

## The lesson of Sarajevo

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Anatole Kaletsky | GaveKal | 26 June 2014

Why does the assassination of Archduke Franz Ferdinand – which lit the fuse to the First World War powder-keg 100 years ago this Saturday – still resonate so powerfully? Almost nobody believes that a Third World War is about to be triggered by the military conflicts in Ukraine or Iraq, or by the tension in the China Seas. Yet, there are many points of modern relevance in the catastrophe that started a century ago in Sarajevo.

The pace of globalisation was almost as dramatic and confusing in 1914 as it is today. The fear of random terrorism was widespread – the blackhatted anarchist clutching a fizzing bomb was a cartoon cliché, like the Islamic jihadist today. Yet, paradoxically, the most important parallel was the complacent certainty that economic interdependence and prosperity had made war inconceivable, at least in Europe.

In 1910, a best-selling book called *The Great Illusion* demonstrated through economic arguments that territorial conquest had become unprofitable and therefore that global capitalism had rendered war between nations futile. This view, broadly analogous to the modern factoid that there has never been a war between two countries with a McDonald's outlet, became so well established that *The Economist* was able to reassure its readers with an editorial entitled "War Becomes Impossible in Civilised World" less than a year before the war broke out: "The powerful bonds of commercial interest between ourselves and Germany have been immensely strengthened in recent years... removing Germany from the list of our possible foes." In the event, of course, the real "Great Illusion" turned out to be the idea that economic self-interest made wars obsolete.

Yet, a variant of this naive materialism has returned to the modern world. It underlies, for example, the Western foreign policy which presents economic sanctions on Russia or Iran as a substitute for political compromise or military intervention.

The truth, as the world discovered in 1914 and is rediscovering today in Ukraine, the Middle East and the China Seas, is that economic interests are swept aside once the genies of nationalist or religious militarism are released.

In past conflicts, Russia has withstood economic losses unimaginable to politicians and diplomats in the Western world – and the same is true of Iran and China. Thus, the US strategy of "escalating economic costs" cannot be expected to achieve major geopolitical objectives, such as preserving Ukraine's borders or Japan's uninhabited islands. Either territory must be open to renegotiation or the West must be prepared to fight to protect the "sanctity" of borders, which suggests the really unsettling parallels with the world of 1914.

While historians continue to debate the First World War's proximate causes, two destabilising features of early 20th Century geopolitics created the necessary conditions for the sudden spiral into all-consuming conflict. And, these features are now returning to destabilise geopolitics a century later – the rise and fall of great powers and the over-zealous observance of mutual defence treaties.

The great power rotation of 1914 saw Austria and Turkey in decline, with Germany in the ascendant. Meanwhile, Britain, with France and Russia as junior partners, were trying to maintain their dominance of Europe, but their money, military resources and political perseverance were running out.

Today, Russia is a declining power and China is rising, while the US is trying to maintain the 20th Century balance of power, with Europe and Japan as junior partners. Under these conditions, both rising and declining powers tend to conflict with the incumbents. The rising powers want to extend their territory or correct perceived historical wrongs. In doing this, they challenge the status quo, as China is doing in its surrounding seas. The declining powers want to prevent territorial erosion and to avoid diplomatic humiliations. In doing this, countries like Russia today or Austria in 1914, clash with the dominant powers presiding over what seems to them a natural and inevitable decline. The US and Europe see no reason why Russia should object to EU and NATO enlargement, but to Russia this looks like territorial aggression and encirclement by hostile forces. Rising and declining powers naturally tend to unify against the incumbents. In 1914, Germany, Austria and Turkey did this against France, Britain and Russia. Today, it is logical for China and Russia to collaborate against the US, EU and Japan. This logic has been reinforced recently by the Obama administration's odd decision to re-emphasise its support for Japan, the Philippines and Vietnam in their territorial disputes with China, at the same time as it confronts Russia in Ukraine.

Which brings us to the clearest lesson from 1914 – the pernicious domino effect of treaties and alliances that commit great powers to fight on behalf of other countries, turning local conflicts into regional or global wars with terrifying speed and unpredictability. The obvious examples today are NATO and the US-Japanese mutual defence treaty, which in theory commits the US to launch wars against Russia or China if they encroach on disputed territories in eastern Europe or the East China Sea. Could such treaties act as a hair-trigger for global war, as they did in 1914? Consider the following statement at a debate on Russia by Sir Richard Shirreff, formerly NATO's second most senior military officer: "Everyone surely agrees that we would be ready to go to war to defend Britain's borders. Well, as a NATO member, Britain's borders are now in Latvia."

It seems inconceivable that a US President would go to war with China or Russia to defend some uninhabited Japanese islands, or some decrepit mining towns in Donbas if Ukraine ever joined NATO. In early 1914, it seemed inconceivable that Britain and France would go to war with Germany to defend Russia against Austria over a dispute with Serbia. Yet on 28 June 1914, war moved from impossible to inevitable without ever passing through improbable.

Four years later, 10 million people had died.

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