

## CHAPTER VII

### THE BAGDAD RAILWAY CONCESSIONS

German promoters had been active in Turkey in the seventies and eighties when Baron Hirsch and agents of the German banks secured concessions for railroads in western Asia. The first railway was completed in 1873. Other lines were planned in Anatolia about the same time. Engineers and surveyors, accompanied by military officers, were studying Asia Minor with that thoroughness that characterizes German methods. German agents also promoted trade connections in this part of the world. The bankers and business men urged Turkey on the attention of the Kaiser, who made a visit to Constantinople in 1889. This marked the beginning of the rapprochement between the two Powers, a rapprochement made easy by the strained relations between Turkey and England and the desire on the part of the Sultan to find a new protector to give support to his tottering empire on European soil. And

Germany was a Power whose imperialistic designs were as yet unknown.

Turkey was desirous of developing her Asiatic possessions. She wanted to protect her territory from Russia and Great Britain, one ambitious for the Dardanelles and Armenia, the other for the Mesopotamia region. As Great Britain and France controlled the Mediterranean, this was only possible by railroad connections.

Unfortunately for the Allied Powers, as it afterward developed, they had discouraged the development of Turkey. They had kept her in economic subjection. There was danger that she might become too powerful. A strong Turkey might interfere with Russian plans for Constantinople. It might interfere with the British Protectorate over the Sublime Porte. For Great Britain had assumed the guardianship of Turkey as a means of protection against Russian advance to the East. Moreover, the concession seekers of the various countries desired to develop Turkey themselves. They wanted to build the railroads, to own the banks, to operate the mines. France also had interests. She was the favored country in Turkey and the

Balkans. She has banking and railroad concessions in Syria and Asia Minor. Most of the public loans were negotiated in Paris. Great Britain had plans under consideration for the building of a railroad from the eastern end of the Mediterranean to the Persian Gulf.<sup>1</sup> The project fell into abeyance with the acquisition of control of the Suez Canal in 1875. Thereafter British shipping interests opposed the railroad project, as it would compete with their earnings, just as the Pacific railroads opposed the building of the Panama Canal because it would cut into their monopoly of the carrying trade to the Pacific coast.

The Kaiser made a second dramatic visit to Constantinople and Palestine in 1898, when he declared himself to be the eternal friend and protector of the Sublime Porte. On his visit to Damascus he said: "Let his Majesty the Sultan, as well as the three hundred millions of Mohammedans who venerate him as their Caliph, be assured that the German Emperor will always remain their friend." This visit was commemorated by concessions for the building of railroads in Asia Minor, al-

<sup>1</sup> See Chapter VIII.

though the final treaties were not made until five years later. The concessions were not made to Germany directly, but to the Deutsche Bank and interests identified with the bank. This marked the beginning of a complete understanding between the two countries, which has been assiduously cultivated by the most brilliant diplomatic representatives of the Kaiser ever since.

Haidar Pasha in Asia Minor is the starting-point of the Bagdad Railway. It lies opposite Constantinople on the other side of the Bosphorus. From here the railroad extends eastward through Anatolia, keeping well to the south in order to satisfy the protests of Russia that it should not pass too near her territory. It passed through Konia and Adana, thence over and through the Taurus Mountains to Aleppo. The main line continued eastward through Kurdistan to Nineveh and down the Tigris River valley to Bagdad. From Bagdad the line was to continue through Babylon and Kerbela to Basra. The final section was from Basra to Koweit, which was to be the southern terminus on the Persian Gulf. Koweit was the outlet to the seas. It was the gateway to the

Far East. It was the coveted prize, for it not only opened up the Orient to German trade, it was a menace to the British Empire and her Far Eastern possessions as well. The length of the main line of the railroad grant was 1,600 miles.

There were concessions for branch lines, which brought the total projected mileage to 3,000. One branch was to run northward from Aleppo to Urfa and another from Bagdad to Khanekin on the Persian frontier. The latter was also strategic. It threatened Russian and British interests in Persia.<sup>1</sup> One of the most important branches connected the main line with the port of Alexandretta at the northeastern corner of the Mediterranean just north of Cyprus, a British possession. The railroad grant carried with it a concession to construct a harbor with docks and other accommodations. Alexandretta was to become a German port. It was of strategic importance. It commanded the eastern shore of the Mediterranean and the Island of Cyprus. Another connection of the main line started near the northeastern corner

<sup>1</sup> Persia was under Russian and British control. The country was divided into spheres of influence in 1912.

of the Mediterranean at Aleppo and extended south through Syria and Palestine by way of Damascus. It passed through fertile lands and ended on the edge of the desert, east of Port Said, the northern entrance of the Suez Canal. There were harbor connections on the Mediterranean at Tripoli, Beirut, Haida, and Jaffa. As the road progressed new conventions were drawn up and changes were made in the terms to meet the demands of the financiers.

The connections with the harbors on the Mediterranean and especially the line through Syria and Palestine were of great importance, as an examination of the map will show. They had great strategic value. They menaced British control of the Mediterranean. Once developed, the harbors would provide German naval bases just north of the Suez Canal and Alexandria at Beirut, Haida, and Jaffa. They also checked Russian advance to the Mediterranean through Asia Minor and threatened French influence in Syria, where she had long been recognized as predominant.

Work on the Bagdad Railway was delayed by diplomatic controversies with the other Powers, by financial and engineering difficulties.

For Germany had to secure capital from other countries. The road had been substantially completed from Haidar Pasha on the Bosphorus to the foothills of the Taurus Mountains by 1904. The tunnels through the mountains presented great difficulties and are a wonderful engineering achievement. By 1915 work on all the sections under construction prior to the war were completed. Two sections between Aleppo and Bagdad were in operation in that year, and it was expected that the total mileage from Haidar Pasha to Bagdad, 1,117 miles, would be in use by 1917.

Along with the railroad grants were valuable concessions of other kinds, the purpose of which was to free Germany from dependence on outside sources of supply. Germany cannot adequately feed herself. She buys her cotton from India, Egypt, and America. She needs oil, iron ore, and timber. The German idea of the state is that it should produce everything essential to its life. Wheat and cotton, iron and oil are her primary necessities

The concession for the railroad carried with it grants in perpetuity for a tract of land 12.4 miles wide on either side of the railway extend-

ing for a distance of 1,400 miles. It contained 18,600 square miles of territory. The grant included the right of cultivation and of mining, as well as to the exclusive use of water-power developed by the rivers. Mesopotamia, through which the line runs, has valuable bituminous coal and oil fields, while the branch lines to the Persian border run close to the oil-fields of that country, which are under British and Russian control.

Here was a source of raw materials badly needed by Germany. And the agents and diplomats of all the European Powers are analyzing the earth's surface from one pole to the other in their hunt for such resources as well as for rubber, copper, and other raw materials which have become of such value to modern industry.

The Anatolian Railway Corporation, a German company, secured the right to irrigate and bring under cultivation 132,500 acres of land in the centre of Asia Minor. The same company was granted permission to build harbors and quays at Bagdad, Alexandretta, and Basra, to establish steamship services on the Tigris and Euphrates, and to develop the tim-



ber industry in the neighboring forests. The right to operate stores was also granted.

The Turkish Government stood back of these grants and guaranteed the interest and operating costs of the railway up to \$7,000,000 a year<sup>1</sup>. If the operating costs were not earned by the railway, and as a great part of the railway was built for military reasons and would not be profitable in years, the necessary income would have to be paid from taxes. Turkey assumed the losses and in so doing placed herself under the same kind of dependence on Germany as did Egypt on Great Britain and Tunis and Morocco on France. Financial dependency usually ripens into political dependency. That was the expectation of the other Powers, and probably of Germany as well. In other words, if the guarantee of interest on the railway loans was not paid, Germany had a right to interfere with the finances and internal administration of the country. This is one of the unwritten conditions of financial imperialism. It almost invariably leads to political dominion.

<sup>1</sup>The annual guarantee of the Turkish Government to the Bagdad Railway amounted to \$3,500 per kilometre, of which \$2,400 was for construction and \$1,100 was for the working of the road when opened.