—imbued with nationalism, militarism, protectionism, and imperialism of its own—did not precisely exude moderation. It thus strengthened German referents vis-à-vis their domestic adversaries. Strategic contexts dominated by inward-looking models marginalize internationalizers internally, raising their costs for opposing war. A strongly internationalizing cluster might have lowered those costs. This argument turns Leninist theory on its head: internationalizers can have incentives to avoid, not promote, war; it is their weakness that contributed to the breakdown of restraints in 1914. Lumping “the bourgeoisie” into a single category thus obscures important—and evolving—domestic distributional consequences from global economic engagement and war.

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such a “leap into the dark” would be justified. See Riezler, *Tagebücher, Aufsätze, Dokumente*, p. 185; and Volker R. Berghahn, *Imperial Germany 1871–1918: Economy, Society, Culture, and Politics* (New York: Berghahn, 1994), p. 267.

55. At the same time, Kennedy argues that blaming all other powers “equally” is “an historical evasion” given that “at the end of the day, virtually all tangled wires of causality led back to Berlin.” See Kennedy, *The Rise of the Anglo-German Antagonism, 1860–1914*, p. 457.



The 1914 strategic cluster arguably provides a most-likely case for confirming inward-looking tendencies to discount the risk of war or “slither” into one. A scenario of inward-looking models growing dominant in East Asia and unleashing major war would also align with those theoretical expectations.<sup>56</sup> The trends discussed earlier suggest that the prospects for this may be small in 2014, though nontrivial. Internationalizers have turned China into the world’s largest mega-trader. Yet the volatility in China’s charm index (and Japan’s) can be traced, to a significant extent, to protracted domestic coalitional competition. Two other hypothetical scenarios could challenge expectations from the general theoretical framework discussed here. The first would be a major war among strong internationalizing actors. The second assumes an entrenched inward-looking cluster that retreats from the global economy but also retains a strong commitment to preserve Asia’s decades-old absence of war. Domestic coalitional balances of power are dynamic and sensitive to both domestic and external trends. This implies an open-ended dynamic, separating this argument from teleological ones that consider internationalization to be linear and unproblematic and interstate wars obsolete.

Predictions about war (as war itself) are always risky. Understanding the conditions that may increase or decrease its odds remains a tall order. A key quandary is whether East Asia’s archetypical model is robust enough to sustain the peace. The favorable global and regional circumstances that lubricated the model cannot be taken for granted. Although it survived major crises in 1997 and 2008, the model could be buffeted by external shocks that deepen internal rifts and reverse coalitional balances. Unlike 1914, however, contemporary coalitions do not thrive or decay in a global institutional vacuum. International institutions weigh in on coalitional competition, typically buttressing internationalizers. East Asian nationalism remains an important threat but must also compete with strong countervailing internationalizing forces. Civilian control of the military remains robust. Furthermore, despite serious disputes, explicitly militaristic will-to-war is more politically constrained than in pre-World War I annals. These trends may be more auspicious than the 1914 world-time, but also leave ample room for improvement.

The cult of the offensive played a major role in 1914, as did rigid alliances, a dangerous shortcut to decisionmaking in Sarajevo’s aftermath that warns against “blank checks.” Calculations favoring war sooner than later were rampant then, revealing the precarious ground on which balance of power calcula-

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56. Etel Solingen, “Pax Asiatica versus Bella Levantina: The Foundations of War and Peace in East Asia and the Middle East,” *American Political Science Review*, Vol. 101, No. 4 (November 2007), pp. 757–780.

tions sometimes stand.<sup>57</sup> Systemic power structures cannot be ignored, but coalitional balances of power can help to override them. The radicalization of Germany's coalition fueled parallel trends elsewhere, congealing ever more inflexible alliances that hardened Germany's coalition in turn.<sup>58</sup> Democracy is a crucial glue of contemporary U.S. alliances, and the realm of converging internationalizing democracies has proven robust to sustaining the peace among them. Converging internationalizing models, though perhaps less robust for curtailing war in the absence of reciprocal democratic checks, remain significant constraints. China's internationalizers share incentives with the West—and much of the rest—to bolster a stable global economy.

The relationship between rising powers and war is thus not overdetermined but conditioned more on coalitional arrangements in rising and declining powers than on abstract, contested measures of relative international power. Rising hypernationalist, military-controlled, protectionist, and aggression-prone coalitions may be met with greater external resistance than internationalizing ones. The rise of post-1945 Germany has not led to war; only extremist fringes fueled by the Euro crisis equate it with earlier historical incarnations that—under imputations of encirclement—twice led Germany down the path of destruction. Naval expenditures and propaganda harmed its social fabric, pauperized workers, and invigorated self-consuming nationalism. Wars unleashed even more virulent social unrest, crisis, and humiliation. The contrast with present-day Germany could not be starker: a democratic, internationalized, unified economic powerhouse eschewing unilateralism, militarism, and nuclear weapons. It is hard to imagine that China's leaders, who are facing considerable domestic challenges, are not sensitive to this history.

Contemporary world politics is not an independent occurrence, and especially not independent of World War I, World War II, and the Cold War. Surely the tragedy of the twentieth century, and the unintended effects of playing up hypernationalist cards, informs today's powers. Whether that legacy leads to profound transformations in the institution of war hinges on distilling appropriate lessons from the path to the Great War. Arguing that China in 2014 is Germany in 1914 is neither precise nor constructive. Ahistorical analogies between then and now may not only be imperfect, but they can infuse actors with misguided and perilous protocols for international behavior. The choice

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57. Marc Trachtenberg, "French Foreign Policy in the July Crisis, 1914: A Review Article," *H-Diplomacy*, No. 3, November 26, 2010, implies that war might have been avoided had appropriate neorealist calculations prevailed. On the danger of accepting politicians' claims of strategic "vulnerability" at face value, see Snyder, *Myths of Empire*.

58. On spirals, see Robert Jervis, *Perception and Misperception in International Politics* (Princeton, N.J.: Princeton University Press, 1976).

between presumed atavistic tendencies toward war and peaceful accommodation exists; and coalitions are crucial to that choice. Mark Twain putatively declared, "History never repeats itself but it rhymes." There is plenty that may rhyme with World War I today but even more that does not. All sides must make sure that gap never narrows.