

THE BERLIN-BAGDAD

Railway : Pan-Hellenism and Pan-Slavism

By J. T. Walton Newbold

IN previous articles in this series we have traced the stages and enquired into the means whereby the bondholding interests of West European capitalism reduced the Ottoman Empire to that state of economic vassalage which enabled them to replace the financial control of the Turkish Government by the Administration of the Ottoman Debt, and, at the same period, to all intents and purposes, to detach from the Turkish dominions the whole province of Egypt. We have, also, examined the comparatively unexplored mystery of Greek Nationalism, of Hellenism, and have revealed it as the political and ideological expression of a bourgeoisie which, whilst resident for the most part abroad, has known how to enlist the sympathies and excite the existing jealousies of the Western powers to its own immediate economic advantage and its own eventual political triumph.

We have sent the broad beam of Marxian realism, like the dazzling rays of a searchlight, playing across the dark waters of the Ægean Sea, and, in that cold white glare, have thrown into relief things that have long been hidden and exposed forces that would rather have remained unseen.

Now, we must proceed with our study of the factors, economic and political, which have contributed most to the undoing of the Ottoman Power, and to the arousing of that welter of racial hatred and war-like horror which has made the Balkans and Asia Minor into the very semblance of hell itself.

For years we have been familiarised not only with the conflicting evidence of Balkan atrocities, but also, through a vast literature upon the subject of Slavonic nationalism, with the intricacies of races, tongues, and religious sects in the Balkan Peninsula. What, of course, we have had little enlightenment concerning has been the vile intrigues which have, by the aid of bribery and all manner of corruption, set the peasantry of Albania, Macedonia, Thrace, as, also, of Anatolia and Armenia, at each other's throats, or have egged them on against the Turkish Government ever with a view to facilitate the schemes of one or other imperialist syndicate of financial bandits lurking in the rear.

In fact, we may take it that we have had such a prolific outpouring of ethnographical, historical and kindred writings, liberally subsidised from some source undisclosed, in order completely to obliterate the muddy tracks of the merchants, bankers, and other adventurers who passed the flaming torch of war and anarchy from valley to valley and from isle to isle till in the end not only the Balkans, but all Europe, roared up in one vast conflagration.

For, never be it forgotten, out of the Balkans the Great War came to make millions of widows and tens of millions of orphans, what time, however, it made hundreds of millions of profits for the Zaharoffs, Castiglioniis, Sassoons, and Rallis.

CORN AND COMMERCE IN CENTRAL EUROPE.

When, after the wars of the French Revolution and of Napoleon, the monarchies of Europe tried to restore the old régime, what

actually occurred was that they put immense economic power into the hands of their bankers, notably the Hopes of Amsterdam, the Barings of London, and the Rothschilds of Frankfurt, Paris, and Vienna. The Emperors of Russia and of Austria had, of necessity, in order to clear off their debts and augment their revenues, to encourage the production and sale of corn and other agricultural produce for profit. Not only Great Britain, but also the newly industrialised cotton and iron manufacturing areas of North France and Belgium, made demands upon the corn factors of Frankfurt and Danzig, until, by degrees, a big corn trade grew up between Russian Poland, Austrian Galicia, and, with the building of railways, Hungary, and the industrial towns of the Rhineland, of Belgium, France, and Britain.

In the process of exchange between the manufacturers and dry goods salesmen of England and France on the one hand and the agriculturists and corn dealers of Austria-Hungary on the other, there developed a considerable banking and investment business between London, Paris, Vienna, and Budapest. The British and the French provided capital for factories, foundries, and, later, gasworks, railways, and telegraphs, the Rothschilds acted as intermediaries, and the peoples of Austria-Hungary became acquainted with capitalist production and commerce as the clients of Western Europe.

At the same time, Russia, up country on either side of the rivers discharging into the Black Sea, was being brought within the orbit of capitalism by a gradual development of commodity production. Her nobility and gentry were responding to the attraction of gold and the luxuries of the West which gold would buy, and were willing to increase their corn crops and to welcome into their midst the German and the Greek traders.

By the "sixties" not only were the commercial classes of South Germany and of Austria beginning to penetrate beyond the railways of the Dual Monarchy and to invade the potential markets of the Danubian provinces of Turkey, but the Russians were themselves commencing to participate in trade, whilst their friends, the Greeks, were plying an active business in Roumania and had no desire to be disturbed elsewhere in Turkey and in the ports of the Black Sea.

THE RISE OF ROUMANIA.

The marketing of the Hungarian grain crop and the vexed question of the political control and financial exploitation of the corn-growing lands of the Danubian provinces of Wallachia, Moldavia, and Bulgaria became, by the late "fifties," and, still more, in the "sixties," matters of grave concern not only to the monarchical autocracies of Vienna and Petrograd, but, also, to the landed interests in Austro-Hungary and in South Russia, as well as to the Greek mercantile community so active in Odessa and Galatz, and to the banking fraternity of Paris and of London. As yet finance was concerned for the most part either with loans to governments or with the handling of agricultural produce, both forms of business which attracted the semi-usurious credit merchant to a most profitable market in Turkey and in the insurgent principalities upon its northern and southern fringes. Hence, one can understand why the diplomacy of Napoleon III. assisted in the union of Wallachia and Moldavia and their establishment as the kingdom, albeit under Turkish suzerainty, of Roumania. He favoured a Hohenzollern as against a Hapsburg or a Romanoff, and the new

state was set up on the frontiers of Austria-Hungary and of Russia as a check to both empires, and as a potential field of French bourgeois exploitation.

With the virtual separation of the Danubian principalities from the Ottoman Empire, the *Imperial Ottoman Bank* simply obtained from the new Government, in 1866, a concession to set up the *Bank of Roumania* to carry on its existing business in Galatz and Bucharest. This concern has remained from that time to this the principal bank devoted to the service of commerce in Roumania.

Subsequently, *Blechnoder*, the banker and friend of the Kaiser Wilhelm I., rendered financial assistance of such a valuable and intimate nature to the Hohenzollern dynasty in Roumania that he was awarded by the Emperor the rank of an hereditary noble.

Financially, detached in some measure from French influence in the early "seventies," Roumania was drawn, by reason of the treatment meted out to her by Russia, who took from her Bessarabia, more and more closely to Austria-Hungary and to Germany. Not until the second Balkan war do we find her taking action distinctively hostile to the Central European Powers. Moreover, when, in the Great War, she came in on the side of the Allies, it was with obvious reluctance and under severe diplomatic and semi-military pressure.

Roumania did not, however, play any considerable rôle in the economics and politics of Turkey in disruption. Therefore, we can pass her by.

RAILWAYS AND INTRIGUE IN THE BALKANS.

Servia, on the other hand, had the misfortune of lying right athwart the path along which the bourgeoisie of Central Europe must, in the railway era, make their way either to Constantinople or to Salonika.

In 1869, when Austria-Hungary had been laced across with a number of trunk lines, Baron de Hirsch, as we saw in a previous article, conceived the idea of a great railway connecting Vienna with Constantinople. This scheme was sadly curtailed by reason of the suspicion of the Turkish Government, and mutual jealousies delayed the operations until after the Congress of Berlin in 1878.

As a result of the Russo-Turkish War and the Treaty of San Stefano, as revised by the Treaty of Berlin, Bulgaria appeared as a semi-independent principality to the south of the Danube and to the east of Servia.

Austria-Hungary was disposed to curtail the area of the new state and Russia to increase it. The latter regarded it as a stepping stone and the former as yet another barrier to her commercial and political ambitions in the Balkans.

The Congress of Berlin had much to say about railways and about improving the navigation of the Danube. Contemporary literature shows quite conclusively that Austro-Hungarian high finance approved of Britain's policy as expressed by Beaconsfield, and that both parties came away highly satisfied.

Austria not only got leave to occupy and to develop Bosnia and Herzegovina, but, also, to undertake the improvement of the Danube navigation and to impose tolls upon the traffic to pay for it. At the same time, in conjunction with Servia, Bulgaria and Turkey, she was to arrange for the building of railways to Constantinople.

Here, undoubtedly, was the hand of the *Rothschilds*, the bankers, of Vienna, of Frankfurt, of Paris, and of London, the railway monarchs of Austria-Hungary.

The Austro-Germans were to build the Oriental Railway, the British the Euphrates Valley Railway. Already a project for an overland railway to the East was taking definite shape.

As yet the German and Austrian capital was very cosmopolitan, and had not acquired a strongly marked political complexion.

Then, in 1880 and 1881, a French bank, promoted by rich Catholic families and the religious orders, and working in hostility to the Jews led by Rothschilds and Bischoffsheims, obtained, by an intrigue with a clerical ministry in Vienna, a concession to set up the *Landerbank*. Then, operating through this medium, they sought to conclude with the Hungarian Government an agreement for a railway, in fulfilment of the Berlin Treaty, to join up Belgrade and Buda-Pest. There was a further project of a National Bank of Servia, under French direction. This pseudo-Servian concern was, in its turn, to build a railway across Servia from Belgrade to the Bulgarian border.

The scheme was killed by British and Greek opposition and by the ruin of the French parent bank, deliberately pushed down, when in difficulties, by the Republican Government in Paris, acting on behalf of the established interests of the cosmopolitans of the *Banque de Paris*, the *Société Générale*, the *Crédit Mobilier*, and their associates.

The repercussions of this adventure on the part of the great Catholic financial house and of its disastrous overthrow were so terrible that, obscure as, on the surface, the incidents now appear, I have given them prominence. *The circumstances attendant on the collapse of the bank in Paris engendered that paroxysm of Catholic fury against the Jew financiers that later on vented itself in the Dreyfus case. The fact that the French interests in the Landerbank passed into the possession of the Berlinerhandels-gesellschaft Bank and of the Deutsche Bank roused the ruined Catholics to a fury of patriotic hatred and a tempestuous cry for revenge. This old score, the French reactionaries have sought, by means of the peace treaties, to wipe out.*

During the "middle eighties" the various links of the chain of railways, some in Hungary, some in Servia, and others again in Bulgaria, in Roumelia, and in Turkey, came slowly to completion. In May, 1888, the *Eastern Railways from Vienna to Constantinople and Salonika* were finished and opened throughout.

Thereupon, the Austrian *Landerbank*, in conjunction with the *Comptoir d'Escompte de Paris* and Jewish capital in that port, established the *Bank of Salonika*, with a view of developing extensive commercial connections between Austria and the Levant.

Two years later, in 1890, the Austrian *Bankverein* and the *Deutsche Bank* bought up and consolidated the several lines, set up head offices of the *Oriental Railways Company* in Vienna, and, calling in the great cosmopolitan *Banque de Paris et des Pays Bas*, founded a holding concern at Zurich and set themselves on the one hand to extend the stock throughout capitalism and, keeping control themselves, to develop the system into something bigger and more grandiose.

The *Deutsche Bank* planned extensions across Albania to the Adriatic and other lines eastward towards Constantinople.

THE BIRTH OF THE BAGDAD SCHEME.

Having a line now connecting Berlin, Dresden, Prague, Vienna, Buda Pest, Belgrade, and either Constantinople or Salonika; having a political alliance between Germany and Austria-Hungary and good relations alike with Servia and with Turkey, the German capitalists around the Deutsche Bank were ready for new conquests. Already, they were toying with projects of railways in Asia Minor, not too seriously, but yet in evident anticipation of eventual concentration thereon.

Now, as long as German-Austrian capital concerned itself with the opening up of the Balkans and was merely interposing a barrier against Russian expansion British capitalism had no obstacles to offer. Even Greek interests had not any very intense opposition to present until the Austrians debouched on the plains of Macedonia and there joined forces with the all-powerful Jewish element that composes the mercantile and financial community of Salonika.

When, however, German high finance and German steel industry seriously undertook to railroad Asia Minor and to advance towards India, British imperialism interposed its veto.

In 1888, the Turkish authorities, exasperated at the slowness with which the existing syndicate of British and Austrian concessionaires were prepared to develop the Ismidt Railway, took it away from them and handed it over to the Deutsche Bank. There was a great uproar and, responsive to the appeals of the investors, the British Foreign Office insisted on the restoration of the line. Some compromise was patched up and the Germans instituted the almost impotent *Anatolian Railway Company*.

The British capitalists and their creature, the British Government, would neither proceed with the building of the projected Euphrates Valley Railway, to connect the Syrian coast with the Persian Gulf, nor hold out any hope of aiding in the construction of a line across Asia Minor, nor extend the existing Smyrna and Aidin and Smyrna and Cassaba Railways. They would neither build a railway system in Turkey themselves nor permit anyone else to do so.

True, in 1892, they allowed a syndicate of French bankers and railway interests to build a short line from the Syrian coast at Beyrout up country to Damascus and some way into the interior behind that town. This scheme, also, provided for the building of a harbour and warehouses at the former town. The works were completed about 1901.

Meanwhile, in 1899, the Deutsche Bank had been successful in obtaining a concession for a line to join up with the Anatolian Railway and to run through Asia Minor to Adana in Cilicia and thence *via* Aleppo to Bagdad and, presumably, to the Persian Gulf. The new concession was to be exploited by the *Imperial Ottoman Bagdad Railway Company* and, financed by loans raised in 1903 and 1908 by the Deutsche Bank, the work went steadily ahead, section by section.

The British Government took the precaution of occupying the town of Koweit on the Persian Gulf in 1901 and declaring it a protectorate. What was to happen as the Bagdad Railway neared the Gulf nobody quite knew, but meanwhile Germany proceeded steadily eastwards. Just prior to the Turkish Revolution in April, 1908, the Deutsche Bank put through another important transaction, extending the original concession.

THE SIGNIFICANCE OF THE GERMAN SUCCESS.

Significantly enough, it was on the very morrow of this "deal," whereby German finance capital had obtained an almost complete monopoly of the resources of the areas through which the railway was to run, that the Committee of Union and Progress launched the movement that overthrew the absolutism of the Sultan and, as the "Economist" said at the time, weakened the prestige at the Porte of the Austrians and the Germans.

The completion of this transaction may then be said to mark the culmination of the thirty years' period during which Austro-German finance capital was steadily thrusting out ahead of its existing limits of successful exploitation the steel railway tracks along which it intended to transport its commodities to the developing markets of countries where the peasantry were just beginning to seek satisfaction of their needs and desires beyond the boundaries of their own villages. During all that period, between 1878 and 1908, German finance, industry, and diplomacy were throwing forward and knitting tightly together the joints of a great trunk line, from either side of which it would, in course of time, be possible to extend "feeders." German imperialism, *i.e.*, the combination of the above named forces of finance, industry, and diplomacy, made for the strengthening and stabilisation of the Ottoman Empire and for the maintenance of the *status quo* in the Balkans. *German imperialism favoured the maintenance of the Sultan's absolutism, as the expression, politically, of an economy wherein there was no manifestation of native bourgeois activity such as, alas, already fermented in the Czech communities of the Austro-Hungarian Empire.*

THE OPPOSITION TO THE DEUTSCHE BANK.

There were, however, as we have seen in previous articles in this series, other elements that did not for one moment favour the idea of the trade of the Near East going from north-west to south-east and *vice-versa*, but desired that it should continue to ebb and flow through the Dardanelles and the Bosphorus from and to the grain ports of the Black Sea.

There had been, says the "Economist" (3/8/89), an "enormous increase of Russian trade on the Black Sea. Formerly, Germany held the first place among the suppliers to Russia; she has long ago ceded it to England." Not only was English capital (*i.e.*, capital, often, Greek in its racial tinge but masquerading as English) vigorously exploiting South Russia, but the capital of the more Radical elements in France was becoming active in that direction.

The *Banque de Paris*, the *Société Générale*, and the *Comptoir National d'Escompte de Paris* were, all of them, doing a larger and larger business with Russia. These banks had much to do with the financing of trade operations, notably in cotton, corn, and sugar. The first two went in, also, for participation in industry, and had been very cosmopolitan in their range. The increasing centralisation of German banking in Berlin, however, and the control Berlin was getting over Vienna and Prague, together with the dynamic force of German high finance, supported by the Reich and depending on large scale production, drove the *Banque de Paris* and the *Société Générale* into active competition with those with whom, formerly, they had co-operated.

At the same time, political exigencies were impelling Czarist Russia and Republican France towards each other. In Marseilles, also, there was an enormously strong Greek community, and this, always liberal in its professions and clamant for "the self determination of small nationalities," was in close touch with the Radicals of France.

Clemenceau and Briand were both original members of the French Phil-Hellenic Society and favoured the process of liberalisation, also, in Russia.

Now, in the early "nineties," the French Radicals and the Greek Nationalists of Crete, ever liberally subsidised by the rich exiles of London, Manchester and Marseilles, each in their respective spheres, became simultaneously assertive. The latter, needless to say, became most noisy after French finance had most liberally endowed Czarist Russia with funds. The Greeks became particularly irritable when they saw Salonika, Greek in tradition but predominantly Jewish in population, linked up with and becoming a prosperous terminal of a railway owned and controlled by other Jews (so they alleged) in Berlin and Vienna.

The whole tendency, stimulated by the opening of the Oriental Railways and the promotion of the Bagdad Railway, for Germans and Austrians to invade the Levant was most distasteful to the Greeks of the dispersion, to the Greeks of Marseilles and of London.

These were the people who stirred up the Cretan trouble in 1896 and so involved Greece in a war with Turkey, which, had it been successful, would have wrenched Salonika from the hands of the Austrians and the Jews and made it, again, a Greek city. The war failed, but the aim was there and the intention remained. It was revived again in the summer of 1906. One week (4/8/06), the "Economist" reported a renewal of the Cretan agitation for autonomy under the Greek kingdom, and the next week that the *Banque de l' Union Parisienne* was issuing large new capital for the *Bank of Athens*.

In 1904, 1906 and 1907, "French" financial assistance was forthcoming for industrial and railway extensions in Greece and, in the latter year, a line was opened running from Athens to Larissa, which was planned to extend so as to link up with the Salonika system, but whose extension was stopped by the opposition of the Sultan.

Steadily, from the moment that the *Entente* was established, Franco-Greek capitalism crept on tressels and railway track nearer and nearer to the coveted goal of Salonika.

In April, 1908, the Committee of Union and Progress, whose headquarters was Salonika, anticipated matters by the revolutionary rising that gave the Ottoman Empire a constitution and, incidentally, lit the train leading to the European powder-barrel.

The story and significance of the Turkish Revolution and the ensuing break-up of the Ottoman Empire we must tell in another article.