

BY THE SAME AUTHOR

Colossus: The Rise and Fall of the American Empire

Empire: How Britain Made the Modern World

The Cash Nexus: Money and Power in the
Modern World, 1700-2000

The Pity of War

The House of Rothschild

NIALL FERGUSON

The War of the World

*Twentieth-Century Conflict and
the Descent of the West*

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from the United Kingdom. Would so many have left if, in truth, they had been 'reasonably contented'?

EMPIRES

The world of 1901 was a world of empires, but the problem was their weakness, not their strength.

The oldest, the Qing and the Ottoman, were relatively decentralized entities; indeed to some observers they seemed on the verge of dissolution. Their fiscal systems had for too long been based primarily on quasi-feudal transfers from the rural periphery to the metropolitan centre. Other sources of revenue were becoming more important – notably the duties levied on overseas trade – but by the end of the nineteenth century these had largely been frittered away. The process was further advanced in China. Beginning in the 1840s with Xiamen, Guangzhou, Fuzhou, Ningbo and Shanghai, numerous Chinese ports had come under European control, initially as bridgeheads for hard-faced Scots intent on building a mass market for Indian opium. Eventually there were more than a hundred such 'treaty ports', where European citizens enjoyed the privileges of 'extraterritoriality' – living in 'concessions' or 'settlements' with complete immunity from Chinese law. The Imperial Maritime Customs Administration, though nominally a branch of the Chinese Government, was staffed by foreign officials and run by an Ulsterman, Sir Robert Hart. In much the same way, numerous Turkish taxes were collected by a European Council of the Public Debt, which had been established in 1881 and was controlled by foreign bondholders.* These strikingly visible limitations of sovereignty – the magnificent offices of the Hong Kong and Shanghai Bank on the Shanghai Bund (embankment), the building of

* The Council had seven members: two from France, one each from Germany, Austria, Italy and the Ottoman Empire itself, and one from Britain and Holland together. Until the debt was liquidated, the Decree of Muharrem ceded to the Council all the revenues from the salt and tobacco monopolies, the stamp and spirits tax, the fish tax and the silk tithes in certain districts, as well as some potential increases from customs duties and the tax on shops. Revenues from certain Ottoman possessions – Bulgaria, Cyprus and Eastern Rumelia – also flowed to it.

the Public Debt Administration in Istanbul – reflected both financial and military weakness. To pay for modern armaments and infrastructure that they could not make for themselves, the Chinese and the Turkish governments had borrowed substantial sums by floating loans in Europe; domestic intermediaries simply could not compete with the sums and the terms offered by the European banking houses, which were able to tap much wider and deeper pools of savings through the bond markets of London, Paris and Berlin. But the mortgaging or hypothecation of specific revenue streams like customs duties meant that these passed into foreign control in the event of a default. And defaults tended to happen in the wake of military setbacks like those suffered by Turkey in the 1870s and China in the 1890s; it turned out that simply buying Western hardware did not suffice to win wars.

It is therefore not surprising that by 1901 so many Westerners expected both these venerable empires to go the way of the Safavid and Mughal empires, which had disintegrated in the eighteenth century, with European economic influence as the fatal solvent. Yet this was not what happened. Instead, both in China and in Turkey, a new generation of political modernizers came to power, inspired by nationalism and intent on avoiding the fate that had befallen earlier Eastern empires. The challenge for the Young Turks who came to power in Istanbul in 1908 was the same as that which faced the Chinese republicans who overthrew the last Qing Emperor three years later: how to transform sprawling, enfeebled empires into strong nation states.

Somewhat similar processes were already at work in the Austrian and Russian empires, though this was much less obvious in 1901. Although similar to their Asian counterparts in their social foundations, both empires had modernized their revenue-gathering and war-making capabilities in the eighteenth century. Yet both were already struggling to cope with the technological and political challenges of industrialized warfare. The smaller Central European realm of the Habsburgs was primarily weakened by its ethnic diversity. There were at least eighteen nationalities dispersed across five distinct kingdoms, two grand duchies, one principality, six duchies and six other miscellaneous territorial units. German-speakers accounted for less than a

maintaining military parity with the West European powers. Moreover, Russia exercised the option of 'Russification', aggressively imposing the Russian language on the other ethnic minorities in its vast imperium. This was an ambitious strategy given the numerical predominance of non-Russians, who accounted for around 56 per cent of the total population of the empire. It was Russia's economy that nevertheless seemed to pose the biggest challenge to the Tsar and his ministers. Despite the abolition of serfdom in the 1860s, the country's agricultural system remained communal in its organization – closer, it might be said, to India than to Prussia. But the bid to build up a new class of thrifty peasant proprietors – sometimes known as *kulaks*, after their supposedly tight fists – achieved only limited success. From a narrowly economic perspective, the strategy of financing industrialization by boosting agricultural production and exports was a success. Between 1870 and 1913 the Russian economy grew at an average annual rate of around 2.4 per cent, faster than the British, French and Italian and only a little behind the German (2.8 per cent). Between 1898 and 1913, pig iron production more than doubled, raw cotton consumption rose by 80 per cent and the railway network grew by more than 50 per cent. Militarily, too, state-led industrialization seemed to be working; Russia was more than matching the expenditures of the other European empires on their armies and navies. Small wonder the German Chancellor Theobald von Bethmann Hollweg worried that 'Russia's growing claims and enormous power to advance in a few years, will simply be impossible to fend off'. Nevertheless, the prioritization of grain exports (to service Russia's rapidly growing external debt) and rapid population growth limited the material benefits felt by ordinary Russians, four-fifths of whom lived in the countryside. The hope that they would gain land as well as freedom aroused among peasants by the abolition of serfdom had been disappointed. Though living standards were almost certainly rising (if the revenues from excise duties are any guide), this was no cure for a pervasive sense of grievance, as any student of the French *ancien régime* could have explained. A disgruntled peasantry, a sclerotic aristocracy, a radicalized but impotent intelligentsia and a capital city with a large and volatile populace: these were precisely the combustible ingredients the historian Alexis de Tocqueville had identified

in 1780s France. A Russian revolution of rising expectations was in the making – a revolution Nikiforych vainly warned Gorky to keep out of.

The West European overseas empires were altogether different in character. The products of three centuries of commerce, conquest and colonization, they were the beneficiaries of a remarkable global division of labour. At the heart of this 'imperialism' – the word became a term of abuse as early as the late 1850s* – were a few great cities, which generally combined political, commercial and industrial functions. In their own right, these teeming metropolises were monuments to the material progress of mankind, even if the slums of their East Ends revealed how unequally the fruits of that progress were distributed. Outwards from London, Glasgow, Amsterdam and Hamburg there radiated the lines – shipping lines, railway lines, telegraph lines – that were the sinews of Western imperial power. Regular steamships connected the great commercial centres to every corner of the globe. They criss-crossed the oceans; they plied its great lakes; they chugged up and down its navigable rivers. At the ports where they loaded and unloaded their passengers and cargoes, there were railway stations, and from these emanated the second great network of the Victorian age: the iron rails, along which ran rhythmically, in accordance with scrupulously detailed timetables, a clunking cavalcade of steam trains. A third network, of copper and rubber rather than iron, enabled the rapid telegraphic communication of orders of all kinds: orders to be obeyed by imperial functionaries, orders to be filled by overseas merchants – even holy orders could use the telegraph to communicate with the thousands of missionaries earnestly disseminating West European creeds and ancillary beneficial knowledge to the heathen. These networks bound the world together as never before, seeming to 'annihilate distance' and thereby creating truly global markets for commodities, manufactures, labour and capital. In turn, it was these markets that peopled the prairies of the American Mid-West and the steppe of Siberia, grew rubber in Malaya and tea in Ceylon,

* From the *Westminster Review*, October 1858: 'To lower the intellectual vigour of the nation . . . to exhibit to the world how the waywardness of mind will yield beneath the compression of a stern resolution – these are the tasks set itself by Imperialism.'

quarter of the population. Because of its institutional decentralization, Austria-Hungary struggled to match the military expenditures of the other great powers. It was stable, but weak. The Carinthian-born novelist Robert Musil nicely captured the contemporary sense of retarded imperial development:

There was no ambition to have world markets or have world power. Here one was in the centre of Europe, at the focal point of the world's old axes; the words 'colony' and 'overseas' had the ring of something as yet utterly untried and remote . . . One spent enormous sums on the army; but only just enough to assure one of remaining the second weakest among the great powers.

There were, to be sure, periodic debates about internal reform. The 'dualism' that since 1867 had divided most power between a pluralistic Austria and a Magyar-dominated Hungary produced endless anomalies, like the arcane distinction between *kaiserlich-königlich* (imperial-royal) (k.k.) and *kaiserlich und königlich* (k.u.k.), which inspired Musil to nickname the country 'Kakania':

On paper it called itself the Austro-Hungarian monarchy; in speaking, however, one referred to it as Austria; that is to say, it was known by a name that it had, as a State, solemnly renounced by oath, while preserving it in all matters of sentiment, as a sign that feelings are just as important as constitutional law and that regulations are not the really serious thing in life. By its constitution it was liberal, but its system of government was clerical. The system of government was clerical, but the general attitude to life was liberal. Before the law all citizens were equal, but not everyone, of course, was a citizen. There was a parliament, which made such vigorous use of its liberty that it was usually kept shut; but there was also an emergency powers act by means of which it was possible to manage without parliament, and every time everyone was just beginning to rejoice in absolutism, the Crown decreed that there must now again be a return to parliamentary government. [N]ational struggles . . . were so violent that they several times a year caused the machinery of State to jam and come to a dead stop. But between whiles, in the breathing-spaces between government and government, everyone got on excellently with everyone else and behaved as though nothing had been the matter.

Czechs in particular chafed at their second-class status in Bohemia, and were able to give more forthright political expression to their grievances after the introduction of universal male suffrage in 1907. But schemes for some kind of Habsburg federalism never got off the ground. The alternative of Germanization was not an option for the fragile linguistic patchwork that was Austria; the most that could be achieved was to maintain German as the language of command for the army, though with results lampooned hilariously by the Czech writer Jaroslav Hašek in *The Good Soldier Švejk*. By contrast, the sustained Hungarian campaign to 'Magyarize' their kingdom's non-Hungarians, who accounted for nearly half the population, merely inflamed nationalist sentiment. If the trend of the age had been towards multi-culturalism, then Vienna would have been the envy of the world; from psychoanalysis to the Secession, its cultural scene at the turn of the century was a wonderful advertisement for the benefits of ethnic cross-fertilization. But if the trend of the age was towards the homogeneous nation state, the future prospects of the Dual Monarchy were bleak indeed. When the satirist Karl Kraus called Austria-Hungary a 'laboratory of world destruction' (*Versuchsstation des Weltuntergangs*), he had in mind precisely the mounting tension between a multi-tiered polity – summed up by Kraus as an '*aristodemoplutobürokratischen Mischmasch*' – and a multi-ethnic society. This was what Musil was getting at when he described Austria-Hungary as 'nothing but a particularly clear-cut case of the modern world': for 'in that country . . . every human being's dislike of every other human being's attempts to get on . . . [had] crystallized earlier'. Reverence for the aged Emperor Francis Joseph was not enough to hold this delicate edifice together. It might even end up blowing it apart.

If Austria-Hungary was stable but weak, Russia was strong but unstable. 'There's an invisible thread, like a spider's web, and it comes right out of his Imperial Majesty Alexander the Third's heart. And there's another which goes through all the ministers, through His Excellency the Governor and down through the ranks until it reaches me and even the lowest soldier,' the policeman Nikiforych explained to the young Maxim Gorky. 'Everything is linked and bound together by this thread . . . with its invisible power.' As centralized as Austria-Hungary was decentralized, Russia seemed equal to the task of

THE GREAT TRAIN CRASH

bred sheep in Queensland and cattle in the pampas, dug diamonds from the pipes of Kimberley and gold from the rich seams of the Rand.

Globalization is sometimes discussed as if it were a spontaneous process brought about by private agents – firms and non-governmental organizations. Economic historians chart with fascination the giddy growth of cross-border flows of goods, people and capital. Trade, migration and international lending all reached levels in relation to global output not seen again until the 1990s. A single monetary system – the gold standard – came to be adopted by nearly every major economy, encouraging later generations to look back on the pre-1914 decades as a literally ‘golden’ age. In economic terms it doubtless was. The world economy grew faster between 1870 and 1913 than in any previous period. It is inconceivable, however, that such high levels of international economic integration would have come about in the absence of empires. We should bear in mind that, taken together, the possessions of all the European empires – the Austrian, Belgian, British, Dutch, French, German, Italian, Portuguese, Spanish and Russian – covered more than half of the world’s land surface and governed roughly the same proportion of its population. This was a political globalization unseen before or since. When these empires acted in concert, as they did in Africa from the 1870s and in China from the 1890s, they brooked no opposition.

The *ultima ratio* of the Western empires was, of course, force. But they would not have lasted as long as they did if they had relied primarily on coercion. Their strongest foundation was their ability to create multiple scale-models of themselves through colonial settlement and collaboration with indigenous peoples, giving rise to a kind of ‘fractal geometry of empire’. It meant that a respectable English traveller could anticipate with some confidence the availability of afternoon tea or a stiff gin at the local gentleman’s club whether he was in Durban, Darwin or Darjeeling. It meant that a late Victorian British official could be relied on to have a working knowledge of the local languages and law whether he was in St Kitts, Sierra Leone or Singapore. To be sure, each territory struck its own distinctive balance between Europeans and local elites, depending first and foremost on the attractiveness of the local climate and resources to European

EMPIRES AND RACES

Table 1.1: Empires in 1913

	Territory (sq. miles)	Population
Austria	115,882	28,571,934
Hungary	125,395	20,886,487
Belgium	11,373	7,490,411
Africa	909,654	15,000,000
France	207,054	39,601,509
Asia	310,176	16,594,000
Africa	4,421,934	24,576,850
America	35,222	397,000
Oceania	8,744	85,800
Germany	208,780	64,925,993
Africa	931,460	13,419,500
Asia	200	168,900
Pacific	96,160	357,800
Italy	110,550	34,671,377
Africa	591,230	1,198,120
Netherlands	12,648	6,022,452
Asia	736,400	38,000,000
Portugal	35,490	5,957,985
Asia	8,972	895,789
Africa	793,980	8,243,655
Spain	194,783	19,588,688
Africa	85,814	235,844
Russia (European)	1,862,524	120,588,000
Asian Russia	6,294,119	25,664,500
United Kingdom	121,391	45,652,741
India	1,773,088	315,086,372
Europe	119	234,972
Asia	166,835	8,478,700
Australia & Pacific	3,192,677	6,229,252
Africa	2,233,478	35,980,913
Other	4,011,037	9,516,015
United States	2,973,890	91,972,266
Non-contiguous terr.	597,333	1,429,885
Philippines	127,853	8,600,000
Turkey (Asian)	429,272	21,000,000
European Turkey	104,984	8,000,000
Japan	87,426	52,200,679
Asia	88,114	3,975,041
China	1,532,420	407,253,080
Asia	2,744,750	26,299,950
TOTAL WORLD	57,268,900	1,791,000,000
European empires	29,607,169	914,000,000
European empires (%)	52%	51%

Note: Population totals rounded as some figures for colonial populations were clearly estimates.

immigrants. But by 1901 a kind of ornate uniformity had emerged, modelled on that elaborate system of social hierarchy which foreigners mistook for a class system, but which the British themselves understood as an elaborate and partially unwritten taxonomy of inherited status and royally conferred rank.

All the established empires of 1901 sought to make virtues out of their necessities. From the Delhi Durbars of 1877 and 1903 to the parades through Vienna that marked the Emperor Francis Joseph's birthday, they staged colourful festivities that celebrated their ethnic diversity. British theorists of empire like Frederick Lugard began to argue that 'indirect rule', which effectively delegated substantial power to local chiefs and maharajas, was preferable to hands-on 'direct rule'. Even so, the Western empires were, like their Eastern counterparts, manifestly nearing their ends, as Rudyard Kipling divined in 'Recessional' (1897), his finest poem. By the end of the nineteenth century, the costs to the British of maintaining control over their distant possessions were perceptibly rising relative to the benefits, which in any case flowed to a relatively few wealthy investors. Guy de Maupassant's *Bel-Ami* (1885) gives a good flavour of the unedifying nexus that had developed between political elites, financial markets and imperial expansion:

She was saying:

'Oh, they've done something very clever. Very clever . . . It really is a wonderful operation . . . An expedition against Tangier had been agreed upon between the two of them the day Laroche became Foreign Secretary and gradually they've been buying up the whole of the Moroccan loan which had dropped to sixty-four or sixty-five francs. They did their buying very cleverly, using . . . shady dealers who wouldn't arouse any suspicion. They even succeeded in fooling the Rothschilds, who were surprised at seeing such a steady demand for Moroccan stock. Their reply was to mention the names of all the dealers involved, all unreliable and on their beam ends. That calmed the big banks' suspicions. And so now we're going to send an expedition and as soon as we've succeeded, the French government will guarantee the Moroccan debt. Our friends will have made about fifty or sixty million francs. You see how it works?' . . .

He said: 'It really is very clever. As for that louse Laroche, I'll get even with

him for this. The blackguard! He'd better look out . . . I'll have his ministerial blood for this!'

Then he began to think. He said more quietly:

'But we ought to take advantage of it.'

'You can still buy the loan,' she said. 'It's only at seventy-two.'

To be sure, widening franchises at home and in some settler colonies did not necessarily portend decolonization – if anything, the British Empire became truly popular only in the last half-century of its existence. But democratization did make it harder to justify major peace-time expenditures on imperial security when metropolitan electorates were manifestly more interested in social security. Only in time of war, as the British discovered in their painful struggle to subjugate the Boers, could the public be relied on to rally to the flag; and even that emotion could quickly turn to disenchantment when the price of victory became clear. This was something of which even the most enthusiastic imperialists were acutely aware. Of the 726,000 people who had left the United Kingdom in the last decade of the nineteenth century, 72 per cent had gone not to other parts of the British Empire but to the United States. 'The great problem of the coming years', conceded *The Times* uneasily,

will be to consolidate the Empire, to bring its several parts into organic and vital relation with each other and with the old country, their common origin and home, to convert the noble impulse which has led the sons of all the colonies to help the Empire in its need [in South Africa] into a working bond of indissoluble union.

As the newspaper admitted, however, 'the solution of this problem is not to be propounded off-hand'.

MISCEGENATION

This imperial world had once been a racial melting pot. Whether in the Caribbean, America or India, British businessmen and soldiers had felt no compunction about sleeping with and in many cases marrying indigenous women. To take a native concubine had been