

CHAPTER XII

THE ECONOMIC CONQUEST OF EUROPE

Thoroughness is characteristic of Germany. It is characteristic of science, of industry, of military methods. It is characteristic of German imperialism as well. This is what frightened Europe.

The other Powers were familiar with economic penetration of their own kind. It is careless, unorganized, accidental. It is not officially recognized in the foreign policies of the country. It is carried on *sub rosa*. It is done under an assumption of international trade, of carrying civilization to the savages, of bettering their condition, of opening up their resources. When conflicts arose with other Powers they were usually disposed of by diplomacy or a show of force on the part of the Foreign Office.

Not so with German imperialism. It is official. It is scientific. It is ruthless in its completeness. It is worked out in advance

with the care of a military campaign. And *Macht* is a frankly avowed part of imperialism. The Kaiser's orders to his soldiers when they departed for China at the time of the Boxer outrages, on his visit to Tangier, the discussion of colonial matters in the Reichstag suggested a disregard of conventions and the rights of weak peoples that shocked the other Powers.

Moreover, all Europe was being enveloped in a financial web that was secret and mysterious. Branches or agents of the German exploiting banks were operating everywhere. They even borrowed money in England and France with which to acquire control of banks and industries in European countries. French bankers loaned one-third of the capital for the building of the Bagdad Railway against the protests of the government which refused to permit the shares of the railway to be listed on the Bourse. Money was borrowed in France and Great Britain and used to acquire control of banking institutions in Italy and the Balkan states as well as to develop German industry and overseas enterprises. The methods employed were those of the great banks in Wall Street in creating a monopoly. The German banks

would issue bonds paying a low but secure rate of interest, and sell them to the investors in the exploited country. They would retain the capital shares which represented little or no investment, and on which large returns were expected. This was a method employed in France, Italy, Switzerland, and other countries in which there was an investing class accustomed to the purchase of bonds and debentures. These activities were promoted by the seven or eight big exploiting banks of Berlin and Frankfort of which the Deutsche Bank is the chief. The methods of economic penetration employed are described by Henri Hauser in a work entitled *Economic Germany: German Industry Considered as a Factor Making for War*. In these activities the author sees agencies of political penetration and world dominion.

Mr. Hauser shows how great works of Thyssen were dotted all over France—Jouaville, Boulogny, Batilly, and Caen—under fictitious French names, concealing their German connections. He points out how the *Allgemeine Elektrizitätsgesellschaft* acquired great power in Rouen, Nantes, Chateauroux, and Algiers.

He speaks of the semi-conquests won by German firms at Seville, Granada, Buenos Aires, Montevideo, Mendoza, Santiago, and Valparaiso. He speaks of the economic dependence of Turkey, Italy, and Switzerland, of how they have "shared the fate" of France by these same enterprises. In these pseudo-Swiss and pseudo-Italian companies Germans held the share capital while native citizens held the debentures, whose small income did not attract the German financiers. Thus, he says, the native Swiss and Italian citizens were supporting enterprises competing with the business of their fellow citizens, and were allowing the profits to go to Germans. Hauser also discusses a study of German industry in Italy by M. Giovanni Preziosi, entitled *Germany's Plan for the Conquest of Italy*, which shows that German financiers have succeeded gradually in absorbing the economic energies of an entire people with its establishments of credit, shipping companies, and manufacturing firms. It was even able to corrupt Italian political life, overthrow ministries, and control elections. "Here, as in Switzerland," says M. Preziosi "the pseudo-Italian German banks

act as a pump which pumps out of Italy and pumps into Germany." ¹

German exploitation is thorough. It is nationalistic. It cares little or nothing for other countries. It thinks of the fatherland. The commercial treaty secured from Russia immediately following the Russian-Japanese war is an example of German industrial methods, a treaty so exhausting to Russia, and so preferential to Germany that Russia refused to renew it in 1914. It was designed to make it almost impossible for Russia to develop her industries, her mines, her trade, and commerce. The purpose was to keep Russia a peasant state under German industrial dominion.

German financiers and business men were fast securing control of Italy before the war. This was accomplished through the control of banking. The Balkan states were being Germanized. The weakness of Roumania when she entered the war was due largely to the fact that Germany had so undermined her life through the control of banks, business, the press, education, the chambers of com-

¹ Henri Hauser, *Economic Germany: German Industry Considered as a Factor Making for War*.

merce, and politics that the country was only a shell of a nation. Her people were in vassalage. They were peasants and workers. Her men of talent were in the employ of Germany. There was an appearance of political sovereignty, but that was all. There had been no annexation of territory, but there was an almost complete annexation of the country. The agents of German finance and German economic penetration are also to be found in Sweden, Norway, and Greece; they reach out to the countries of South America and the Orient. They interlock with thousands of corporations all over the world.

Describing the methods of economic penetration employed by Germany, Doctor E. J. Dillon, one of the best informed of Englishmen on the Near East, says:

"The objective being the subjugation of Europe to Teutonic sway, the execution of the plan was attempted by two different sets of measures, each of which supplemented the other: military and naval efficiency on the one hand, and pacific interpenetration on the other. The former has been often and adequately described; the latter has not yet attracted the degree of attention it merits. For

one thing, it was unostentatious and unavoidable, tinged with the color of legitimate trade and industry. Practically every country in Europe, and many lands beyond the seas, were covered with networks of economic relations which, without being always emanations of the governmental brains, were never devoid of a definite political purpose. While Great Britain, and in a lesser degree, France, distracted by parliamentary strife or intent on domestic reforms, left trade and commerce to private initiative and the law of supply and demand, the German Government watched over all big commercial transactions, interwove them with political interests, and regarded every mark invested in a foreign country not merely as capital bringing in interest in the ordinary way, but also as political seed bearing fruit to be ingathered when *Der Tag* should dawn. Thus, France and Britain advanced loans to various countries—to Greece for instance—at lower rates of interest than the credit of those states warranted, but they bargained for no political gain in return. Germany, on the contrary, insisted on every such transaction being paid in political or economic advantages as well as pecuniary returns. And by these means she tied the hands of most European nations with bonds twisted by strands which they themselves were foolish enough to supply. Italy, Russia, Turkey, Roumania, Bulgaria, Greece, Belgium, and the Scandinavian states are all instructive instances

of this plan. Bankers and their staffs, directors of works and factories, agents of shipping companies, commercial travellers, German colonies in various foreign cities, military instructors to foreign armies, schools and schoolmasters abroad, heads of commercial houses in the different capitals, were all so many agencies toiling ceaselessly for the same purpose. The effect of their manœuvres was to extract from all those countries the wealth needed for their subjugation. One of the most astounding instances of the success of these hardy manipulations is afforded by the Banca Commerciale of Italy, which was a thoroughly German concern, and held in its hands most of the financial establishments, trades, and industries of Italy. This all-powerful institution possessed in 1914 a capital of £6,240,000 of which 63 per cent. was subscribed by Italian shareholders, 20 per cent. by Swiss, 14 per cent. by French, and only 2½ per cent. by Germans and Austrians combined! And the astounding exertions put forward by the Germans during the first twelvemonth of the war are largely the product of the economic energies which this line of action enabled them to store up during the years of peace and preparation.”¹

Similar methods were employed in Turkey, the Deutsche Bank being the directing genius

¹ *England and Germany*, by Doctor E. J. Dillon, pp. 12-14.

of the operations. An English writer describes the methods employed in this part of Europe:

"The Pan-German plan for the creation of a great world-power he says, dominating not only Central and South-Eastern Europe, but controlling practically the whole of Africa, the Ottoman Empire, Persia, and large portions of the Far East, with a considerable part of South America, has been founded upon very exact knowledge acquired by means of an intense application devoted during twenty-five years to every political, ethnographic, economic, social, military, and naval problem, affecting the interests of practically every country in the world. This work has been carried on and perfected either by the agents of the powerful and ubiquitous Pan-German League and other similar societies, or by agents of the secret service, which during recent years has undergone a remarkable development.

"Each agent in his own sphere fitted into the mosaic of the Germanic investigation. There has been a regular hierarchy of trained investigators and reporters carrying their messages to the fatherland and influencing, in many obscure but useful directions, the policy and political life of foreign countries. . . . The reports of these numerous agents have been forwarded to the Great General Staff at the Wilhelmstrasse, the operations of which have always been directed so as to correspond as much to political as to military necessities;

and to the cabinet of the German Emperor, who has not scrupled to gather the threads of this enormous activity into his own hands." ¹

The French authority on the Bagdad Railway, M. André Chéradame, writing in 1903, eleven years before the outbreak of the war, says:

"Favored in a thousand ways, the Germans in Turkey are increasing. Their colony at Constantinople has its clubs, its journals, its schools. From the Turkish point of view this exceptional position, which the Sultan has given to the Germans in his empire, presents evidently serious dangers. The more they occupy Turkish territory the more the Germans experience a desire to possess it by a definite agreement. Their tendency is more and more to regard the Ottoman country as their personal property." ²

An enumeration of the concessions which Germany had secured indicates how completely the economic and industrial life of Turkey was in German hands. From it we get an idea of the thoroughness of German imperialism. Only the more important concessions can be enumerated. They included:

¹ *The German Road to the East*, Evans Lewin, p. 6.

² *La Macédoine, le chemin de fer de Bagdad*, p. 12.

One. Banking control through the Deutsche Bank and its subsidiaries. This was true not only of Turkey proper but of Asia Minor. Even the revenues of Turkey were pledged to the Bagdad Railway.

Two. Transportation control of European and Asiatic Turkey. This included the rivers of Mesopotamia. Almost the entire transportation system of the Turkish Empire was to be under German control, although England enjoyed steamboat concessions on the Euphrates and Tigris Rivers, while France had valuable railroad concessions in Syria and Palestine.

Three. Possession of the coal, oil, and timber concessions as well as great stretches of land for the growing of wheat and cotton and other raw materials.

Four. Docks, wharves, harbors, and warehouses on the sea and rivers. These controlled the harbors on the Mediterranean. The western terminus of the railroad was on the Bosphorus at Constantinople, one of the most strategic harbors in the world, and if properly developed one of the most profitable.

There is little left of a country when all of

these agencies are in outside hands, for the railways, banking, and water transportation control a nation's life. They control agriculture, trade, and commerce. The farmer can only live on such terms as these agencies see fit to grant. Through control of the banks, industry, trade, and commerce can be encouraged or killed. Those races which Turkey or Germany desired to destroy could be destroyed (and Turkey is a mixture of races many of which she seeks to exterminate). They can be driven from the country or made to work in the mines and the fields. Turkey had already done everything in her power to destroy the Christian nationalities, the Armenians, Syrians, and Greeks, because of their economic superiority. They constituted a quarter of the population of the empire. Merchants by the thousands were bankrupted, and these parts of Turkey reduced almost to ruin. But economic subjection and very often slavery is one of the consequences of imperialism and the control of the economic life of a weak state by a strong one. This is what happened to Mexico. The land was taken from the people who were made to work in the mines

and plantations of foreign concessionaires. This is what happened to a great part of South Africa, to East and West Africa by concessionaires of the European Powers.

Nothing better indicates the extent to which economic forces have superseded the old dynastic and military forces in international relations than a study of German economic expansion; nothing shows how completely the counting-room has become the agency of international power as well as the activities of bankers, railroad builders, and traders in the Balkans, Turkey, and Russia. There was but little need of military conquest. A state can lose its sovereignty almost as completely through economic penetration as through actual conquest. Italy was fast becoming a vassal state to Berlin through control of her banking institutions, which in turn controlled the water power, steamships, iron and steel industries. Switzerland, Norway, Sweden, and even France were falling under the same subtle influences. Roumania had become subject to Germany as had Bulgaria. Russia was in economic servitude through German control of the chief industrial activities of the country, while the

great German trusts working in harmony with the powerful German banks were rapidly acquiring not only industrial but political power in the capitals of South America as well.

That there will be a revival of economic nationalism after the war there is no doubt. The Allied countries may exclude German economic agencies. There may be tariff wars and discriminations and laws excluding foreign bankers and traders from the Allied and Central Powers. But it is doubtful if economic internationalism can be checked. Certainly it ought not to be checked if it can be permitted without the loss of the essence of sovereignty which it has been one of the objects of German economic activity to destroy.