PART I

The Great War

The relative stability of the monetary order from 1873 coincided with the stability of the political order. As the world traded one money, it also approached an ideal of one economic unit, with declining restrictions on trade and reductions in military conflicts. Relations between the major powers continued to improve over time and the prospect of war seemed less and less likely. Britain and France, bitter rivals for centuries, signed the Entente Cordiale in 1904, an agreement delineating British and French colonies in North Africa, preventing conflict between the countries, and leading to growing cooperation between the two empires. Anglo-Russian relationships had also improved with the signing of the Anglo-Russian Convention in 1907, in which Britain and Russia delineated their Asian colonies to avoid conflict.

Britain's relationship with Germany was also improving. Through royal marriages of her children to European monarchs, Britain's Queen Victoria was the grandmother of many royals across the continent, most notably the German Kaiser Wihelm II, whose coronation in 1888 marked an auspicious moment for British-German relations, as he was the eldest of the forty-two grandchildren of Queen Victoria through her eldest daughter Princess Victoria. At his birth, Wilhelm II was third in line for succession of the Prussian throne and sixth in line for succession of the British throne. When Queen Victoria was on her death bed in 1901, Wilhelm II, who loved her dearly, traveled to be by her side. It is said that she passed away in his arms. He carried her coffin at her funeral.

After its victory in the Franco-Prussian war, Germany focused on consolidating its empire in the European mainland, and Britain and Germany approached the twentieth century with their interests harmonized and the threat of war subsiding. Germany could dominate the European mainland while Britain expanded its empire everywhere else. An alliance between the two great powers was even seriously considered, with Germany eventually rejecting it because they worried Britain's imperial entanglements could drag them to an unwanted war with Britain's historic rivals Russia and France, or the unthinkable horror: both.

From 1890 to 1902, three potential problems emerged in British-German

relations. Kaiser Wilhelm II removed Bismarck as chancellor and ignored his advice to avoid pursuing a foreign empire, which inevitably aroused the distrust and discontent of the British, who had the world's biggest empire and did not want Germany competing with them for territories. Wilhelm II also became obsessed with building a navy to support the empire, provoking more animosity from Britain, who had the world's largest and most powerful navy, which controlled the entrance to the North Sea, Germany's naval gateway to the world.

The death of Queen Victoria in 1901 and the ascension of her son Edward VII to the throne added to the friction in British-German relations. Kaiser Wilhelm had a jealous rivalry with his uncle Edward, who had always looked down on him as a young man and his nephew, rather than treating him as an equal ruling monarch of a superpower. Known as "the possessor of the least inhibited tongue in Europe,"[1] Wilhelm had suffered brain damage during birth which caused him to be erratic, impulsive, and emotional, and his behavior created needless tension between Germany and Britain that threatened to sour the increasingly cordial and cooperative international order. In an infamous interview with *The Daily Telegraph* in October 1908, Kaiser Wilhelm's attempts at winning over British public opinion backfired as his outbursts caused increased tension not just with Britain, but also with France, Russia, and Japan. Wilhelm's naval and imperial ambitions alarmed the British, and he grew increasingly concerned that Britain's rapprochement with France and Russia was meant to encircle and suffocate Germany.

But these fears were alleviated in the second decade of the twentieth century. After King Edward VII died, Kaiser Wilhelm II attended his funeral on May 20, 1910, which helped mend relations with British people and royalty. A popular king at the zenith of his empire, his funeral procession drew an estimated three to five million people, with 35,000 soldiers lining the funeral's route. From across Europe and the world, monarchs packed the palace in the largest gathering of monarchs to date. The astonishing spectacle and sense of cordial solidarity and togetherness suggested the superpowers were entering

1 Barbara W. Tuchman, "The Guns of August" (New York: Ballantine Books, 1990).

a period of extended peace and cooperation. Barbara Tuchman immortalized the occasion in a famous passage of her book, *The Guns of August:*

> So gorgeous was the spectacle on the May morning of 1910 when nine kings rode in the funeral of Edward VII of England that the crowd, waiting in hushed and black-clad awe, could not keep back gasps of admiration. In scarlet and blue and green and purple, three by three the sovereigns rode through the palace gates, with plumed helmets, gold braid, crimson sashes, and jeweled orders flashing in the sun. After them came five heirs apparent, forty more imperial or royal highnesses, seven queens—four dowager and three regnant—and a scattering of special ambassadors from uncrowned countries. Together they represented seventy nations in the greatest assemblage of royalty and rank ever gathered in one place and, of its kind, the last. The muffled tongue of Big Ben tolled nine by the clock as the cortege left the palace, but on history's clock it was sunset, and the sun of the old world was setting in a dying blaze of splendor never to be seen again.[2]

The new king, George V, ascended to the throne in 1910 with his first cousin ruling Germany, and his first cousins ruling Russia as Emperor Nicholas II and Empress Alexandra. In 1913, the naval rivalry between Britain and Germany seemed to be over as Germany agreed to keep its fleet inferior to Britain's at a ratio of 10:16. Tensions over the Middle East had also been alleviated in June 1914 when Britain and Germany resolved their differences over the Baghdad Railway.[3]

Tensions were ever-present in the heartland of Europe, where ethnic and religious diversity created many small conflicts that threatened to embroil larger powers. Yet it was not easy to imagine this snowballing into something large enough to draw Britain in. Britain, after all, had no vital interests in the

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2 Barbara W. Tuchman, "The Death of Jaurès," chapter 8 of *The Proud Tower: A Portrait of the World Before the War: 1890-1914,* 451-515 (New York: Random House, 1966), 1.

3 R. J. W. Evans, Hartmut Pogge von Strandmann, eds. The Coming of the First World War *(New York: Oxford University Press, 1990)*; Ruth Henig, The Origins of the First World War, 3rd ed. (London and New York: Routledge, 2002 [1989]).

European mainland, as all its interests lay in its overseas empire. "We are fish" Lord Salisbury had famously said to explain his government's indifference to inter-European territorial squabbles and its keen interest in the empire its magnificent navy made possible.

In 1913, Kaiser Wilhelm's daughter Princess Victoria Louise married. Her wedding was also a great gathering of European monarchs, suggesting further dissipation of tensions. Any semblance of Anglo-German tension looked to have disappeared in the fateful final week of June 1914. The German Kaiser had joined the festivities of the annual Kiel Week Regatta, where he inaugurated the new Kiel Canal locks. That year's regatta was a historical occasion, for it saw the invitation of Britain's Royal Navy's Second Battle Squadron, which comprised the four newest and most powerful dreadnaughts in the world. As the German Navy had grown to become the second biggest navy in the world, the invitation of the biggest navy to this occasion signaled that the two navies had found a way to peacefully coexist, and the naval rivalry between them was over. Kaiser Wilhelm, who was bestowed the rank of admiral in the British Navy by his grandmother, wore his British admiralty uniform to inspect the British warships. The evening of Saturday, June 27, saw boisterous parties as British and German sailors visited each other's boats, drank together, engaged in friendly boxing matches, and partied into the morning of the fateful day of June 28. At 6 p.m. on that day, with sailors still nursing their hangovers, news would arrive of the assassination of Archduke Franz Ferdinand, heir to the throne of the Austro-Hungarian Empire.

The news would take the joy out of the events of the week and cause Kaiser Wilhelm to cut his visit short. He left Kiel the next day. King George then sent a message delivered by the commander of the British squadron leaving Kiel on June 30:

Friends Today
Friends in Future
Friends Forever

It was almost completely inconceivable for anyone involved that these two navies would be at war in a mere five weeks, but that is exactly what happened. It was an astonishing turn of events. Within the space of one week between

July and August, Europe went from optimism that Austria and Serbia were going to find a diplomatic solution to their quarrel to an all out war with five major powers in conflict: Austria-Hungary, Russia, Germany, France, and Britain, and thee more powers to follow over the coming months: Japan, the Ottoman Empire, and Italy. To get a sense of just how unlikely this was at the time, note that the Serbian-Austrian crisis had not been mentioned in the British parliament for four weeks after it happened. Hardly anybody had even thought this affair carried any significance for the British. On July 24, British Prime Minister Herbert Asquith wrote to his lover Venetia ""We are within measurable, or imaginable, distance of a real Armageddon. Happily there seems to be no reason why we should be anything more than spectators." [4]On July 27, a day before Austria-Hungary declared war on Serbia, Chancellor of the Exchequer David Lloyd George said there could be no question of taking part in any war, and he knew of no minister who was in favor.[5]

On August 4, Germany entered Belgium, and on August 5, the first battle of The Great War began: The Battle of Liège, which pitted the German army against the Belgian army. Liège fell on August 16, and the German army continued its march through Belgium on its way to France, where one of the most brutal warfronts in history awaited them against the French and British armies.

On August 12, 1914, the Austro-Hungarian military under the command of General Oskar Potiorek launched its first offensive into Serbia. Hundreds of thousands of soldiers were killed and injured on both sides as Serbia succeeded in fending off the Austro-Hungarian attack. It was one of the greatest upsets in military history. Soon after, on August 17, Russia invaded the East Prussian province of Galicia and suffered large losses in a successful German counter-attack. At the Battle of Tannenberg, which took place the following week, Germany achieved a crushing defeat of Russia, setting Russia on the wrong foot from the start of the war. On May 23, 1915, Italy declared war on

4 H. H. Asquith, In *H.H. Asquith: Letters to Venetia Stanley,* ed. Michael Brock and Eleanor Brock, (Oxford: Oxford University Press, 1985), 123.

5 Martin Gilbert, *First World War* (London: Harper Collins, 1995) 23.

Austria-Hungary and opened a new front.

Perhaps no better testament to the senselessness of this war existed than the Christmas truce of 1914, when German and English soldiers on the western front both decided to stop fighting over the Christmas holidays (without having received orders to do so) and crossed enemy lines to socialize and exchange gifts. They even played a game of football together before going back to their trenches and resuming the senseless slaughter. The absurdity of the war was palpable: German soldiers, many of whom had worked in England and liked the country and learned to play football there, were in France to fight the British army of King George V, Kaiser Wilhelm's cousin. Germany had no plans to take over Britain, and Britain had no plans to take over Germany, so neither of these sets of soldiers felt a serious threat from one another. None of the soldiers could quite understand how things spiraled so quickly into large-scale war, nor could the diplomats and intellectuals in the respective countries quite explain that either. The Christmas truce laid bare the truth that these soldiers had nothing against each other, had nothing to gain from fighting this war, and could see no reason to continue it. Whatever rivalry exists between these nations could very well be acted out peacefully on the football pitch at the cost of disciplined training rather than the blood of an entire generation.

In the aftermath of the war, virtually nobody could explain how the major powers had gone to war against each other. There was a sense that this was a disaster into which the major powers inadvertently sleepwalked. After the assassination of the Austrian crown prince in Sarajevo by Serbian nationalists, Austria seemed overconfident in its ability to bring Serbia to heel. Russians seemed extremely cavalier about smashing the Austrians in defense of Serbia. The Germans, in turn, seemed gripped by paranoia, with Kaiser Wilhelm's demons awakened that the British, French, and Russians were aiming to destroy Germany. Rather than work to avoid a confrontation with the three powers, the Germans seemed to think they could take on France, then Russia, all while Britain kept to itself. The French seemed to have vastly overestimated their ability to fight the Germans and regain Alsace-Lorraine, and the British imagined their entry would decisively and quickly settle the war.

They were all unfathomably wrong.

There is a compelling case to be made that all of the parties deserve part of the blame for their overreaction and instigation. It is easy for the historian to simply cast blame everywhere and virtue signal about peace being good and war bad. Yet there was also a very real historical context in which this tragedy was born, one that has its roots in nineteenth century military conflicts and alliances and in the imperial ambitions of monarchs who had grown callous to the true cost of their ambitions in men and treasure.

As the war headed to a brutal stalemate and the belligerents seemed hell-bent on pursuing war at all costs, financing was to prove the decisive factor in determining the war's outcome. All the major powers of the day were on a classical gold standard. Their central banks held large amounts of gold reserves and issued paper notes and bank credit to their citizens. As war intensified, pressure on these reserves increased across the world because citizens preferred to trust in the immutable laws of chemistry represented in gold over the promises of governments that would do whatever it took to secure what looked like inconsequential victories.