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THE ONLY POSSIBLE PEACE





# THE ONLY POSSIBLE PEACE

BY  
FREDERIC C. HOWE, PH.D.

AUTHOR OF

"THE HIGH COST OF LIVING"; "WHY WAR"; "THE MODERN CITY AND ITS  
PROBLEMS"; "SOCIALIZED GERMANY"; "EUROPEAN CITIES AT  
WORK"; "PRIVILEGE AND DEMOCRACY IN AMERICA"  
"THE CITY, THE HOPE OF DEMOCRACY"; ETC.

NEW YORK  
CHARLES SCRIBNER'S SONS

1919

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Published January, 1919



1.50

JAN 29 1919  
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no 1

## PREFACE

It is of the utmost importance that America should know the kind of peace it wants. For America has lost her isolation. She has become a world-power. Our economic relations are as wide as the world. The peace which follows will determine our foreign policy. It will make for permanent peace or it may lay the mines of future wars.

Previous peace settlements have been interim arrangements negotiated by the ruling classes. They have been truce agreements. War has, in fact, been continuous. At times it was a war of diplomacy. At intervals it became armed conflict. But in some form or other Europe has been at war for the last fifty years. The conflict was not always between the same Powers. Alliances shifted. The points in dispute were often far apart. But the controversy revolved about the same kind of imperialistic interests; the possession of territories, strategic points and waterways, trade routes and concessions belonging to other

people. As a result of this struggle almost all of Asia, the whole of Africa, the entire Mediterranean basin, and the islands of the seas, with a combined population of half a billion people have been made subject to the greater Powers.

That is why Europe could not make a peace that was permanent. The subject world would not remain subject, and the division would not remain satisfactory to the warring Powers. Such peace as the world enjoyed was merely a breathing-space in which to prepare for the next war. *Imperialism is war smouldering.*

This book is a study of imperialism. It is admittedly fragmentary. For the history of imperialism is the history of the diplomacy and foreign relations of Europe, as well as of the conquest and exploitation of a great part of the world. It is also a study of the economic forces responsible for imperialism; of the interests that mined the world with explosives of the most dangerous kind.

The war has created conditions in America that are making us imperialistic. Our foreign commerce has shot up to \$9,000,000,000 a year. We are building a great merchant marine. We have become a creditor nation.

We already have billions in foreign investments. We are creating the most powerful navy in the world. Dollar diplomacy is being boldly demanded; and dollar diplomacy leads to economic imperialism. Economic imperialism is the forerunner of force, of conquest, of wars. That has been the sequence of imperialism in all of the greater Powers.

That is why the kind of peace is so important to America. For the time may come when our new-born economic internationalism may challenge the monopoly of the earth, the closed doors, the spheres of influence, the trade preferences enjoyed by the European Powers. An imperialistic peace with the world distributed as in the past may close a great part of the world to our trade. Our new-born commerce and our great merchant marine may be constricted. Our expanded industry may become explosive. Unemployed men are a danger to the existing social order. They, too, may be receptive to imperialism, to a demand that no nation and no settlement shall stand in the way of their employment. That is the psychology of a state saturated with surplus wealth seeking an outlet.

We cannot assume that America is immune

from the forces that have driven Europe into the struggle for territories, privileges, and monopolies. Our activities in Mexico do not justify any such confidence in ourselves; nor do the connection of our financiers with the Chinese six-Power loan and their pressure for diplomatic support for penetration into China and Central America.

America cannot accept a short-sighted imperialistic peace that redivides the world between the European Powers. Should we accept such a peace the time may come when the imperialistic classes in America will say: "We, too, demand a share. We, too, insist that we shall participate in the monopolies, privileges, and opportunities of exploitation now exclusively enjoyed by other Powers." Or they may demand the open door, a fair field, and no favor. But the demand will come too late, should America yield its sanction to an imperialistic peace.

Imperialism is at war with democracy. Imperialism will mean a great navy, diplomatic intervention, possibly force, and a continuation of armed conflict all over the world. That has been the history of the past fifty years since

surplus wealth emerged from the great Powers and began the exploitation of the earth. Today America is the only great Power with money to loan. We are possessed of colossal surplus wealth. Our iron, steel, copper, munition-making and banking institutions are merged into what is in effect a great syndicate, as they are in the imperialistic nations of Europe. They have not hesitated to demand recognition and guarantees for their war-made trade and profits. They have urged dollar diplomacy and a strong foreign policy upon us. They frankly avow imperialism. But imperialism means conflict. It means a standing army, a great navy and their possible use as a threat to the unprotected world.

This book is a plea for freedom, for freedom in all of the relations of states. Freedom is the alternative to imperialism, to exclusive possessions, to the closed door, to preferential tariffs and the control of trade routes or strategic places on the earth's surface. It is an attempt to anticipate and avoid war rather than to provide means for the arbitration of disputes after they have arisen. And in this is to be found the distinction between those

who would provide for a league of nations to adjust the controversies of nations and those who would remove the cause of such controversies, and by so doing prevent them from arising. A redivided world with an international police force to protect a division of the spoils is an advance on war but it is not a means of avoiding armament, militarism, fear, and the forces that make for war.

Under modern industrial conditions it is conflicts springing from economic forces that are mainly responsible for war, forces that seek the ownership or control of other peoples' lands, territories, trade, resources, or the land and waterways which control such economic opportunities. The wars of the past were largely dynastic. Those of the future will be economic. And economic wars can only be avoided by freedom, freedom in all of the relations of life. This is the big lesson of the French Revolution, of the liberal legislation that is identified with the names of Cobden and Bright, of the relations of the United States and Canada, of the smaller states of Europe. It is the lesson of nature as well.

The peace ideals of America, as formulated



by President Wilson and supported by the people, are those of freedom, of liberty, of equality of opportunity. They are ideals of autonomy to small nations and subject peoples. They are a challenge to the political philosophy which has guided the ruling classes of Europe for centuries. These ideals, and only these, offer a foundation on which to erect a durable peace.

Imperialism is at war with the ideals and traditions of America. It is at war with the freedom of the world and of civilization as well.

FREDERIC C. HOWE.

NEW YORK, November 1, 1918.



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THE ONLY POSSIBLE PEACE



## CHAPTER I

### THE OLD WORLD AND THE NEW— ECONOMIC INTERNATIONALISM

The world has undergone a revolutionary change since the days of Gladstone and Bismarck. The industrial revolution, the growth of imperialism, the extension of sovereignty beyond old territorial limits, and, most important of all, the conflicts of the industrial and financial classes, have so changed international relations that a controversy in the most distant portion of the globe may set all Europe ablaze and bring into the arena of warfare millions of people who have little interest in the conflict and who do not know what the controversy is about.

Our ideas of the state are still those of earlier generations. We trace the limits of a nation as they appear on the map. We think of England, France, Germany, Russia, and Austria-Hungary as confined within eighteenth-century borders. This was the Europe of yesterday. It is not the Europe of to-day. States have burst their political confines. They live out-

side their territorial boundaries. Their economic interests are as wide as the world. Their foreign connections are only less vital to their lives than their internal affairs. Nations have become international. Their wealth is scattered all over the world. Their life is interlaced with the life of other states. And the sovereignty of states has gone out with their wealth to the most distant parts of the world. It has penetrated into every continent and to every sea.

The outside connections of states are as sensitive as the old national boundaries. Trade, shipping, and finance have interlocked the divided world into a world-state. But the old political concepts remain. The new is in conflict with the old. Any threat to economic connections or distant relations is immediately registered in the Foreign Office. It becomes a matter of diplomacy. The existence of a nation may be threatened by failure to safeguard economic connections. That is one reason for war.

The old nationalistic world has passed away.

The rulers of Europe, trained in the old nationalism, met this economic change by im-



perialism. They could only think in imperialistic terms. They viewed distant territories as they viewed their lands at home. They kept other Powers out. That is the way rulers had done for hundreds of years. That was the only way the ruling classes, for the most part still feudal, knew how to adjust the old nationalism to the new internationalism. The need for food, for raw materials, for markets, for opportunities for trade, for strategic routes and harbors, could only be supplied by conquest. Imperialism was the result.

England has long since ceased to be a European state. Her life is overseas. She is fed by all the world. Four people out of five live in towns and cities. Were the food supply and raw materials of Great Britain interrupted her people would starve. Her mills would close. Her cities would be filled with hungry men and women as they were during the Civil War when cotton from the Confederate States was unable to reach British harbors.

Britain is the carrier of the world. Her ships link the colonies with the mother country. They, too, would suffer economic collapse if the sea routes were interrupted. Australia, Can-

ada, India, South Africa are so interrelated and so dependent upon an English market that any disaster to the economic life of Great Britain would bring economic disaster to them as well. For England is the world's marketplace. The people of all countries do their buying and selling in the British Isles. Ships load and unload in British ports; her warehouses are filled with commodities from other countries. The foreign commerce of Great Britain amounts to \$5,000,000,000 a year.

England is the world's banker. Lombard Street is the centre of international exchange. This, too, means wealth and economic power. The debits and credits of the world are cleared through the great banking establishments of London, just as the debits and credits of the United States are cleared through Wall Street. British banks have branches all over the world. They are reporting agencies of political and industrial conditions. They watch other Powers. They register changes in trade; they note the rise of German, American, or French influence in China, South Africa, South America, or any other trading-point. The banks are also brokers of concessions. They promote and build

railroads. They place contracts. They sell munitions. They are interlaced with all of the big industrials of England. They also make public loans.

England lends money to the world. She is the great reservoir of credit of all other nations. British capital has financed British colonies. It has financed weak and dependent states. It has built railroads, opened mines, promoted rubber, cotton, oil, timber, and other activities all over the world. These investments are made by the banks. They spring from ground rents, shipping, industrial profits. And they are protected by British diplomacy and the British navy. England's annual income from overseas investments amounted to a billion dollars a year before the war. British foreign investments amounted to \$20,000,000,000, in 1914, or more than the combined foreign investments of the rest of the world. Her foreign trade, shipping, and other foreign interests amounted to possibly \$10,000,000,000 more, or a total of \$30,000,000,000. The total wealth of England is only \$85,000,000,000.

Germany, like England, has become an international state. She, too, lives by contact with

the outside world. Germany secures her iron ore from Lorraine which she took from France in 1870. This is the basis of her power. For in Germany steel is recognized to be king. The firm of Krupp not only makes munitions, it builds ships. It manufactures structural steel of all kinds. It builds railroads, harbors, docks, canals. It is one of the greatest trusts in the world. The German electrical trust has ramifications in other countries, as have a score of other concerns. Germany's overseas foreign trade fell only short of that of England in 1914. It amounted to \$4,900,000,000. Her mills and factories are dependent upon the outside world for raw materials just as her people are dependent upon the outside world for food. And any interruption of the source of supply would weaken or destroy her life. It would threaten the industrial and financial structure.

German industries, like those of England, have been seeking raw materials all over the world. They went to Morocco for iron ore. A district at Kiaoutchau in the Shantung Peninsula was taken from China after the murder of two German missionaries because it contained valuable iron-ore deposits. The unappropri-

ated parts of South Africa were seized as a source of supply for cotton. Asia Minor and Mesopotamia were wanted for wheat, cotton, oil, and other raw materials.

With the growth of industry, Germany organized great banks with branches all over the world. Foreign trade is dependent upon banking. And the German banks have been organized into wonderful agencies for aiding industry. Along with these, half a dozen great exploiting banks, of which the Deutsche Bank is the chief, have been organized for economic penetration and exploitation. These banks negotiate public and private loans; they promote the sale of munitions; they shape the policy of the Foreign Office; they are closely interlaced with the government, with diplomacy, with the big industrial syndicates which they have financed and organized. And in recent years German money has ventured overseas in search of investments. Her foreign investments amounted to \$6,000,000,000 in 1913.

Germany developed her merchant marine as an aid to commerce. It was built with great rapidity. Her tonnage was growing faster than that of any other country in the world

prior to the war. Germany, too, wanted to be a world clearing-house like England. But she was a protectionist country. So the cities of Hamburg, Bremen, and Lübeck were made free ports. No customs duties have to be paid within these harbors. They are free-trade zones. Germany saw the advantage which free trade gave a country in handling the wealth of the world. She saw how England had advanced to her industrial powers because of her freedom from tariff barriers. And the rapid growth of Hamburg is traceable to the fact that within its harbors the wealth of other countries can come for shipment and reshipment, to be warehoused, to be held until ready for transshipment to some other port.

Germany has utilized her great banking agencies to develop trade connections. They have borrowed money from England and France. This has been used in turn to exploit France, Switzerland, Italy, and the Balkan states. French money was used to build the Bagdad Railway, nearly a third of the money coming from French investors. The public utility corporations of South America are largely owned in Germany, as are the indus-

tries of the Balkan states, Turkey, and Asia Minor. In this way Germany added to her banking capital. In this way she built up her industries.

France, too, is an international state. She, too, is imperialistic. Next to England, she is the great money reservoir of the world. Her foreign investments in 1914 amounted to \$9,000,000,000. And these investments are owned by millions of peasants and workers, who have been led to place their savings in bonds and securities sold in small denominations of \$20, \$50, and \$100. And the financial power of France is to be found in the savings of the peasants. Popular support of imperialism in France is traceable to the fact that the investing class includes almost the whole population.

French investments are for the most part in the Mediterranean countries and in Russia. They are scattered in the Far East, in Africa, and in Mexico. French money built the Suez Canal.

France has also developed a substantial trade, especially about the Mediterranean. She has promoted foreign relations by French schools, by scholarships in Paris, by the maintenance of

a press, and other agencies for moulding public opinion.

✓ Russia is also dependent on the outside world. Russia is a peasant state. Almost the whole population is agricultural. There is but little industry. And the great part of her industrial life is under the control of German, English, and French interests. Russia has to buy from the outside world. And she can only reach it through the Dardanelles, the Mediterranean and the Baltic Seas. For her ports on the Arctic Sea are closed during a great part of the year.

Russia has to find a market for her wheat, her timber, and her oil. She has to maintain lines of communication to England and France. Moreover, Russia is a debtor country. She borrowed heavily for military purposes, for her railroads, for internal improvements. Her loans are mostly held in France. And she can only pay the interest on these securities by the sale of wheat. In other words, Russia exchanges wheat, oil, and timber for machinery, locomotives, farm implements, clothing, and the industrial and domestic needs of her people. This is why an outlet to the Mediterranean has been the consistent aim of Russian foreign



policies since the time of Peter the Great. The control of the Dardanelles has been the object of Russian diplomacy, just as control of the Mediterranean has been the object of British diplomacy. The economic life of Russia, even her military strength, depends upon free and unchallenged contact with the outside world.

Moreover, Great Britain, France, Germany, and Russia have ceased to be European states. They have colonies, possessions, and dependencies all over the world. Only 10 per cent. of the population of the British Empire is in the United Kingdom.

From this it is to be seen that the Europe of Gladstone and Bismarck is gone, never to return. The old boundaries have been razed by trade, finance, and shipping. The foreign trade of the world amounts to \$35,000,000,000 a year, while the exposed investments and interests of the warring Powers in other countries are not far from \$40,000,000,000 more.

The classes which rule Europe have also changed. Up to about 1880 the old eighteenth-century landowners, the Junkers, and the Tories were the ruling classes, and the government of Europe reflected their interests. It thought in

their terms and they thought in terms of continental Europe. But the feudal classes became investors, bankers, and traders. They owned ships; they possessed foreign securities. They were promoters, directors, stockholders in foreign undertakings of all kinds. They grew rich from the ground rents of the cities and the peasants. And their profits went into commercial undertakings. During these years the bourgeoisie rose to political power. By the end of the century it superseded the feudal aristocracy in its wealth. It became the imperialistic class. As time went on it was merged with the old feudal aristocracy. The bourgeoisie has its own party; the Liberal party in England and the National Liberal party in Germany. The feudal landowners also have their party; the Tory in England and the Conservative in Germany. These parties reflect the economic interests of the bourgeoisie and landowners. They differ on domestic policies, but their imperialistic interests are the same. By intermarriage, by interlocking interests, they have become a political oligarchy. And in the closing years of the nineteenth century the great industries and banking interests

were organized and consolidated into trusts, syndicates, cartels, and monopolies, just as they were in the United States. This was true of all the major industries such as iron, steel, munitions, shipping, chemicals, cotton, and wool. And these industrial monopolies were merged again with the banking institutions which brought them into being. This was particularly true in Germany, in which country the *Grossbanken* were interlaced and interlocked with thousands of corporations in which they held securities. By the close of the century industry had become dynastic; only less dynastic than the old feudal classes. And it was imperialistic. It was vitally concerned in trade, commerce, shipping, and banking. It was concerned over trade routes, strategic places, and especially over colonies, concessions, and spheres of influence, from which came the food of the people and the raw materials for the industries which this merger controlled.

It is to be remembered that politics is largely concerned over the things the ruling classes own. And the ruling classes of Europe own a great part of the wealth of the outside world.

They own the railroads, mines, banks, plantations, resources, docks, shipping, and commercial undertakings of Asia, Africa, South America, Australia, and the islands of the seas.

Thus, the political life of all the Powers is a reflection of their economic life. This is particularly true in foreign affairs, which have become very largely, almost exclusively, concerned over economic interests. A study of the treaties, conventions, and discussions of the past fifty years shows the extent to which economic considerations have dominated everything else. Each nation jealously protected the monopolies, privileges, and interests of its ruling classes. It watched the penetration of other nations into Africa, South America, China, Mexico, and especially into the states bordering upon the Mediterranean. The whole world was engaged in diplomatic controversies over spheres of influence. It was concerned over trade routes, strategic harbors, the freedom of the seas. Great navies were built for the protection of their trade, their overseas colonies, their spheres of influence and investments. Foreign relations have become eco-

nomie. Political considerations are secondary. The Foreign Office has become an agency of the business and imperialistic life of Europe.

The world has been kept in the dark as to all these things. We know very little about the diplomatic moves from 1900 to 1914; we know very little about the negotiations, the intrigues, and the irritations of the past fifty years. The foreign affairs of states are secret. They are carried on in the dark. Democracy is not permitted to know what takes place in Downing Street, Wilhelmstrasse, Quai d'Orsay, or even in the State Department at Washington. Representatives in Parliament, the Reichstag, the Chamber of Deputies, or Congress, are ignorant of contractual relations with other nations. Foreign ministers are not responsible as are other ministers. When questioned they reply: "Reasons of state make it inadvisable to disclose our obligations, commitments, or relations with other Powers." Diplomacy is shrouded in mystery as it was in mediæval times.

Moreover, diplomatic affairs are still in the hands of the aristocracy. The hereditary nobility guides the destinies of states as it did

in the seventeenth and eighteenth centuries, when ambassadors were personal representatives of the King. Democracy has made but negligible progress toward the control of foreign relations. It still stands with cap in hand outside the door of the Foreign Office.

Secret, economic diplomacy has much to answer for in this war as it has for all the wars of the past fifty years. And diplomacy is in the hands of men with but little, if any, sympathy for democracy. They think in narrow, nationalistic terms. The foreign service is recruited exclusively from men of wealth and social position. They enter the service young. They live apart. Their world is one of intrigue, of deception, of scoring on some other nation. That is the object of diplomacy. The ambassador is a general. He wins battles, if he can. That is his means of advancement. But to score on a rival nation means that it will score in return. So diplomacy is often an agency of war.

Even the language of diplomacy is that of mediæval times. It is a jargon of its own. It can hardly be understood by plain men. It is not direct. It uses equivocal words. Diplo-

macy is still in a state of arrested development. It thinks in terms of the eighteenth rather than of the twentieth century. It is not responsible to the nation. It is not democratic. It involves nations not only in suspicions but in wars as well. And in recent years diplomacy has become an agency of economic imperialism; it is the trade representative of empires.

During the last few years new political forces have been disturbing Europe. They were challenging the feudal-industrial oligarchy. The Socialist-Labor parties were learning the use of the ballot. They were breaking into the Reichstag, Parliament, the Chamber of Deputies. They were challenging control of domestic politics and in so doing they were challenging the power of the ruling classes to control their states in international affairs. For the new social democracy was international-minded. It was opposed to imperialism. It challenged secret diplomacy. It demanded disarmament. It threatened the economic-political-diplomatic structure. The ruling classes were further concerned over industrial conditions because of their effect upon political conditions. Industrial depression might mean political revolu-

tion. For political revolution is closely related to food, wages, and the conditions of the people. And in England and Germany the productive capacity of the state was increasing with great rapidity. The increase in machine-power and capital investment was increasing the output of the mills faster than it could be consumed at home. For the workers received low wages. This limited their power to buy. The surplus produce could only find a market in other lands. The output of mills and factories must be disposed of somehow, otherwise there would be industrial collapse. Collapse would mean distress, increased poverty, possibly revolution. It would endanger the banks which had extended credit to the great trusts and syndicates which they had financed. The whole economic structure of Europe was dependent not only on maintaining markets already secured, but on opening up new markets to absorb the increasing output of the mills and factories.

Economic internationalism and social revolution were threatening organized society.

This is why Europe was struggling for territories, markets, trade routes, for opportunities



to build railways, to open mines, to sell munitions.

Fear was yet another cause of imperialism. It led to rushes for slices of the earth's surface. Africa was carved up between England, France, Germany, Belgium, and Portugal. The Powers descended upon Egypt, Tripoli, Tunis, Algeria, and Morocco. Persia was divided. Germany laid her hands on Turkey, Asia Minor, Mesopotamia, and made economic conquests in the Balkan states. Mexico and the Central American states were penetrated. All of the Powers rushed to China to participate in her dismemberment. There were wars for territory, for economic gain. Gold and diamond syndicates brought on the Transvaal war. Europe was near war in 1911 over the concessions and privileges in Morocco. Russia and Japan went to war over Manchuria. The Balkan states were the prey of all the Powers. The United States seized the Philippines and Porto Rico. The whole world, with the exception of South America, which was protected by the Monroe Doctrine, was parcelled out by seizure, peaceful penetration, and war during the generation which preceded 1914. Over 100,-

000,000 people were made subject to England, France, and Germany during these years.

The old nationalistic world has ended. The international world has appeared. We refuse to recognize it. We endeavor to keep states within ancient boundary-lines. But that is impossible. The new economic forces are irresistible. They are stronger than political traditions. And they have burst the old geography. Our political ideas are fifty years behind the facts. We try to make the world conform to what we think it is. It will not conform. It cannot conform.

This book is a study of some of these forces, which, like high explosives, have been confined by eighteenth-century diplomacy, eighteenth-century political ideas, and by the ignorance of statesmen and the press. Monopolistic interests, trained to monopoly at home, have sought monopoly overseas. They have confined the freedom of states in every possible way. They have sought to constrict economic forces. But these forces have been stronger than statesmen.

While these titanic economic forces lie back of the war and form its background they were not the immediate cause of the war. Economic

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conflicts were being adjusted by diplomacy, by negotiation, by the recognition of the rights of nations to expansion. This was particularly true from 1912 to 1914, when England, France, and Russia made sincere efforts to satisfy the ambitions of Germany in Turkey, Asia Minor, and Mesopotamia. The cause of the war is to be found in the Prussian idea of the state and the ascendancy of the Junker-military caste. For the caste which rules Germany has a nationalistic psychology of its own. It is a survival of earlier centuries. It is an anachronism. And the military ruling caste believes in conquest; in the methods of earlier centuries. Economic expansion gave birth to the demand for a place in the sun; the feudal caste made war to secure it.

During the last twenty years German industry has spread itself all over the earth. German traders were succeeding by peaceful means. But the traders felt constricted by the fact that Germany had few colonies, no exclusive markets or raw materials, and, most important of all, no avenues of her own for contact with the outside world. And they registered this fact in the press, through the

Pan-German League, through clamors. German industry burst the old shell of nationalism and the Junker class followed the traditions of Germany, and the only ideas with which it was familiar, and used the mailed fist to secure what the big industrials wanted. The industrials were the proximate cause of the war, but the Junkers made war. They made war as they had in previous times on Poland, on Denmark, on Austria, on France. Not content with peaceful penetration they adopted *Machtpolitik*. In so doing Germany made war on the status quo of Europe which had been building for fifty years. By her ruthless methods and disregard of the rights of nations and humanity she outraged the moral sense of the world.

This is why German imperialism was a menace. This is how it differs from that of other Powers.

## CHAPTER II

### IMPERIALISM

While economic internationalism has been breaking down natural boundaries, individual interests have been erecting obstacles to these new forces. The world is seeking freedom. Privilege is seeking monopoly. These forces are in conflict. They embroil nations, breed suspicions, entangle diplomacy. The world has become interdependent; financiers, privileged interests, certain groups of manufacturers, have sought to divide the world into exclusive possessions. Imperialism is at war with internationalism. It is at war with democracy as well.

Imperialism had its birth in surplus wealth seeking investment. It appeared in the greater Powers in the sixties and seventies. This surplus wealth sprang from rents, royalties, and trade profits. It could only be invested at home at low rates of interest. It began to venture overseas. It penetrated into Asia and India,

into north and central Africa, into the Americas. It went as loans to weak and dependent countries, to build railroads, to acquire iron ore, copper, oil. It penetrated into Africa for rubber, cocoa, ivory, gold, and diamonds. It opened up plantations in the Indies. And wherever it went it carried the Czar, the Kaiser, the Foreign Office with it. Absentee capitalism gave birth to imperialism, and imperialism is at war with the forces of trade, commerce, and the interdependence of the world.

The forces of privilege, that seek protective tariffs and monopolies at home, that demand the same privileges overseas, and arouse antagonisms that make for war, include:

*One.* The struggle for territories, possessions, and spheres of influence from which other and competing nations can be excluded.

*Two.* The conflict of high finance, of bankers, investors, and concession seekers of all kinds, a conflict that has been going on all over the world during the last forty years.

*Three.* The competition of the industrial classes, the iron and the steel manufacturers, the great munition firms, the cotton and woollen makers, the machine-tool and other industrial

aggregations that have been merged into monopolies, syndicates, and trusts in all of the industrial countries.

*Four.* The shipping interests of the various countries, especially of England and Germany.

*Five.* The struggle for the control of the seas and land routes of trade, and especially the Mediterranean and Bagdad Railway, and strategic places like Gibraltar, the Dardanelles, the Suez and Kiel Canals, the Persian Gulf, Walfisch Bay, and other waterways which constitute the great routes of trade.

*Six.* Economic penetration into weak and defenseless countries for the purpose of controlling their financial and industrial life by means of loans, preferential trading privileges, tariffs, and concessions for raw materials. This penetration is not confined to Africa, Asia, Mexico, and Central America. Economic power has been sought in Russia, Italy, Greece, the Balkan states, South America, Turkey, and Asia Minor. It is promoted by the great banking establishments which radiate out from London, Paris, and Berlin. They not only promote the trade of their own country, they undermine the credit institutions of less de-

veloped countries. They are in conflict with the banking and exploiting institutions of other countries as well.

*Seven.* Closely related to all of these interests and merged with them are the munition-makers which promote armament. They have been responsible for war scares; they are closely related to their respective governments and the ruling classes of their countries.

*Eight.* Imperialism is a result of these economic activities. The greater Powers have been warring for lands and possessions. Certain territories have strategic value by reason of their control of the trade routes of the world, while Africa, the East Indies, and Mexico are sources of raw materials, of iron ore, copper, oil, rubber, lumber, cocoa, sugar, and other products essential to the industrial life of the greater Powers.

The desire for distant lands for the most part tropical is not dynastic. It is economic. And just as the great industries have perfected their monopolies at home, so they have utilized diplomacy and political and military power for the creation and perfection of economic monopoly all over the world.



These activities of high finance and industry are in conflict with the new internationalism described in the previous chapter. From 1880 until the outbreak of the war almost every unprotected part of the globe had fallen under the dominion of England, France, Germany, and Russia. Even the United States has not been free from imperialistic expansion. From 1870 to 1900 the lust for overseas possessions added no less than 4,750,000 square miles and 88,000,000 people to the possessions and spheres of influence of Great Britain. During these years France has added to her domains over 3,500,000 square miles of territory, almost all tropical, with a population of 37,000,000, while Germany has brought under her sway at least 1,000,000 square miles of territory with an estimated population of 14,000,000 people. Africa has been divided among the greater Powers. A great part of Asia has been partitioned into spheres of influence. Even the ancient empire of China is under the quasi-protection of the greater Powers, as are the islands of the Pacific, the West Indies, and certain states in Central America. Over a billion people and the major portion

of the earth's surface is in complete or partial subjection to the five great Powers of the world.

This new imperialism is economic; it is financial. The greater Powers have laid their hands upon the helpless peoples of the earth for the purpose of exploitation. Surplus wealth at home, that could only be invested at low rates of interest, has been seeking speculative returns all over the earth. High finance searching for railroads, lands, iron ore, copper, oil, gold, and silver, for the making of loans to weak states, began this new imperialism. It has been confined almost exclusively to the great industrial nations—to England, France, Germany, and to some extent Italy and the United States. During these years industry has expanded to colossal proportions. In almost all of the greater states it has been monopolized in a few hands. The foreign trade of the world amounted to \$35,000,000,000 before the war. Monopolized industry resents competition at home; it is equally resentful of competition by foreign Powers abroad. And monopolized industry has been seeking exclusive markets which it could only secure through the closed door, preferential tariffs, and spheres of in-

fluence. Surplus capital has also gone out seeking investment in subject states for the benefit of the privileged classes at home. Banking, too, has become international. It, too, is under the control of a small class closely related to the government. All of these great economic forces are closely merged with the Foreign Office and diplomatic service. For diplomacy remains the agency of the ruling classes much as it was in mediæval times. And in recent years diplomacy has become a trade agency of the classes which rule.

Formerly territory was sought for military power or the satisfaction of dynastic ambitions. But the new imperialism is not interested in more soldiers or contiguous territory—it is economic. When peaceful penetration fails, the mailed fist is applied; for under the rules of international law the investments of the subjects of a great Power carry the sovereignty of the nation; and if property rights are in danger, diplomacy, battleships, and an army are placed at the service of the investing classes to bring weaker nations into subjection. This is the philosophy of financial imperialism. It is the philosophy of dollar diplomacy. It is

the twentieth-century expression of the earlier idea that smaller states and weaker peoples have no rights which society is bound to respect. This new imperialism in finance and trade has been ruthless—more ruthless than we know. The darkest pages of the fifty years which preceded the war are written in the blood and suffering of the oppressed peoples of the earth.

We know but little of the wrongs committed all over the world by the greater Powers. We are familiar with the atrocities of Armenia because they were committed by the “unspeakable Turk.” But what of the atrocities of all Africa, north as well as south? Only a suggestion of the crimes against the black folks of Africa has ever been permitted to be known. In the Congo a system of forced labor was introduced; men were worked in slave gangs; they were robbed of all their possessions to make them work. Yet the Congo was not an exception. In a speech from the throne in 1888 the German Reichstag was informed that it was the solemn duty of the empire to “win the dark continent for civilization.” In this winning of Africa to Christianity the

Hereros in southwest Africa were slaughtered. Laborers were obtained in German East Africa under circumstances that could not be distinguished from slavery. Doctor Rohrbach, one of the most distinguished publicists of Germany and imperial commissioner for southwest Africa, stated: "The Hereros have lost their land. The whole of the live stock of the Hereros has been destroyed. There are hardly any cattle left." Another German colonial expert, speaking of these people, said: "The Hereros must be compelled to work, and to work without compensation and in return for their food only. Forced labor for years is only a just punishment."

But such methods were not employed in South Africa alone. The conquest of Egypt, of Morocco, of Tunis, of the Transvaal; the exploitation of Persia, and even Mexico has been pursued with very little regard for the rights of these peoples who have been reduced to political and industrial servitude. The people of Mexico lost their mines, their oil-wells, their richest lands; and almost the entire population was reduced to poverty and peonage in the struggle of the concessionaires of the

greater Powers to exploit the resources of our neighbor republic. When they would not work at the wages offered, their lands were taken from them; and the only alternative left was starvation or starvation wages in the mines or on the plantations of foreign owners. It is only within the last few years that a protest has been raised in this country against the aggressions of American financiers, mine and plantation owners in Mexico. And we have no means of knowing how extensively similar exploitation is being carried on in Porto Rico, the Philippines, Cuba, Hawaii, and Central America.<sup>1</sup>

<sup>1</sup>“Whatever may be thought about individual and isolated instances, it is evident that commercial ambitions, and the consequent demand for annexation of territory, have for long enough in all the nations concerned been leading up to a crisis of deadly conflict; and the connection of this with class domination is well illustrated by the fact that Russia, with the change in her constitution, has immediately repudiated the desire for annexation, while the Socialists of Germany and the other countries repudiate it also.”—Edward Carpenter, *Towards Industrial Freedom*, p. 8.

To the same effect Mr. Georg Brandes, the distinguished Danish critic, says: “In olden days when nations lived by agriculture they went to war to gain territory, to wrest land away from their neighbors. Now that the nations have become industrial states and are in reality ruled by financial oligarchies even if they nominally appear to have emperors, kings or presidents, the purpose of war is no longer to conquer land or peoples but *markets*. Each nation wants a wider outlet for its products, greater investment for its capital.”—*The World at War*, p. 139.

## CHAPTER III

### THE HEART OF THE WAR

The conflict of the old world and the new is as wide as the world. But the heart of the war was the Mediterranean. Here the European Powers come into most direct collision. Here England, France, Germany, and Russia have been strengthening their outposts for a generation. They have been struggling for territory, for concessions, for privileges of all kinds. The archives of Europe are filled with treaties and conventions bearing upon this territory, while the chancelleries have never lost sight of the great trade routes from Europe to the Orient and the territory round about the Mediterranean Sea, which was the capital prize in the struggle.

Let us visualize this neglected area. It extends from the Straits of Gibraltar to India, and from Austria-Hungary to the Indian Ocean. Round about it are twenty states and nearly 350,000,000 people who are dependent upon it for access to the outside world.

The struggle for the Mediterranean was responsible for the Crimean War in 1853. It explains the conflicts over Turkey. It led to the occupation of Egypt in 1882, the understanding with France in 1904, the Morocco incident in 1911, the partition of Persia in 1912, the activities of diplomacy in the Balkans, and the pressure for the control of Mesopotamia and the Persian Gulf, which are the only missing links in the British Empire from the English Channel to India.

British financiers have investments of great value in railroads, banks, and other enterprises in this part of the world. Over \$375,000,000 is invested in Egypt alone. Her financiers have large interests in Asia Minor, Mesopotamia, and Persia. But the paramount interest of Great Britain is the sea route to the East. This transcends all other British interests in any part of the world. For the Mediterranean links England with India, Australia, East Africa, and her Far Eastern possessions. It is the route of shipping, of which England controls nearly 40 per cent. of the world's tonnage. Even the industrial life of Great Britain, which employs one-half of her



population, is dependent upon the Mediterranean remaining in friendly hands. Bismarck termed the Suez Canal "the spinal cord" of the British Empire.

The other Powers are also involved. Russia has been ambitious for the Dardanelles since the time of Peter the Great. She has long cast covetous eyes on Persia and northern Asia Minor, as well as on ports upon the Mediterranean and the Persian Gulf. Moreover, if Russia is to be an industrial state she must have access to the warm seas, unimpeded by any other Power.

France has territorial possessions in Morocco, Algeria, and Tunis. She is the favored nation in Syria and the Balkan states. She has colonies in the Far East. Her people have invested billions of dollars in the securities of Russia, Turkey, and the Balkans; in railroads and other privileges in western Asia.

Italy controls Tripoli. She seeks control of the littoral lands on the Adriatic Sea and in Asiatic Turkey. Austria-Hungary wants an outlet to the sea. She desires Adriatic ports and Salonika. Germany is ambitious for economic and political power in this part of the

world. And Germany has challenged the status quo.

The Balkan states lie athwart the railroad routes from central Europe to the Mediterranean. They are Roumania, Bulgaria, Serbia, and the little states of Herzegovina, Bosnia, and Albania. For years these states have been rent by wars. They have been sacrificed by the intrigues of the greater Powers interested in imperialistic or financial advantages, and particularly in preventing or securing concessions or treaties which will close or open the corridors from Germany and Austria to the Dardanelles and the Mediterranean.

Little Serbia blocked German-Austrian advance into Turkey, Asia Minor, and Mesopotamia. She was a barrier between Mitteleuropa and the Mediterranean. With the other Balkan states she protects Russia, France, and England from attack from the north. This is why Serbia is so important. This is why she was crushed by Germany and Austria.

Across the Bosphorus from Constantinople is western Asia. It includes Asia Minor, Armenia, and the whole of the Mesopotamia region. It extends to the Caucasus Mountains and Russia

on the north, and to the Persian Gulf on the south. Here are great stretches of land available for the cultivation of cotton and wheat. Here are minerals of all kinds, lumber, and oil. Farther on is Persia, which touches British India on the east and the Persian Gulf on the west and south. Asia Minor alone has an area but little less than the area of Germany.

Along the southern shore of the Mediterranean are Egypt, Tripoli, Tunis, Algeria, and Morocco.<sup>1</sup> These states are scarcely more

<sup>1</sup> The population of the nations and dependencies about the Mediterranean basin and their foreign commerce, 1914, is as follows:

COUNTRIES	POPULATION	FOREIGN COMMERCE
Egypt.....	11,190,000	£45,816,400
Persia.....	9,500,000	20,054,000
Tunis.....	1,870,000	9,564,500
Algeria.....	5,564,000	35,948,000
Morocco.....	4,500,000	10,873,000
Tripoli.....	525,000	1,158,000
Bosnia and Herzegovina.....	1,962,000	.....
Roumania.....	5,956,000	49,428,000
Serbia.....	2,911,000	7,612,500
Turkey (in Europe and Asia)..	21,273,000	67,472,000
Bulgaria.....	4,432,000	14,679,800
Greece.....	2,765,000	11,690,800
Italy.....	36,120,000	205,350,000
	108,568,000	£479,647,000
Russia.....	180,000,000	206,000,000

than names to most of us. But to the Foreign Offices and concession seekers they represent opportunities for economic gain. These backward peoples are but little given to industry. They have no banks or credit facilities of their own. They have no capitalistic class. They are, however, able to work. And they work at a very low wage. They also consume. They furnish a market for the mills, factories, and workshops of Europe.

The states about the Mediterranean contain 108,000,000 people in complete or partial dependence upon the greater Powers. Of these at least 75,000,000 are in a state of subjection. And the privileged classes of the greater Powers find it advantageous to control these states. They find it profitable to keep other Powers out. They can make loans and investments on their own terms. And colossal sums at high rates of interest have been advanced to the rulers of these backward countries. They can control the wealth which these countries produce, and charge what they will for the products of their own factories. The loans and investments of the greater Powers to Russia and the Mediterranean states amount to thousands of millions of dollars.

The long ascendancy of Great Britain in the Mediterranean, as well as the political and economic interests of Russia and France, has been challenged by the German "Drive to the East." Germany has upset the equilibrium of Europe. For the eastern Mediterranean is the most vulnerable spot of the Allied Powers. The economic life as well as the political affiliation of Great Britain, France, Russia, and Italy have been placed in peril by the Bagdad Railway project and German ascendancy in Turkey.

German penetration into the Near East began in the eighties. And for thirty-five years German diplomacy, German finance, and German industrial agents have been stealthily burrowing into the eastern Mediterranean region. They have made their way into every country. They have built railroads in Turkey and Asia Minor. They have appropriated the banking and trade of a half-dozen states. With scientific thoroughness Germany has placed a great part of the Near East from Bukharest to Bagdad under economic and political vassalage to Berlin. Turkey has become a vassal state. Asia Minor was being networked with German influence. Ottoman armies are

The way is so paved to  
bankruptcy & competition

commanded by German officers. Turkish foreign affairs were directed from Wilhelmstrasse. The Balkan states have been honeycombed by German intrigue. Economic penetration was fast becoming political conquest. By 1914 the Pan-German dream of empire was approaching a reality. It challenged the *status quo*. It unsettled the balance of power. It menaced British control of the Mediterranean basin from India to Gibraltar, and with it the water route to India, Australia, and the British possessions in Asia and Africa. It menaced Russia, France, and Italy as well. The entire structure of Europe was in danger. The "Drang nach Osten" was an adventure in trade, in commerce, in high finance, in diplomacy. Most important of all, it was an adventure in empire-building on a scale comparable to that of ancient Rome, with an empire in view extending from the North Sea to the Indian Ocean, with a population of 200,000,000 people. Mitteleuropa and the control of the Mediterranean was the most colossal project of political and economic conquest in the history of the world.

## CHAPTER IV

### THE BIRTH OF GERMAN IMPERIALISM

It was natural that Germany should be the last of the Powers to be interested in imperialism. The traditions of the country were those of a continental state. The empire only came into being in 1870. Even then Germany was almost exclusively agricultural. There were few large cities and only a small part of the people was engaged in industry. And Germany would have remained a continental Power but for her extraordinary industrial development; a development far more rapid than that of any other European state. Largely as a result of the constructive legislation of Bismarck she passed into a commanding industrial position in a few years' time. With the aid of science and a highly specialized education, stimulated by a series of laws providing for a banking system, for a moderate tariff, and a system of rail and water transportation that was intimately co-ordinated with every need of the empire, her industries first captured the mar-

perfectly leitmotiv  
kets at home and then reached out for the trade of the world. English and American machines were perfected, improvements were made in trade processes, and German agents aided in every way by the government had placed goods bearing the mark "Made in Germany" in every market of the world.

Germany became an industrial power through state socialism, and the most carefully planned trade methods developed with the aid of the best scientific thought of the empire. The railways were taken over in the eighties, and brought to a high state of efficiency. Between 1879 and 1905 the Prussian railways alone increased from 4,000 to 20,000 miles in length. They were placed under imperial authority to secure unity of operation. They are operated for service rather than for profits. Just as the railroads have been mobilized for military purposes, so for thirty years they were mobilized for the upbuilding of industry and export trade. Freight rates were unified. The schedules were simplified. Rivers were deepened and canals were built from one industrial section to another. Prussia alone expended \$250,000,000 on her inland waterways.



A general policy of protection was adopted with low but carefully arranged schedules of customs dues. The shipbuilding industry enjoyed free trade in raw materials and in manufactured goods as well. Very low transportation rates were accorded the shipbuilders. Great shipyards sprang up as if by magic, and German shipping grew with great rapidity. Soon the German merchant marine was challenging English shipping in every port in the world.

From 1882 to 1907 the number of persons employed in industry increased from 16,000,000 to 22,000,000. The urban population doubled. In 1881 German foreign trade was but \$1,500,000,000. By 1902 it had increased to \$2,750,000,000, while during the next ten years it nearly doubled. By 1914 it had increased to \$4,900,000,000. It almost equalled the foreign trade of Great Britain. Shipping increased with similar rapidity, as did the clearance of vessels from German ports. In 1912 the clearance of vessels for foreign trade from London was 11,172,000 tons; from Hamburg 11,933,000 tons. Only New York exceeded the port of Hamburg in the clearance to foreign countries.

This is indicative of the expansion of German industry and commerce during the quarter of a century which closed with the outbreak of the war.

Capitalism in Germany in the years before the war had reached the explosive point. The urban population (living in cities of over 20,000 population) increased from 18.4 per cent. of the total population in 1885 to 34.5 per cent. in 1910. Inventions, science, the perfection of machines, the increase in the productivity of labor created a condition of inflated production that threatened collapse. Collapse would involve the banks. It would involve the shipping interests. Quite as important it would bring on industrial unrest and possibly social revolution. The consuming power of the people was limited by low wages. The surplus products could only find an outlet in foreign trade; a part of which was subject to more or less exclusive control by other nations.

Closely identified with the industrial interests is a group of banking institutions, especially the Deutsche Bank, Dresdner Bank, Darmstädter Bank, and Diskonto Gesellschaft, known as the four D's, which through thousands of

branches control the savings of the people. They, too, were critically involved in the industrial situation. These banks are very imperialistic. They have branches all over the world. They are agencies of trade promotion. Through these banks the industrial development of Germany is controlled as is the economic life of outside states. The munition industries are interlocked with them. So is the great electrical monopoly, as well as the iron and steel enterprises of western Germany. These banks were further interlocked through common directors with hundreds of enterprises not only in Germany but in France, Italy, Russia, Turkey, and the Balkan states. They were interlaced with hundreds of other enterprises in South America, China, and Africa. Through these agencies German industry, German trade, and German commerce were promoted all over the world.

One can hardly overstate the power and influence of these *Grossbanken*. It has been said that these banks with a hundred persons rule industrial Germany. They control the major enterprises of the country. They brought into being and dominate the policy

of the great syndicates of iron and steel, of coal, of electricity, of chemicals. The names of the directors of the *Grossbanken* are to be found interlocked with industry, trade, and shipping. They were the driving forces in the conquest of the world through finance and export trade. For only through increasing exports could German enterprise maintain itself and prevent an industrial depression at home. And the great industrials viewed the world as the feudal classes viewed Germany. They sought economic conquest while the militaristic classes sought to maintain their feudal power at home. One of the leading personalities of this industrial feudalism was Doctor Karl Helfferich, Director of the Deutsche Bank and recently imperial minister of finance. He was one of the promoters of the Bagdad Railway. It is he who directed the domestic finance of the empire and its industrial and imperialistic operations overseas.

With production increasing at an unprecedented rate, with the capacity of the German people to consume limited by low wages, a trade outlet had to be found to avoid collapse. It might be industrial. It might be social. If

continued long enough it might lead to revolution. All classes were affected by these conditions. Even the Socialists in the Reichstag supported colonial expansion.

Moreover, this was a period of the new economic imperialism. There was a mania for territorial possessions. It was the period of conquest in the interest of finance and trade. All of the nations of Europe were annexing territory in every portion of the globe. But the best of the earth's surface was already gone. Only Turkey, western Asia, and portions of Africa remained.

These were also years of financial imperialism. Surplus wealth was appearing in the older countries. Interest rates at home were falling. The returns from foreign loans and concessions in undeveloped portions of the earth were attracting the attention of financiers. Branch banks were established all over the world. These banks saw opportunities for the building of railroads, for mines, for plantations, for exploitation of all kinds. The banks enlisted the aid of their Foreign Offices; they made use of their diplomatic agents in urging the claims of the investors and munition makers of their

respective countries. Loans to the extent of billions were made during these years.<sup>1</sup> The commissions, discounts, profits from underwritings as well as the interest rates were much higher than at home. In many instances the loans spelled bankruptcy to the borrowing states, which passed under the control of the creditor Powers through the intervention of the governments of the lending countries.

This was the attitude of the industrial and financial classes of Europe in the years before the war. It was a period like that of the gold rush to California and Alaska. The old type of colonization ended with the settlement of America, Australia, and Cape Colony. The new era of economic imperialism began with the appearance of surplus wealth at home, the rise of monopoly in industry, the concentration of banking, and the belief of the capitalistic classes that markets and raw materials must be found in the outside world and that they must be under the exclusive political control of the European countries in order to exclude other nations from the field.

<sup>1</sup>The total foreign investments of England, France, and Germany in 1914 amounted to \$35,000,000,000.

The German industrial classes demanded exclusive markets. Germany was also in need of raw materials. She had to go to English colonies and the United States for cotton. She had little copper and oil. Her iron-ore deposits in Lorraine were threatened with exhaustion.<sup>1</sup> She needed rubber, materials for her dyes, many minerals, and also food for her rapidly growing population. These were only to be had in other countries.

The politics of Germany were also changing. She ceased to be feudal, landed, agrarian. Germany was passing through an evolution like that which took place in Great Britain from 1830 to 1850, when the old Conservative party was challenged by the Liberal party of Cobden, Bright, and Gladstone, which represented the new industrial and commercial classes.<sup>2</sup> The imperial constitution of Germany, imposed upon the German states by Bismarck at the close of the Franco-Prussian War, was designed

<sup>1</sup> German claims in Morocco were for iron ore in the Sus province, while the Shantung Peninsula territory in China, taken as indemnity, was desired primarily for its iron-ore deposits and the harbor of Kiaoutchau.

<sup>2</sup> The same evolution took place in the United States following the Civil War.

to enthrone the old aristocracy, the King of Prussia, and the Junker class. The peasant, the worker, even the business classes were frankly excluded from political power. They enjoyed the ballot, it is true, and they could and do find places in the Reichstag. But they do not control the politics of the empire.

But the new class, the bourgeoisie, was fast rising to power. Not so much by law as by its commanding importance in the life of the state. Its home is in western Germany in the Rhine-Westphalia region. Essen, Frankfort, Düsseldorf, Duisburg, Cologne, Hamburg, and Bremen are the centres of its influence, although the great banking-houses of Berlin are closely identified with it.

If we could analyze the invisible government of Germany, we should possibly find that the capitalist-financial class is the strongest class in the empire. It has not the social distinction enjoyed by the capitalists in England or the United States. It is still discriminated against by the landed aristocracy and the military classes. It is inadequately represented in the Reichstag and the Prussian Parliament. And it has no voice whatever in the Bundesrat.



It has a party of its own, the National Liberal, and it co-operates with the Conservative or Junker party in the government. Our text-book portrayals of Germany contain little reference to this group. It has come into existence since 1871 when the present constitution was adopted. That is why our currently accepted opinions of Germany neglect its power. But that is a fault of all text-books on government. They contain no suggestion that government is economic rather than political, and that even constitutions will not stand in the way of the ascendancy of the class that is economically the most powerful. And in Germany the iron and the steel interests, the munition-making concerns, the shipowners, the great banks, the trusts, and commercial classes, have become very powerful, just as have the iron and steel and financial interests in our own country. They have a press of their own. It is the most jingoistic in Germany. With the Junkers the commercial, industrial, and financial classes *are* the government in every sense of the word.

Whereas Bismarck desired a powerful continental state the Kaiser reflected the new demand for industrial power and colonial expan-

sion. The Junkers are interested in domestic politics and the control of continental Europe. The industrials, on the other hand, are desirous of markets for the surplus products of their mills and factories, for raw materials, for iron ore, copper, cotton, wheat, and a secure means of communication with the outside world. The industrials are the real imperialists. From them came the demand for colonies, for possessions, and especially for the Bagdad Railway, a German land route to the Mediterranean and the Far East, unmenaced by British control of the seas.

Finally Bismarck, who had been indifferent to colonial expansion, was retired by the Kaiser on his accession to the throne. Although Bismarck represented the old feudal order, his far-seeing legislation had laid the foundations for German industrial achievements. William II identified himself with the big industrial interests. The economic expansion of Germany began with his ascension to the throne in 1888.

In the closing decade of the last century Germany abandoned her continental traditions and began to reach out for a place in the sun. From 1884 to 1890 nearly 1,000,000 square

miles of territory, for the most part tropical, with an estimated population of 14,000,000 people was brought under German rule.<sup>1</sup> With the parliamentary elections of 1899, which turned largely on the question of colonies, the empire committed itself to a policy of expansion and from this time on German agents and German traders were actively planting German claims wherever an opening offered.

The foreign policies of Germany changed with the retirement of Bismarck. The understanding with Russia was permitted to lapse. This freed the hands of Germany so far as the Near-Eastern question was concerned, while the disaffection between Turkey and Great Britain left the Sultan a receptive candidate to German advances, especially as the tenure of Turkey on European soil was none too secure. Great Britain had long been the guardian of Turkey in Europe. But the occupation of Egypt, in 1882, as a measure of protection to the

<sup>1</sup>These colonies are almost exclusively tropical. They have been a heavy financial burden and a disappointment to the trading classes. Exports to these colonies have been almost negligible. German colonial experience has been a recognized failure from every point of view.

Suez Canal and British investors alienated the Porte. For Egypt was under the suzerainty of Turkey, and the Sultan had been intrusted with the duty of maintaining order in the country. The bombardment of Alexandria impaired British influence at Constantinople. It also marks the beginning of a new alignment of Powers, which ultimately resulted in the alliance between England, France, and Russia, and the throwing of Turkey into the arms of Germany.

None of these considerations, however, would have induced Germany to abandon her continental policy had it not been for the rapid growth of German wealth, the belief that outside markets should be secured before it was too late and the realization that Turkey and western Asia were almost the only territories not already under the dominion of the other Powers.

Industrialism in Germany had reached its logical conclusion. Monopoly at home, the rise of the industrial classes to political power, the struggle for exclusive possessions and trading privileges, led to war. The battle-axe was substituted for competition. Not content with

her rapid industrial progress, Germany determined to make secure what she had gotten and to open up the way for even greater achievements by the exercise of the mailed fist. Militarism, developed as a means of continental power, was utilized as an agency of economic imperialism. The Junkers, merged with the big industrial classes and trained to believe only in *Machtpolitik*, lent their agencies of power to the bankers, munition-makers, iron and steel interests, the monopolies and trusts, for the conquest of Mitteleuropa and of the Mediterranean, western Asia, and the Far East as well.

This was the background of German penetration into Turkey and Asia, and the desire for control of a highway from Hamburg to the Persian Gulf. Great Britain controlled the seas. Germany planned to control transportation by land. The Bagdad Railway was an agency of empire-building.

## CHAPTER V

### ECONOMIC PENETRATION INTO TURKEY

For twenty-five years the mind of Germany has been directed toward imperialism. A continuous nation-wide propaganda has been carried on by the Pan-German societies and the press. The Navy League, founded in 1895 for the purpose of promoting a great navy, in which Krupp was one of the prime movers, grew to 600,000 members in two years' time. It enrolled more than a million persons in 1910. The demand for expansion was shared in by all classes. In recent years it approached a mania. The commercial achievements of Germany had intoxicated the nation. The big industrial groups, closely interrelated with the great banks, became only less arrogant than the old Junker aristocracy. They insisted that nothing should be permitted to stand in the way of the expansion of Germany, and that no nation, by act or threat, should check the growth of German trade.

But, as stated before, the world had already been appropriated.<sup>1</sup> The only territories outside of the spheres of influence of the other Powers were beyond Austria-Hungary, in the Balkan Peninsula, in Turkey and in western Asia, and even here England, France, and Russia had claims. The Balkan states contain 18,000,000 people. In Turkey there are 20,000,000 more. The people of these states, though hard-working, have but few mills and factories. They are but little given to industry. They would furnish a market for the workers of Germany. Asiatic Turkey contains great stretches of land suitable for the cultivation of wheat, cotton, and raw materials badly needed by German mills. There is iron ore, coal, and timber. The land between the Tigris and the Euphrates needs only irrigation to bring it back to its former fertility. For centuries Mesopotamia was so rich and populous that it excited the cupidity of surrounding

<sup>1</sup> It is to be remembered that trade with peoples subject to the greater Powers is not open to the world on equal terms. The closed door is applied. There are preferential tariffs and exclusive privileges. Were the whole of the backward world open to equal trade, the struggle for exclusive possessions would lose whatever justification it may have had.

nations. In the north there is sufficient rain for cultivation without irrigation. A large part of this territory had been reduced to a desert waste only because the Turkish Government has given no protection against the tribes of brigands. In the seventh century A. D., the Tigris-Euphrates Valley supported a population of probably 5,000,000 people, where to-day less than one-third of that number live as nomads. A British report on the subject, in 1911, stated that the land within the Tigris-Euphrates delta containing 12,500,000 acres of land could be easily reclaimed, and might be made to produce great quantities of crops. All that is needed is transportation, and irrigation in those sections that are in need of water. And irrigation-works are of comparatively easy construction. With this accomplished, wheat, cotton, rice, dates, and many other semitropical crops could be produced in great abundance as they were in ancient times. Under proper cultivation enough wheat and cotton can be raised to free Germany from dependence on England and the United States.

Around the eastern shores of the Mediterranean are harbors to be developed. The Eu-



phrates and Tigris offer opportunities for river-traffic like the Rhine. There is timber to be gathered from the mountainsides. Hundreds of millions of dollars could be profitably expended in these development projects—projects estimated to yield immense returns to the investors. In a sense, Asia Minor and Mesopotamia may be likened to the prairies of America to the west of the Mississippi. They wait on security, capital, and labor to make this region very productive. In time it might become a prosperous centre of the world, as it was in the time of Herodotus. "If one can speak of boundless prospects anywhere," says Prince von Bülow, "it is in Mesopotamia."<sup>1</sup>

Along with the trade opportunities and development projects, the Bagdad Railway would put Germany in a position of strategic advantage in the trade of the Far East. Her merchants could place their goods in Oriental markets in much less time than British ships could make the journey. The Bagdad Railway would be an express service to the east coast of Africa, to Asia, to India, and Australia as well. Moreover, the business of exchanging

<sup>1</sup> *Imperial Germany*, p. 96.

and distributing the wealth of southern Europe, Asia, and Africa would be transferred, in part at least, from England to Germany and Constantinople. With harbors and adequate transportation the centre of European-Asiatic finance and exchange might in time be shifted from London to Berlin. For the Mediterranean is the natural clearing-house of three continents. Here the trade of the Eastern world should be carried on. With a free port like that of Hamburg or Bremen established at Constantinople working in co-operation with the Berlin-Bagdad Railway this port of the Eastern world would be converted into a great trading and commercial centre as it was in mediæval times. The capture of trade and finance was one of the objects of German activity. It was one of the dangers to the economic life of Great Britain as well.

It was such possibilities as these that committed the industrial and financial classes of Germany to the drive to the East and a Teutonic empire extending from Berlin to the Indian Ocean. Here were opportunities for railroad-building, mining, works of internal improvement, the development of irrigation projects,

harbors, terminals, and warehouses. Here was a great hinterland, an empire like India to be exploited, to be financed, to provide a market for generations to come for the surplus wealth of Germany. Here were raw materials for her mills and factories. With such a market the population of Germany could increase with safety to 100,000,000 people, while her educated and commercial classes would find an outlet now open to them only in distant countries, where identification with the fatherland is soon lost. Here, too, close at home, was an opportunity for emigration. Here were fields for that kind of venture that the youth of Great Britain finds in every portion of the globe.

The German people generally were committed to the drive to the Orient. Even the working classes accepted it. The Germans as a people believe in their right to expand, to grow, to enjoy whatever gains and advantages accrue from colonial possessions. And Turkey and the Near East is the back door of the German Empire. Moreover, it was no man's land. It had not yet been appropriated. It was an opportunity like that of Great Britain in

*and this was perfectly legitimate*

India, Egypt, and South Africa, like that of France in Tunis, Algeria, and Morocco.

In this sense, the "Drang nach Osten" has the sanction of the German people. They were probably more interested in the validation of claims in this part of the world than in annexations in Belgium, France, or continental Europe.

In 1886 Doctor Aloys Sprenger published a pamphlet entitled "Babylonia," which he described as "the richest country of the past and the most remarkable field of colonization of the present day. Of all lands of the world there is not one more inviting for colonization than Syria or Assyria. In that country there are no virgin forests to be cleared away, no natural difficulties to be conquered, but it is only necessary to scratch the earth, to sow, and to gather the harvest. The East is the only territory in the world which has not yet been swallowed up by a great Power. It is, moreover, the finest field for colonization. If Germany does not miss the Cossacks' opportunity and seizes it before they advance from their side, she will have acquired the best portion in the partition of the world."

About the same time another pamphlet appeared entitled "Asia Minor," by Doctor Kaerger, in which he urged the colonization of Asia Minor and demanded the immediate conclusion of a treaty between Germany and Turkey by which the Porte should be guaranteed against all aggression in return for concessions which would facilitate the directing of German emigration toward the fertile regions of Turkey, and the establishment, later, of a customs union between the two countries. "To create colonies and German culture in Turkey," wrote Kaerger, "is a plan which, without taking into consideration its political or commercial consequences, is of special importance for Pan-Germanism. Because of the situation of this territory not only should the German Empire but also the whole of the German people contribute to this task." <sup>1</sup>

The *Alldeutsch Blätter*, one of the chief of the Pan-German organs, urged in 1895: "German interests demand that Turkey in Asia, at least, should be placed under German protection. The most advantageous step for us would be the acquisition of Mesopotamia and Syria and

<sup>1</sup> *Alldeutsch Blätter*, 1895, p. 224.

the obtaining of a protectorate over Asia Minor. A sultanate should be formed in the countries situated in the German sphere of influence, with a guarantee of the most complete autonomy for its inhabitants."

Mesopotamia, another writer said, should become "Germany's India."

## CHAPTER VI

### BERLIN TO BAGDAD

The railway is the modern agency of economic conquest. America was laced into a nation in the years which followed the Civil War by the railroads. Cecil Rhodes planned the Cape to Cairo Railway as a means of conquest of eastern Africa. China has fallen under the control of the various Powers by concessions for railroads. England, France, and Russia were building railroads in Turkey, Asia Minor, and Persia for a generation before Germany developed the Berlin-Bagdad project.

The Bagdad Railway as projected was to be an agency of economic conquest. It would serve a variety of purposes among which were the following:

*One.* It was a "Bridge from Hamburg to the Orient," uniting the whole of central Europe with the Balkan states and the Ottoman Empire. It opened up a great territory to German industry.

*Two.* The railway, with its connecting railroads, rivers, and canals in Austria and Germany, would divert the trade, the commerce, the exchanging of goods and the banking incident to such exchanging into German hands. It would reopen the mediæval trade routes from India to the North Sea.

*Three.* It gave Germany a highway of her own to the outside world, unmenaced by any other Power, and free from British control of the North Sea, Gibraltar, and the Suez Canal.

The industrial position of Germany and her desire for a highway of her own to the outside world has been described by Mr. Evans Lewin, an Englishman, in a recently published book on the Bagdad Railway. He shows how the policy of expansion toward the East was dictated by the impossibility of free western expansion so long as Great Britain held a dominating position on the sea. The whole of Germany's sea commerce, he says, comes out of the small triangle, of which Heligoland forms the centre, or through the narrow waters between Denmark and Norway, which, as has been seen during the present war, can be blocked by the



British fleet. Ninety-five per cent. of this traffic passes through the English Channel, whilst even the northern passage, 200 miles broad, between the Orkney Islands and Norway can be successfully held by British sea power. Even should these outlets be passed, the Mediterranean can be blocked at Gibraltar, and only at the Dardanelles and the Bosphorus does British naval power cease. The Bagdad Railway was to become the avenue of German commerce. It was the "strategic key to German schemes of aggression against the maritime powers of western Europe."<sup>1</sup>

Mr. Lewin quotes Doctor Gerhardt Schott, a well-known German author, who says:

"The geographical importance of these straits [Dardanelles and Bosphorus] to Germany consists not only in their quality as a fortified highway, but also in the fact that they are a joint bridge-head in the great transcontinental world-traffic route of the future, Berlin-Vienna-Constantinople-Bagdad-Persian Gulf-Indian Ocean, a route independent of Great Britain and controlled by the Central Powers. Here is our future. Here even in time of war we shall have a way open to the important oceans of the

<sup>1</sup> *German Road to the East*, Evans Lewin, p. 44.

but Britain was not willing to share  
trade with any other nation.

world. Its maintenance is a question of life for the Central Powers.”<sup>1</sup>

The same necessity is expressed by other German writers. Professor Haller, in a book entitled *Germany and the East*, expressed the demand of Germany for complete industrial and commercial freedom. He says:

“Germany needs, like every other land which desires to live in freedom and independence, access to the sea. She had that in the north so long as Germany and Brittany were at peace, but lost it when the latter became her enemy, and placed a huge padlock on the door of the German house by blockading the North Sea. Hence, unless we wish to die a death of economic suffocation, nothing remains but to force our way through in the opposite direction—a route already indicated by the course of our greatest natural thoroughfare, the Danube. . . .”<sup>2</sup>

The Bagdad Railway was to be the German equivalent of command of the seas. It was to be the agency of economic penetration to the East. It would open up southern Europe, western Asia, and the Far East to German in-

<sup>1</sup> *Idem.*

<sup>2</sup> *Germany and the East*, Professor Haller, Tübingen, 1915.

dustry, kultur, and military power. It would link this whole territory from Hamburg to Persia into a single world state. The railroad was the pioneer of economic penetration and of political conquest as well.

This project has been the subject of wide discussion since the outbreak of the war. One German writer has described the purpose of the Bagdad Railway as follows:

“The Bagdad Railway,” he says, “will produce economic, political and cultural results, the extent of which cannot now be imagined. In a very short time direct communication by rail will be established between Constantinople and Bagdad; while during the next generation towns and villages will spring up along the lines, and along the lesser railways which will be built to complete the network. These will provide for the agricultural and industrial development of that ancient city of culture to the mutual profit of Turkey and Germany. . . .

“The sword had to decide the fate of the Near East, and the decision has fallen, unless unforeseen events intervene. Germany will not be limited to the sphere of influence formerly allotted to her, but in future she will devote her energies to Armenia, Syria, and Mesopotamia in the interests of German capitalists and merchants. In this manner the way will be kept open which the war indicated, and which, to-

gether with our Allies, we have fought for and won—the way that leads from Berlin via Vienna-Sofia-Constantinople-Bagdad to the Persian Gulf and has become the vital nerve in our Economic life and our policy.”<sup>1</sup>

<sup>1</sup> Von Hans Rohde, *Deutschland in Vorderasien*, Berlin, 1916.

## 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, Haita, 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, Haita, 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.

## CHAPTER VIII

### THE ORIENTAL RAILWAY AND THE ROYAL ROAD TO THE ORIENT

The Bagdad Railway route was not discovered by German engineers. It is the oldest trade route of the world. It was the "Royal Road" from India to Europe. The ancient kingdoms of Persia, Babylonia, Assyria, Parthia, and Media were enriched by Oriental trade much as is England to-day.

This "Royal Road" of the ancient and mediæval world is a natural highway between Asia and Europe. It was the only avenue from the Orient prior to the development of navigation. Into Mesopotamia the mountain ranges of Persia and Asia Minor open their gateways. The Tigris and Euphrates Rivers intersect the Mesopotamia valleys. They are navigable to the Persian Gulf. On the north is Asia Minor, a region as large as France, bounded on the south by the Taurus and Armanus Mountains, which open to the plains below through the

Cilician gates. These gates guard the highway to Constantinople and Europe, as they do the valleys of Mesopotamia from incursions from the north.

Through these mountain passes the trade and commerce of Asia found its way to Europe for thousands of years. This, too, was the great battle-ground of antiquity. It was the prize of countless wars. The greatest events of ancient and mediæval history centre about this region. Even the Crusades were primarily for the control of these strategic routes of the East, which must be held in European hands to prevent the Christian Church from being broken asunder by the Ottoman hordes.

For thousands of years rulers have coveted Mesopotamia and built their empires about its rivers because of the fertility of the country and the wealth which came from the trade with the East. The "road" went overland from India through Persia to Mesopotamia. It came up from the Persian Gulf. It followed the Tigris and Euphrates valleys to the north. It passed through Babylon and Bagdad. It crossed over Asia Minor to Constantinople. It touched the cities of Syria and Palestine.

It crossed the deserts to Egypt. The trade of the Orient made Mesopotamia the centre of the ancient and mediæval world much as it has made London the centre of the world to-day.

With the rise of Rome, civilization shifted from Mesopotamia to the West. But trade still followed the old channels. Roman legions controlled the land routes in the East, and Roman galleys policed the waterways of the West. Rome levied tribute upon the Orient. Her proconsuls brought back slaves and Oriental luxuries from the Indies. For centuries Rome was mistress of the Mediterranean and of the "Royal Road" from India and Persia.

In the sixth and seventh centuries A. D. the barbarians swarmed over Italy from the north. The old civilization of Rome was eclipsed. These were the Dark Ages. The trade of the East and the wealth which came with it was deposited at Constantinople. Then the Renaissance came. The Italian cities rose to power. Trade with the Orient revived. Banking developed. Italian traders met in the cities of Asia Minor, Syria, and at Constantinople. During the thirteenth, fourteenth, and fifteenth centuries Venice, Genoa, Florence,



Padua, were rich and powerful city states. Their princes were traders. They fought for power on land and on sea. The wealth of Italy again came from Oriental trade. The cities grew in splendor. They controlled eastern colonies. They commanded the Mediterranean and warred for its trade as had the conquerors of ancient times.

The Renaissance penetrated to Europe, especially to France and South Germany, from Vienna to the Netherlands. Handicrafts appeared. Industry developed. Towns sprang up about the castles of the barons and the cathedrals. This was the period of the guild merchants. Europe was dotted with towns from the Black Sea to the mouth of the Rhine. Gradually the burghers shook themselves free from the feudal lords. The cities acquired charters. They became rich and powerful. The trade from the Orient ventured into new channels. It crept up the Black Sea. It followed the Danube and the Rhine. Vienna, Munich, Nuremberg, Frankfort, Cologne, Brussels, Antwerp, Amsterdam, Hamburg, and Bremen owed their wealth to the trade and commerce with the East. They developed

credit facilities. Frankfort, Amsterdam, Brussels, and Antwerp became financial centres. We get some suggestion of the wealth of mediæval Europe from the wonderful town-halls, the guild-houses, the cathedrals, and the fortifications erected during this time.

The trade of the Orient had found new routes to the West. It came by caravan and boat across Asia and Europe, enriching cities and peoples on the way. For centuries the trade of Europe passed through southern Germany and Austria. The Mediterranean decayed in consequence. It lost its pre-eminence as the Danube and the Rhine became the carriers of commerce. Central Europe, *Mittleuropa*, was the centre of the European world.

In the fifteenth century the Ottoman Empire extended its dominion over the East and penetrated west almost to the gates of Vienna. Western Asia was infested with brigands. The trade routes were no longer guarded. The caravan routes were interrupted. The East no longer communicated freely with the West through its accustomed channels. Constantinople was taken by the Turks in the fifteenth century, and the order maintained for centuries

ceased to protect the traders. The Turks overran Asia Minor, the Balkans, Greece, and practically all of Hungary. Even Vienna was threatened. The whole territory from Persia to Hungary was in Ottoman hands. The traders of Italy and Portugal began to search for another route to India, and America was discovered in the quest, as was the route around the lower end of Africa. Columbus ventured into the unknown seas to find a way to India free from the robber-infested regions of Mesopotamia and discovered a new continent.

With the discovery of the sea route to India, and the increase in shipping, trade again abandoned the old routes. It forsook the Mediterranean.

It took to the seas. It left the Danube and the Rhine. Within a short time the economic life of Europe was revolutionized. Spain and Portugal rose to power. The Netherland cities took tribute from the seas as well as from the land. England, an island kingdom, began to be a carrier. She defeated Spain, Holland, and the Hanseatic League. Her ships penetrated to the Mediterranean. London traded with Constantinople and distant India. Her mari-

ners ventured to the Far East by the Cape of Good Hope.

The sea assumed its ancient place. Caravans no longer crossed from Persia and Constantinople to the Danube and the Rhine to the North Sea. No longer did the commerce of the world pass through German lands and leave its golden harvest in the hands of German traders. The cities of South Germany lost their pre-eminence. They lost their wealth as well.

The Napoleonic wars left continental Europe prostrate. But England rose to industrial power. She became a great banking centre as had the Lombard cities, as had Frankfort, Amsterdam, and Brussels. And for nearly a hundred years no other nation challenged her position. The French built the Suez Canal, which was opened to traffic in 1869. This threatened England's control of the seas. It disturbed the traffic to the East about the Cape of Good Hope. Trade which had gone about the southern end of Africa for centuries now passed through the Mediterranean, which assumed its former importance. Just as the caravans in the time of the Pharaohs and the Cæsars passed through Persia, Mesopotamia,

Asia Minor, and Constantinople, so the commerce of the nineteenth century passed through this same territory.

Great Britain acquired control of the Suez Canal in 1875. It became the connecting link of her empire. It solidified her sea power. British ships now followed the short route to India.

To-day British traders and British bankers draw profits from the Orient just as did the burghers of central Europe, just as did the merchants of Italy, just as did Rome, just as did the cities of Mesopotamia in ancient times. British commerce through the Suez Canal amounted to 12,910,278 net tons in 1914. It is carried by British ships. It is paid for through British banks. The goods are manufactured in British factories. The economic power of Great Britain, like the economic power of ancient states, like the economic power of Italy and mediæval Europe, is traceable largely to the seas and especially to the Mediterranean and the control of the great trade route of the world. The Mediterranean is again the "Royal Road" to the Orient, as it was for thousands of years.

With the rise of German industry, German finance, and German ambitions, German historians have drawn attention to the wealth and power once enjoyed by Germany from the trade of the Orient. They point to the river highways of southern Germany, and say, "Here the trade of the Orient once passed by our doors. It enriched our cities. It built up our industries. The traditions of Germany are identified with the years when the Danube and the Rhine formed the trade routes of Europe. England has taken this pre-eminence from us. But we will recall it to Germany. The Danube and the Rhine shall be restored to their ancient position. Our old cities shall again become the world's trading-centres, with Constantinople at one end and Hamburg at the other. We will deepen our rivers, we will build canals, we will construct railroads. With the aid of science we will overcome the advantages which England enjoys and recapture the trade of the world by reopening the 'Royal Road' from Bagdad to Hamburg."

And during the years that preceded the war the mind of Germany was definitely working toward this project. The Rhine had become a

The world believes in competition.

great waterway. It had been deepened almost to Switzerland. It was to be united by canal with the Danube. The North Sea and the Baltic were to be joined to the Black Sea, while the Rhine itself was to find an outlet to the ocean by means of a canal through German territory.

There were to be direct water communications from Hamburg, Berlin, and the industrial regions of west Germany to the Black Sea and Constantinople. The rivers were to be the main arteries of traffic, while the country was to be networked with a system of canals all feeding into a general system of water transportation.<sup>1</sup>

<sup>1</sup> The following are the main links in the internal system of waterways of central Europe either completed or projected at the outbreak of the war:

(1) Union of the Rhine and Danube by the adaptation of the Main to canal navigation and by the canal from the Main to the Danube; (2) completion of the central canal between the Vistula and Rhine; (3) Canal from the Oder to the Danube, uniting the Baltic and the Black Sea; (4) adaptation of the Rhine as far as Basle; (5) union of the Weser and Main by means of the Fulda-Werra Rivers; (6) union of the Elbe and Danube by the Moldau; (7) union by means of canals of the Oder to the Danube and Vistula; (8) union of the Danube and the Dniester by the Vistula; (9) canalization of the Save; (10) canalization of the Morava and the Vardar as far as Salonika. (From *The United States and Pangermania* by André Chéradame, p. 51.)

All of the industrial centres of Germany were to be reached by water communications. These waterways were for heavy bulk freight which now goes by sea.<sup>1</sup> And with the rivers and canals were railroads forming part of the German Oriental system. They were to follow the ancient caravan routes along the Rhine and the Danube. These were the German connections of the Bagdad route. From Constantinople the Bagdad Railway was to traverse Asia Minor and Mesopotamia, following the old river routes to the Persian Gulf. It was to connect with the Tigris and Euphrates Rivers, which were again to assume their ancient importance. Hamburg and the Rhine were to be joined with the far-distant Persian Gulf.<sup>2</sup>

Constantinople was to become a great Ger-

<sup>1</sup> As indicative of German river and canal development, over 70,000,000 tons were carried on her inland waterways in 1912.

<sup>2</sup> The London *Times* correspondent, writing from Constantinople on the occasion of the Kaiser's visit in 1898, said: "It is daily becoming more evident that with the development of railway connections the great overland highways to the East will gradually supplant the maritime routes of the land of Nineveh and Babylon, of Tyre and Palmyra, which forms the meeting-point of East and West, the link between three continents will regain much of its ancient importance. It is in accordance with the far-seeing character of German policy to have recognized this truth." —*The Times*, October 18, 1898.



man terminal, receiving and discharging cargoes not only from the Mediterranean, but from the Black Sea, the Danube, and the Rhine, and the Oriental Railway from Hamburg and Berlin. It might easily become one of the three or four great harbors of the world. It would be the centre of the trade and commerce of Russia and the eastern Mediterranean, of the Balkan states, and in a measure of the entire Oriental and east African trade.

Constantinople in turn would contribute to Germany and central Europe. It would be in direct water and rail communication with all of the great industrial cities, even with the ports on the North Sea. The Rhine and the Danube might recapture some of their former eminence; while the old mediæval cities—Munich, Frankfurt, Mannheim, Düsseldorf, Cologne—and the modern city of Essen, would again become great cities, as they were for centuries when southern Germany and the Netherlands were the centres of the wealth and civilization of Europe.

It may seem an exaggeration to trace the power of states to the control of trade and commerce. Yet history discloses that practically every great nation reached its eminence by rea-

son of such control. All of the great nations of antiquity, as well as of mediæval and modern times, with the possible exception of France, attained the zenith of their power through the control of the waterways and caravan routes of the Mediterranean. The source of England's power is her command of the seas, and especially of the "Royal Road" which connects the Orient with the Occident by way of the Mediterranean and the Suez Canal.

Upon this project German engineers had been working for years. Science was to overcome the advantage which England enjoyed on the seas. German perseverance and German thoroughness were to conquer Asia Minor, overcome the obstacles of nature, and compel India and the Far East again to send their wealth to the heart of Germany, as they did in mediæval times. Control of the Mediterranean basin, of the trade routes of the world, of the commerce of Europe and western Asia, was one of the German objectives of the war. And along with this was the control of ancient Mesopotamia and the Mediterranean, for thousands of years the centre of the civilization of the world.

## CHAPTER IX

### WORLD EMPIRE

The mind of Germany has been more definitely fixed upon the Bagdad Railway and the "Drive to the East" than upon any other imperialistic project. This has awakened the imagination of the people. It has received every support the government could give. The Kaiser proclaimed himself the eternal friend of the Turk; the protector of the Mohammedans in Asia and Africa. The sending of the *Panther* to Agadir in 1911, which precipitated the Morocco crisis, was a demonstration of moral support to Islam and the Mohammedans of North Africa. The bankers and financiers, the great iron and steel interests—the industrials of all classes, the intellectuals, and many of the common people, came to look upon the project of a Pan-German Empire much as Bismarck looked upon the north German federation as the inevitable and necessary destiny of Germany. The overseas colonies and adventures in Morocco and South Africa,

in the Pacific and Kiaoutchou were of small concern in comparison with this dream of empire, either economic or political, extending from the North Sea to the Persian Gulf and containing 200,000,000 people. The Morocco incident, the intrigues in the Balkans, the diplomatic controversies with England, France, and Russia during the last twenty years, and finally the war itself, revolve in large part about this adventure in diplomacy, statecraft, and high finance.

The Bagdad Railway was a means of economic, military, and political power. It was an agency of imperialism, of control of the Balkan states, Turkey, Asia Minor, and Mesopotamia. It was to be a through system from Hamburg to Bagdad with connections running to every portion of the German Empire. It passed through the heart of Europe. It cemented the union of Germany and Austria-Hungary. It placed the Balkan states under the potential dominion of Prussia. It ran threateningly close to Roumania. It passed through Serbia, which must be under German control in order that the railway should pass through German territory. Greece lies just

outside of its pathway, easily accessible for trade and military conquest. The Adriatic is but a short distance away with Italy in a position of easy vulnerability by land and sea from Trieste and Salonika. The soldiers of the Kaiser could be easily mobilized against this whole territory.

Turkey and Bulgaria were under German influence. But little Serbia blocked the corridor to the Mediterranean and the Orient. And Serbia was unwilling to prostrate herself to Austria. The railway must pass through Germanic territory from Hamburg to the Persian Gulf. In addition, Austria-Hungary was covetous of an outlet to the Mediterranean through the Vardar Valley to Salonika. Austria-Hungary was driving to the southwest and Germany to the southeast. The Jugo-Slavs of Serbia stood athwart the pathway of Pan-German conquest. The assassination of Grand Duke Ferdinand was the pretext. The blocking of the Bagdad Railway and with it the project of Pan-German world conquest was probably the real cause of the ultimatum of 1914. For Serbia was increasing in prestige and power. She was supported by Russia.

An examination of the Mediterranean basin indicates how the railway, with its branches radiating out like a fan, also fits into a plan of economic and military control of Turkey and western Asia. It covers Anatolia, Armenia, Syria, Palestine, the Tigris-Euphrates valleys, Mesopotamia, and on down to the Persian Gulf, which was to be the eastern terminus of the system. Western Asia was to be networked by a German railroad system which spread out from the eastern side of the Bosphorus. It checked Russian advance into Asia Minor from the north. It tapped Persia under Russian-British control and brought that country under German influence. It threatened Persia and India as well.

The harbors on the eastern shores of the Mediterranean were to become German ports. They were potential naval bases. Branch lines ran southward through Syria and Palestine, easily accessible to these harbors. This brought the arms of Germany and Turkey close to the Suez Canal and Egypt. The distance from the southern terminus to Port Said was only three hundred miles. This region is semidesert, wanting in water and vegetation. But it is level

and easy of transport. A military railway could readily be built into Egypt for the transportation of troops. Such an attack, if successful, would cut off British connections with India, Australia, the east coast of Africa, and her Far-Eastern possessions. It would cut off France from her colonies. It would permanently end the British project of a Cape to Cairo Railway through eastern Africa planned by Cecil Rhodes, as well as the British project for an inclusive British empire beginning at the Cape of Good Hope on the south and the Straits of Gibraltar on the west, and extending by way of Egypt, Arabia, and the Persian Gulf to India.

To defend her empire England would be required to maintain an immense standing army, possibly a million men, in the Near and Far East. She would have to erect munition plants and provide great stores and equipments. For Egypt is the keystone of the British structure. Land transportation is so much more rapid than water that control of the railways of western Asia by Germany would place England at a terrible disadvantage. It would be a checkmate so complete that Great Britain

would scarcely be able to accept the gage of war for the retention of her empire. No matter what the British alliances may be, no matter from what corner of the globe her support may come, she could scarcely expect to cope with German and Turkish armies in control of the land transportation as well as the strategical seaports upon the eastern Mediterranean.

Moreover, possession of the Persian Gulf would give Germany a naval base on the Indian Ocean from which her fleet could strike at British possessions in the Far East. How fully this danger was appreciated is indicated by the diplomatic moves, the demonstrations of force, the occupation of territories by Germany and England in the Persian Gulf which was a centre of activity by these Powers for nearly twenty years.<sup>1</sup> In fact, with the exception of Canada and the west coast of Africa, the entire British Empire, as well as the Near and Far

<sup>1</sup> Admiral A. T. Mahan, the authority on sea-power, wrote: "The control of the Persian Gulf by a foreign state of considerable naval potentiality, a 'fleet in being' there, based upon a strong military port, would reproduce the relations of Cadiz, Gibraltar, and Malta to the Mediterranean. It would flank all the routes to the farther East, to India, and to Australia, the last two actually internal to the empire, regarded as a political system; and although at present Great Britain unquestionably



Eastern possessions of France, were involved in the struggle.

The completion of the Bagdad Railway and the control of Turkey would also place southern Europe, Africa, and Asia under the menace of Berlin. The Mediterranean had become as strategic to-day as it was in the days of Rome.

German ascendancy in the Near East would also threaten the states bordering upon the Mediterranean from Gibraltar to Persia. It threatened France, Spain, Italy, and Greece. Egypt, Tripoli, Algeria, Tunis, and Morocco would be under the menace of German battle-ships.

With Germany in control of the Dardanelles Russia would be able to reach the seas only with German assent. Her naval power would be under German control. She would be unable to sell her wheat, oil, and other raw materials where she chose. This would make it

could check such a fleet, so placed, by a division of her own, it might well require a detachment large enough to affect seriously the general strength of her naval position."—*Retrospect and Prospect*, by A. T. Mahan, pp. 224-5.

For discussion of British strategic interests in the Persian Gulf and the conflict with Germany over this part of the world, see also *The German Road to the East*, Evans Lewin, pp. 82 *et seq.*

impossible for her to negotiate loans except through Berlin. She might be compelled to grant preferential or exclusive tariffs and privileges to Germany under which her own industries could not live. She would be coerced into granting concessions for the development of her resources, as was done after the Japanese war.

The war has shown the military value of railroads. Strategic railways are the equivalent of a great army. A small force with well-arranged railroad transportation at its back is more than a match for a much larger force which has to rely upon water transportation for support. An army with a railroad is mobile. It can move quickly. It can be here to-day and elsewhere to-morrow. It can be fed easily. It can be supplied with munitions. Reinforcements can be quickly brought forward. A railway moves in secret. Not so a fleet. Its movements are known. And a nation which desires to mobilize secretly can do it by rail quickly and quietly.

Whoever controls the railroads of a country controls the life of that country. Military strategy as well as economic development lay

back of the plan of Cecil Rhodes for a Cape of Good Hope to Cairo Railway, as well as the efforts of Great Britain to secure control of the southern section of the Bagdad Railway which terminated at the Persian Gulf; or when Germany would not consent to such control, to have this section internationalized. This consideration also lay back of British proposals for a British Bagdad Railway long discussed in Parliament, which was to start from the Persian Gulf, run northward through the Tigris-Euphrates River territory to Bagdad, and from Bagdad westward through Damascus to the Mediterranean at a point somewhere between the Island of Cyprus and Egypt. Such a railroad would have been under exclusive British control. It would not connect with Constantinople. It would offer no means of connection with Turkey or Russia. It would block Turkish and Russian advance from the north. It would be free from attack by any of the European Powers, and would place Syria, Palestine, Mesopotamia, Arabia, and Persia under British control. Had this project been carried out, the German Bagdad Railway would probably never have been ventured on, and the

European War might have been averted. The project was abandoned, however, when England acquired control of the Suez Canal and an all-water route to her Eastern possessions.<sup>1</sup>

Such is the importance which railroads play in modern wars. The Bagdad Railway was the key to the Pan-German dream of empire. ✓

Germany, it is true, did not herald any such military designs. She dared not. To discuss the military aspects of the railway would confirm the apprehensions of the rest of Europe, and justify their efforts to thwart the project. And French assistance and co-operation from the other Powers was necessary because Germany was unable to finance the railroad herself. Moreover, the publication of military and political plans might have caused Turkey to take fright at the thought of economic penetration being converted into military occupancy.

Some German authorities, however, have been frank in their admissions that the Bagdad Railway was for other than purely economic

<sup>1</sup> For a discussion of the British plans for a railway from the Mediterranean to the Persian Gulf see *The German Road to the East*, Evans Lewin, p. 55.

purposes. Doctor Paul Rohrbach is recognized as the most eminent German authority on the Near East. He is the author of a book published in 1911 entitled *Die Bagdad Bahn*, as well as *German World Policies*. Doctor Rohrbach says:

“England can be attacked and mortally wounded by land from Europe only in one place—Egypt. The loss of Egypt would mean for England not only the end of her dominion over the Suez Canal, and of her connections with India and the Far East, but would probably entail also the loss of her possessions in central and east Africa. The conquest of Egypt by a Mohammedan Power, like Turkey, would also imperil England’s hold over her sixty million Mohammedan subjects in India, besides being to her prejudice in Afghanistan and Persia. . . . The stronger Turkey becomes, the greater will be the danger for England, if, in a German-English conflict, Turkey should be on the side of Germany.<sup>1</sup>”

Another German writer says:

“When England—the European outsider who lags far behind Germany in national power, individual talent, and political strength—loses India, then her world power will disappear. The ancient highroad of the world is the one

<sup>1</sup> *Die Bagdad Bahn*, p. 47.

which leads from Europe to India—the road used by Alexander—the highway which leads from the Danube via Constantinople to the valley of the Euphrates, and by northern Prussia, Herat and Kabal to the Ganges. Every yard of the Bagdad Railway which is laid brings the owner of the railway nearer India. What Alexander performed, and Napoleon undoubtedly planned, can be achieved by a third treading in their footsteps. England views the Bagdad Railway as a very real and threatening danger to herself—and rightly so. She can never undo or annul its effects.”<sup>1</sup>

<sup>1</sup>Trampe, *Der Kampf um die Dardanellen*, Stuttgart, 1916.

## CHAPTER X

### THE DEUTSCHE BANK AND FINANCIAL IMPERIALISM

International banking and a marvellous machinery of credit was the second agency of German imperialism. Germany had developed banking as a means of conquest, political as well as economic. None of the other Powers approached her in the thoroughness of international banking agencies.

There are seven or eight great financial institutions in Germany that are far more than banks. They are primarily exploiting concerns. They are also political agencies. Their purpose is to advance the fatherland. They have branches all over the world, through which they secure concessions and underwrite foreign loans. They sell munitions. Through interlocking directorates these banks control hundreds of corporations in other countries. They operate in Turkey, Asia, Africa, South America, and Mexico. They have connections in Rus-

sia, France, Italy, Switzerland, Norway, and Sweden. They are the chief agencies of German imperialism and economic penetration. Branch banks operating in other countries with headquarters in Berlin are the diplomatic agents of the government as well as of the big industrials and financiers. They know everything possible about the countries in which they operate. German eyes look out from bank windows in almost every country in the world.

The Deutsche Bank is the most powerful of all these exploiting institutions. It was the advance agent of the railway. It secured the concessions not only for the Bagdad Railway, but for harbors, docks, warehouses, oil, and resources of all kinds. It financed the building of the road. It placed the contracts with German iron and steel manufacturers. It enjoyed colossal profits. It negotiated sales of munitions. It was the representative of the trading classes. It reported to the Foreign Office on political conditions.

The Deutsche Bank is a semiofficial institution, closely integrated into the empire. It is organized much as is the army. It commands



the best thought of Germany. It is interlocked with agencies of science and intelligence as is the General Staff. It is also interlocked with the big iron, steel, munition, and other concerns. Its director, and one of the prime movers of the Bagdad Railway, was Doctor Helfferich, late imperial finance minister of Germany.

The Deutsche Bank undermined the economic life of Turkey. Doctor David Starr Jordan says of the Deutsche Bank that it is "a nation within a nation, which replaces the Sultan as master of the rest of his domain." He quotes from a Turkish writer who says: "This bank draws for itself the riches of the land, exhausting not the working class alone, but a whole nation which is dying from its operations."<sup>1</sup>

The profits from the promotion and building of the Bagdad Railway were colossal. The bank and those associated with the bank in the underwriting, are said to have earned \$25,000,000 as commissions, and besides to have "saved" \$45,000,000 on the cost of construction. These sums were not "saved" to Turkey which guaranteed the loans. They were "saved" to the bankers and contractors.

<sup>1</sup> *World's Work*, July, 1913.

These are the estimates of British commentators. The German estimates of the "savings" are somewhat less, but the commissions alone are given as \$34,000,000 or \$9,000,000 more than the British estimate.

No such profits are to be made at home. That is why capital ventures out to undeveloped countries. And the profits to the promoters and underwriters was one of the reasons for German insistence on control of the railway and a free hand in the exploitation of Turkey. For the profits were estimated at as high as 40 per cent.

The Deutsche Bank and influences identified with the bank absorbed to themselves the richest opportunities in Turkey and Asia Minor. They secured contracts for development work. They aided German business men in every possible way.<sup>1</sup> Through control of credit they could encourage one native industry and destroy another. They could discriminate in favor of German firms and against the firms of other countries. They could put competing industry out of business.

<sup>1</sup>For further discussion of methods employed by Germany in her economic penetration of other countries, see Chapters XI and XII.

This has been the German practice not only in Turkey, but in Italy, Greece, Roumania, and France as well. For the foreign bank is not interested in the welfare of the country in which it operates. It is interested in profits for the stockholders and the imperialistic designs of the fatherland.

The Bagdad Railway was closely interlocked with the Deutsche Bank through common directors. It was really controlled by the bank. It was one of its many offspring. And as a result of this merger, together with the concessions for other undertakings, the economic life of Turkey was rapidly passing under German control. There was little chance for development by the Turkish people. Official posts and important positions were given to Germans. The natives were not permitted to rise. For that would endanger foreign control. The dominant nation is then able to point to the country and say: "See, the natives are not fit for self-government." This is what the imperialistic Powers are all saying about their dependencies.

Yet the control of all avenues of advancement by an outside Power makes it impossible

for a people ever to become fit for self-government. They remain hewers of wood and drawers of water, especially when it is to the interest of their masters to prevent any progress on the part of the native races. After forty years of Diaz and the control of Mexico by foreign concessionaires the population of that country was in poverty and ignorance. The Mexicans were peons. They owned less than one-fifth as much property, according to United States Consul Marion Letcher, as that claimed by Americans alone. Financial exploitation had not benefited the Mexican people, however greatly the country's exports have grown. It has enriched American, British, German, and French mine-owners, railway-promoters, oil companies, and plantation-owners. But it left 15,000,000 people in abject poverty and dense ignorance. The beneficence of foreign assistance to weak nations is largely a fiction of the exploiting classes.

Financial or economic imperialism is much the same the world over. There is no humanitarianism in its methods, whatever its professions may be. Far from foreign penetration being a blessing to a weak country, it means

the loss of political liberty, the confiscation of lands and mines, often ruthless taxes, extortion of all kinds, and actual servitude, or the equivalent of it, to the natives.<sup>1</sup>

<sup>1</sup> For exhaustive studies of the effect of imperialism and foreign capital in weak states see the following authorities: *Egypt's Ruin*, by Theodore Rothstein; "Capitalism and Imperialism in South Africa," *Contemporary Review*, 1900, by John A. Hobson; *The War in South Africa*, by the same author; *Blood and Gold in South Africa*, by G. H. Perris; *The Crime of the Congo*, by Conan Doyle; *Great Portuguese Nyassaland*, by W. B. Worsfeld; a series of articles by Ray Stannard Baker on Hawaii in the *American Magazine*, 1911 and 1912; *Ten Years of Secret Diplomacy*, by E. D. Morrel; and other treatises on India, South Africa, and Mexico.

## CHAPTER XI

### CONFLICTS OF HIGH FINANCE

The Deutsche Bank rapidly undermined French and English influence in Turkey and the Near East. For England and France had been the favored nations in Turkey. England exercised a protectorate over the "Sick Man of Europe," and her bankers and business men had built up large interests there.<sup>1</sup> France was the popular nation. The young Turks were educated in Paris and French was the official language of the country. There were from six to eight hundred French schools in Turkey as opposed to a dozen German ones, while scholarships by the hundreds were awarded to Turkish students for study in Paris. France has always looked upon the Near East as her sphere of financial influence, just as England has looked upon it as her sphere of political power. A great part of the foreign loans of France are in Mo-

<sup>1</sup> For discussion of the interests of England in Turkey prior to the advent of Germany, see *Quarterly Review*, October, 1917, p. 491.

hammedan countries. Three-quarters of the foreign capital in Turkey and 55 per cent. of the Turkish national debt is owned in France. The banking in the Balkan states was also largely under French control, while the great investing institutions of Paris maintained branches in these states. The French have long been ascendant in Syria. They built the Syrian railroads as well as other undertakings of a quasi-public character. French loans and investments in Turkey and the Balkans were estimated at \$1,200,000,000 at the outbreak of the war. British investments in public funds, in railroads, and in mines in Turkey, Asia Minor, and the Balkans are also large.

The interests of the financial classes, and especially of the bankers of Great Britain, France, and Germany are closely interwoven with the imperialistic activities of these countries. All of the Powers have been close to war on several occasions over economic conflicts. The Morocco incident of 1911 had its origin in the struggle for concessions, privileges, and loans. Russia went to war with Japan over economic claims in Manchuria. The Boer War was brought about by promoters and specu-

lators in the diamond and gold mines in the Transvaal. China was near dismemberment in the interest of concession seekers and financiers after the Chinese-Japanese War. Even the United States was close to serious trouble with Germany as a result of the Venezuela incident, when the Kaiser threatened to send a fleet to Venezuelan waters to enforce his demands.

It is impossible to know the extent to which financial conflicts in the Near East contributed to the war. It is, however, no exaggeration to say that the Foreign Offices are deeply interested in the investments, trade, and economic interests of their citizens. When one considers how intimately the Deutsche Bank, the firms of Krupp and Mannesmann Brothers, the railroad-builders and traders are merged into the German Empire; when one contemplates the identity of the personnel of the investors, bankers, railroad-builders, and mine-owners of Great Britain with the members of Parliament; when it is considered how often the French Foreign Office has served the big financial institutions of Paris, it is easy to see how the economic and financial interests of these countries become a question of national honor and



a conflict of high finance becomes an issue of political concern.<sup>1</sup>

Just as trade and commerce are at war all over the world, so the investing classes and banks, with branches in distant parts, have recorded the same economic conflict. In the Balkans, in Turkey, in Syria, and Asia Minor, the Deutsche Bank and the French and British banks were seeking concessions, mining privileges, and contracts from the entrance of Germany into Turkey in the eighties down to the outbreak of the war. These conflicts were registered in the Foreign Office; they formed the subject of diplomatic controversy; they were voiced in Parliaments and the press. A great part of the diplomacy of the past generation centres about the activities and intrigues of investors and bankers whose investments amount to many billions of dollars.

The Deutsche Bank, like the Bagdad Rail-

<sup>1</sup> The final negotiations over the Bagdad Railway between England and Germany in Berlin in June, 1914, indicate the elaborate care taken by the Foreign Office to protect and promote the interests of concession seekers and traders, oil interests, rights of control of transportation on the rivers, development projects, docks, and other activities of investors. See *Quarterly Review*, October, 1917, "The Bagdad Railway Negotiations."

way, disturbed the old equilibrium. It challenged the existing economic interests of England and France. And German finance was thorough; it was mysterious; it was insidious. It had the financial power of Germany at its back. It was frankly aided by the Foreign Office and the most skilful diplomats. Operating in a thousand secret ways, it made rapid headway not only at Constantinople but all over the Turkish Empire. German bankers were followed by representatives of German manufacturers. Soon German goods began to crowd out the products of France and Great Britain. English exports to Turkey in 1898 amounted to \$51,400,000. German exports to Turkey at that time were but \$2,180,000. In 1911 English exports were \$2,750,000 less than in 1898, while German exports were \$24,650,000 more than they had been thirteen years before.<sup>1</sup> The Bagdad Railway was also

<sup>1</sup> Describing the methods of the Deutsche Bank in Turkey and the difficulties of British traders in competition with the German, an Englishman in Turkey, writing in the *Quarterly Review*, says:

“The Deutsche Bank and its connections, and, for the matter of that, other German banks, may be compared to a big cobweb, of which the centre is Berlin or some other spot in Germany, with immense threads stretching out all over the world in a crisscross

a menace to French investments in Russia, said to amount to \$3,000,000,000. For the railway was a wedge between the two countries.

The economic life of Russia was far more seriously menaced. Russia had long been ambitious for the Dardanelles. The Dardanelles were her outlet to the Mediterranean. And access to the seas is necessary to enable her to market her wheat, oil, and timber, of which she has an abundance and of which western

network—always the web, but always German. Did a merchant wish to do business, the bank would find him an agent in the country. The agent would be some one, of course, probably a German or Austrian, recommended by the local branch; and, if he was a native agent, he would be promised the bank's financial support if he would bring over his clientèle or portfolio of customers to the German merchant and throw over his British houses. The parties, that is, merchant and customer, would soon be in communication through the agent. Did the German merchant want to be financed? That would be easy. The bank's idea of the merchant's dealings with the customer would be so much against the invoice and bill of lading, so much by a three months' bill, and the balance in a six months' bill, or some such term, perhaps of longer date. The bank would even offer to take charge of the whole matter from first to last, and, if the merchant desired, would finance him up to 70 per cent., or 80 per cent., of the amount against the bank's receiving the bills of lading or other securities. If the German merchant were the creditor pure and simple, the local buyer might give trouble: he would most likely pay the amount of cash against the bills of lading of the goods, in order to get possession of them, but he might refuse to meet the first bill or the second on the ground

Europe is in great need. Moreover, Russia is a debtor nation. She has borrowed heavily, especially from France, to which country she has gone not only for money with which to build her railroads but for military assistance as well. And Russia pays the interest upon her debts by the export of raw materials, especially wheat. She cannot pay it in gold. She has to exchange her wealth which is converted into gold in the markets of the world. This

that the goods were not up to sample, or on one of the thousand and one pretexts which a debtor will raise when his creditor is many hundred miles away in another country. But, once the transaction gets into the hands of the bank, a powerful bank on the spot, he would be a brave debtor who dared to refuse to honor his bill of exchange on presentation for payment by the bank. He would have to have a very good excuse to venture on such a course. If it was a genuine claim, it would be attended to by the bank, with firmness and justice to all parties; otherwise he would incur the risk of a lawsuit, with all the influence of the bank, embassy, and consulate against him, the cutting off of his credit, the impossibility of doing trade with Germany or even with other countries, as he would be blacklisted with all the banks. The merchant could, therefore, in most circumstances get time if he really required it, a renewal of one of his bills or more, but in return he would have to give further orders or make other concessions. Meanwhile the manufacturer got his money and set out to get further orders and to provide further merchandise for the customer, perhaps with the encouragement of the bank, but always under its advice and protection, and with the aid of its agents.

“It is not proposed here to draw comparisons between this

is one reason why a free outlet to the seas was so necessary to Russia. Far more important, Russian industrial development is dependent upon free contact with the outside world. She must have a market in which to buy for her 180,000,000 people of whom less than 5 per cent. are engaged in industry. The great majority of the Russian people are peasants. And they buy in the English, French, American, and German markets. Should Germany control

system and that of British banks. The nearest approach to the German system is that, when the British merchant gives credit to oversea customers, he sends the drafts or bills of exchange for acceptance or presentation through his own bank, say, at Bradford, which institution hands them to some other institution in London, which in turn hands them to the agency of a foreign bank and later they are presented. If the bills are paid, well and good; if they are not paid, they are probably referred for instructions or they are protested and returned to England, and weeks and months are lost over disputes, probably ending with a lawsuit, in which the manufacturer is at a great disadvantage. In such a case, the merchant, hundreds of miles distant from his customer, is to a great extent dependent on his agent. The bank's action is a pure banking action, a mechanical form; and, although it may not suit the customer to have his bills protested, yet he will put forward a sufficient excuse at the time of 'protest' in order to cover himself as against the bank, and the bank is no further interested in the matter. The agent, too, may not be quite straightforward; and there is no bank to control him as the German bank controls agents recommended by itself."—"German Methods in Turkey," *Quarterly Review*, 1917, p. 303.

the Dardanelles she could compel Russia to buy exclusively from her. She could blockade her from the seas. When it is considered that the foreign trade of Russia (1914) was in excess of a billion dollars it is apparent how valuable the control of this trade would be to a nation organized as is Germany.<sup>1</sup>

Thus, the Bagdad Railway and German penetration into Turkey threatened to end the economic freedom of Russia. It ended her plan for the control of Constantinople and the Bosphorus. It ended her hopes in Asiatic Turkey, especially in Armenia where she claimed "interests" even though they had never ripened into possessions. The railway was also a menace to Russia's back door by way of the Caucasus while the branch line to Persia threatened her influence in that country as well as the very valuable oil and other concessions secured in 1907 and 1912, when Persia was divided into spheres of influence between Great Britain and Russia.

The economic and financial interests of Eng-

<sup>1</sup>This was obviously the purpose of Germany in creating the buffer states on the Black Sea and the Baltic, which under German control would exclude Russia from contact with the outside world except through German-controlled channels.

land, France, and Russia in this part of the world were all in serious peril by reason of German ascendancy in Turkey. The trade, commerce, and investments involved was not far from \$10,000,000,000, the investments alone being in the neighborhood of six to seven billion dollars. The foreign trade of Russia amounts to a billion dollars a year, while that of Turkey and the Balkan states is \$800,000,000 more. The total foreign trade of the Mediterranean countries (1914) was about \$2,400,000,000. Including the Mediterranean trade of Russia and Austria-Hungary it is very much more.

## 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.”<sup>1</sup>

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-

<sup>1</sup> 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.”<sup>1</sup>

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

<sup>1</sup> *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." <sup>1</sup>

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." <sup>2</sup>

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:

<sup>1</sup> *The German Road to the East*, Evans Lewin, p. 6.

<sup>2</sup> *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.

## CHAPTER XIII

### THE DREAM OF EMPIRE

For thousands of years Mesopotamia was the centre of the world. Here modern history had its beginnings. Here jurisprudence had its origin. Here poetry, art, philosophy, and science flourished for centuries. Here was the original home of the Jews. The influence of Mesopotamia was felt from Siberia to Africa, and from India to the Atlantic Ocean. There were great cities—Babylon, Nineveh, Damascus, Jerusalem, and Bagdad. The country was rich. It produced crops in abundance. It was the highway of antiquity and the clearing-house of trade as well.

Herodotus speaks of the riches of Babylonia in the fifth century before Christ:

“This,” he says, “is the best demonstration I can give of the wealth of the Babylonians. The king [of Persia] is maintained for four months out of the twelve by Babylonia, and for the remaining eight by the rest of Asia to-

gether; so that in wealth the Assyrian province is equivalent to a third of all Asia." <sup>1</sup>

To-day this part of the world is for the most part desert waste. It produces but scanty crops. Yet Herodotus describes it as an intensively cultivated region. He says:

"The land has little rain, and this nourishes the corn at the root; but the crops are matured and brought to harvest by water from the river—not, as in Egypt, by the river flooding over the field, but by human labor and 'shadufs.' For Babylonia, like Egypt, is one network of canals, the largest of which is navigable. . . . It is far the best corn land of all the countries I know. There is no attempt at arboriculture—figs or vines or olives—but it is such superb corn land that the average yield is two hundredfold, and three hundredfold in the best years. The wheat and barley there are a good four inches broad in the blade and millet and sesame grow as big as trees—but I will not state the dimensions I have ascertained, because I know that, for any one who has not visited Babylonia and witnessed these facts about the crops for himself, they would be altogether beyond belief." <sup>2</sup>

According to Herodotus, the walls about Babylon were 300 feet high and 75 feet broad.

<sup>1</sup> Bk. I, chap. 192.

<sup>2</sup> *Idem*, chap. 193.

They were 58 miles in circumference. Houses were three and four stories high. Streets were broad and spacious. For centuries after Christ the irrigated lands maintained a dense population. Even as late as the seventh century A. D. there were 12,000,000 acres of land under cultivation, and a total population in town and country of more than 5,000,000 people.

Mesopotamia lies between two great waterways, the Tigris and the Euphrates, and extends from the mountains of Armenia to Bagdad, and thence south to the Persian Gulf. It is the natural gateway between Asia and Europe. Nation after nation struggled for its control. It was possessed by the Assyrians, Babylonians, Persians, Greeks, Romans, Arabs, and Turks. Conqueror after conqueror sought for this part of the world, and to-day the ruins of palaces and cities suggest the wealth and power of the Mesopotamia valleys. It was here that Haroun-al-Raschid in the ninth century A. D. made Bagdad the centre of his empire, and attracted to it the art and learning of the world. Bagdad was for generations a highly developed city. It contained a population of 2,000,000 people.



From the beginning of history the world has been at war for the control of Mesopotamia and the trade routes to India. Cyrus the Persian was lured to the conquest of this territory. It was from Mesopotamia that Darius crossed over Asia Minor, and bridged the Hellespont, only to be defeated by the Greeks at Marathon. His son, Xerxes, it is said, organized an army of 5,000,000 men for the conquest of Greece. He, too, crossed the Dardanelles and fought the Greeks at Thermopylæ. He destroyed Athens and only returned to Asia after the defeat of his fleet at Salamis. Greece could not resist the lure of Mesopotamia. Alexander the Great defeated the Persians and penetrated as far as India. On his return he selected the heart of Mesopotamia as the capital of his empire. Mark Antony, at the height of his power, led the legions of Rome into the heart of Assyria, but was defeated by the Parthians. For four centuries Rome was at war with the world. Trajan penetrated down the Euphrates valley to the head of the Persian Gulf. Aurelian defeated the Parthians, and Queen Zenobia was captured on the banks of the Euphrates and taken in triumph to Rome. Finally,

the ascendancy of Rome was acknowledged in this part of the world.

For centuries Rome maintained her power over western Asia. Then came the incursion of the barbarians. The dark ages followed. The capital of the world was moved to Constantinople. In the twelfth and thirteenth centuries the Italian cities rose to power. They took up the trade with the East. They struggled for its control. They kept open the trade routes until the Ottomans in the fifteenth century ended the order which had been maintained for thousands of years, and left the caravans a prey to brigands and robbers. Then the dream of Oriental empire passed from the ambitions of men. It was awakened again by Napoleon, who transported his troops to Egypt. He, too, contemplated dominion over this vast territory, and with it control of the trade routes to the East.

Now, in the twentieth century, romantic, historial writers have visualized a Teutonic empire which would include this vast territory. These writers exalt the Kaiser as the legal and legitimate successor of Cæsar, whose Germanized title he bears. They assert that

the German Empire is the inheritor of all the rights, titles, and dignities of the Holy Roman Empire which dominated the imagination of Europe from the time of Charlemagne down to the nineteenth century. The empire of which they dream is the empire of Rome at the height of its greatest power, when the Roman eagles had been carried from the forests of Germany as far east as the Persian Gulf. It was to be an empire washed by the North Sea and the Baltic, the Mediterranean and the Indian Ocean. It was to begin at Hamburg and extend to the Persian Gulf. It was an empire of substantially the same territorial limits as the empire of Rome in the time of Trajan. It included Germany, Austria-Hungary, Turkey, Serbia, Bulgaria, and Roumania in Europe, and Asia Minor, Syria, Palestine, and Mesopotamia in western Asia. Italy and Greece, Holland, Denmark, and Belgium were to be under German influence. They fell within the Teutonic orbit. The population of these combined states was in excess of 200,000,000. The subject states alone contained 130,000,000 people. This great empire was to be under the political and economic dominion of Ger-

many. Germany in turn was to be under the dominion of Prussia, and Prussia was to be ruled by the Kaiser and the Junker class. This is the dream of Mitteleuropa, with its dependencies extending to the Persian Gulf.

The Pan-Germans who dreamed of such an empire may be relatively few in number. And they possibly do not represent the German people. However, as under the constitution of Germany the Kaiser and the military-Junker-commercial classes are the government, it makes little difference what the great majority of the people think. And the Prussian aristocracy believes in its class. It frankly avows *Machtpolitik*. It has a contempt for democracy and for the idea of permanent peace. It is opposed to disarmament for with disarmament the war caste would have nothing to do.

Along with the Junkers are the big industrial groups which are the imperialistic classes of Germany. They, like the Junkers, have no respect for the little state. It has no place in the world. And the sooner all of the smaller states are absorbed in their natural spheres of influence the better for everybody concerned. Neither Holland, Switzerland, nor Den-

mark, nor any of the Balkan states, have any right to separate existence. They should all pass into the orbit of Germany because of economic, racial or political necessity. However, these classes accept a similar destiny for the lesser nations within the influence of the other Powers, of which they recognized but three, Great Britain, the United States, and Russia. All other nations, all other peoples, white, yellow, and black, fell within the inevitable control, and proper control, of the four great empires among which the world is to be ultimately divided. This at least is the conception of the organization of the world held by many Pan-German publicists.

## CHAPTER XIV

### THE ECONOMIC MENACE TO THE BRITISH EMPIRE

In its conception and possibilities the German project for a trans-European-Asiatic railway was one of the most stupendous undertakings of history. It was comparable to the military operations of the General Staff. Potentially, at least, it was a drive at the heart of the British Empire. It involved its existence—political, industrial, financial. It meant planting the outposts of the Kaiser at the strategic centre of England's possessions. Few Englishmen saw it as such, and the average German probably thought of it only as an industrial venture demanded by the expanding needs of his country. Such men as Sir Harry Johnson, one of the best-informed Englishmen on the Near-Eastern question, openly urged that Germany be given a freer hand in the Near East, and England and Turkey and Germany reached an understanding on the sub-

ject in 1914. But the menace to England was none the less portentous. And with the wide expansion of imperialistic interests a mere menace to some vulnerable point is almost equivalent to a breach of friendly relations, as the Fashoda and Morocco incidents indicated. Nations with far-flung empires are very vulnerable. When the economic interests of nations are in constant conflict international irritations are inevitable.

(1) In the first place, the United Kingdom was endangered by German ascendancy in the Near East. England is fed by her colonies. Her industries are supplied with raw materials from all over the world. Cotton, wool, wheat, and meat come from Australia, New Zealand, India, and Egypt. With food and raw materials cut off England might be driven into submission, while her industries could be ruined. For England is far more dependent than is Germany upon the outside world. Her mills and factories, which directly or indirectly employ more than half of her people, might be closed and the entire industrial structure of England be undermined if the Mediterranean were held by a hostile Power.

(2) British investments in Egypt, Eastern Africa, Australia, India, and the Far East amount to at least \$6,000,000,000.<sup>1</sup> This represents government loans, investments in railroads, docks, mines, oil, plantations, and development work of all kinds. England is the great creditor nation of the world. Her overseas investments in 1913 amounted to \$20,000,000,000,<sup>2</sup> or more than the foreign investments of the rest of the world combined. And the investing classes of England come from the old aristocracy, which owns the land, the mines, the railroads, shipping, and the other financial interests of the kingdom. This investing class is powerful politically. It controls the House of Lords. It controls the Conservative party. It moulds the policies of the Foreign Office and the diplomatic service.

(3) Great Britain controls a great part of the carrying trade of the world, and British mercantile supremacy was menaced by German ascendancy in the Mediterranean. Fifty years ago England feared French control of the Suez Canal. That was one reason for its purchase.

<sup>1</sup> Edgar Crammond, *Quarterly Review*, October, 1914.

<sup>2</sup> *Idem.*



And German control of the eastern Mediterranean and Egypt would place British shipping passing through the Suez Canal under the possibility of differential tariffs or other restrictions. Even without military action the British flag could be driven from the eastern seas by German control of the Suez Canal.

British shipping interests and the profits of the carrying trade were also menaced by the trade route overland to the East. The Bagdad Railway was to be an integral part of the marvellously organized German railway system from the centre of Europe to the Persian Gulf. It would connect with Hamburg, Berlin, Essen, and the lower Rhine region; it would pass through Austria-Hungary, the Balkan states, Turkey, Asia Minor, and Mesopotamia. It would place western Asia and Persia in direct railway connection with German industry. It would enable German merchants to place their wares in Africa and the Far East in much less time than England could transport them by water. The Bagdad Railway would do to shipping what the trans-Pacific railways did to water transportation around Cape Horn. It would shorten it by many days. It would

substitute carriage by rail for carriage by water. Thus the Bagdad Railway threatened billions of British investments in shipping.

England's shipping amounted to 21,000,000 gross tons in 1913, or about 40 per cent. of the ocean tonnage of the world. A great part of this is employed in Oriental trade. Two-thirds of the tonnage passing through the Suez Canal is of British registry. Thus the Bagdad Railway was a maritime as well as a financial drive at the British Empire. And when we consider the extent to which German shipping had increased in recent years, and the inroads already made on what Great Britain considered her rightful monopoly of the seas, we can understand that the ship-owners of England, always alert to their interests, were alarmed at the prospect.

No nation has made use of its railways for the development of commerce as has Germany. It has been the greatest single agency of German industry. Special rates are made to encourage foreign trade. Through tariffs are provided. Materials and supplies are carried below cost to develop industries or communities. The railways are closely linked with

the German merchant marine. They are operated as a unit. Transportation in Germany is an engine of industrial development just as it is of military power. And undoubtedly similar methods would be applied to the promotion of German trade in Turkey, Asia Minor, and the Near East, and for the undermining of competing nations in the Far East as well.

(4) London is the financial centre of the world. England acquired financial supremacy from the Netherland states during the Napoleonic wars. Her financial power was increased by her shipping and overseas trade. And she has guarded this supremacy most zealously. Free trade increased her economic power, for free trade made England the natural clearing-house for the shipping of every country, and the market-place to which the wealth of every clime could be brought for exchange. In her harbors goods are warehoused or transshipped to other countries without the payment of tariffs. The financial supremacy of Great Britain is closely related to and dependent upon the control of commerce and shipping. British exports and imports passing through

the Mediterranean in 1916 amounted to \$1,650,000,000. This was carried almost exclusively in British ships. It was cleared through British banks. It was handled almost wholly by British merchants. It was produced almost wholly by British labor.

Here again the Bagdad Railway touched the nerve-centre of England. And no other activity is as responsive to economic change as is banking and finance. British banks have connections all over the world. These connections reflect every change, no matter how obscure it may be. The banks form a reporting agency like a world-wide seismograph which records the slightest vibrations of the world. Such is Lombard Street. It is the nerve-centre of the commercial world.

This, too, was threatened by a land route from Hamburg to the Orient. The dislocation of shipping from water to rail, the bringing of the trade of the Orient to Germany, the possibility of developing Constantinople as a great port, meant that Berlin might become a great financial clearing-house; and Hamburg and Constantinople, working in that close scientific relationship that characterizes Ger-

man economic operations, might supplant London as a financial centre. If carried far enough, England's financial power might pass to Germany, just as in earlier centuries it passed from northern Italy to south Germany, thence to the Hanseatic cities and the Netherlands.

The opening up of a new transportation route by land, the substitution of rail for water transportation, the development of German ports in the Mediterranean threatened the economic and financial power which has come to England as a result of her long, almost unchallenged monopoly of the industry and the carrying trade of the world. And the bankers and the financiers of Great Britain form part of the ruling classes. As stated before, they are as sensitive to every economic change as is the nervous system of the human body.

(5) British industry was also threatened by the Bagdad Railway. A land route to the East was an industrial peril. During the years which preceded the war German foreign trade was advancing by leaps and bounds. In 1914 it had almost reached the total of British trade. In that year the foreign commerce of Great Britain was \$5,021,655,000; while that of

Germany was \$4,966,660,000. And the press of both countries as well as the jingo writers had been urging these facts on the attention of the people. "Made in Germany" had become a British nightmare. It had alarmed the manufacturers just as the increase in German tonnage had disturbed the shipping interests. The Bagdad Railway and its advantages to German industry was a further menace to the industrial structure of Great Britain.

For three generations Great Britain had enjoyed something like a monopoly in iron and steel, in wool and cotton, in machines and cutlery. The fact that four-fifths of her people live in towns and cities indicates how exclusively industrial she is. The Bagdad Railway would bring the products of Germany to the 110,000,000 people about the Mediterranean, as well as the hundreds of other millions of the Far East, in far less time than the output of the mills of Manchester, Leeds, and Sheffield could reach them. It was an express service. It would enable German business men with the most skilful agents in the world at their command to place their products in

Therefore destroy Germany! —  
how ethical!!

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the Far East—in India, China, East Africa, and the Pacific islands much more quickly than they could be brought by sea.

(6) In addition the British colonial service, which offers opportunities for the younger sons of the aristocracy in Egypt, India, Africa, and elsewhere, was in jeopardy, as were the tens of thousands of young men who annually leave the mother country to enter the foreign service.

The economic life of the British Empire is involved in the protection of the supremacy which has been built up in shipping, in industry, in overseas trade, in finance, and in the handling of the wealth of the outside world. And just as the Junkers, the business classes, the Foreign Office, and the press of Germany were united in a demand for expansion, so the same interests in Great Britain were menaced or thought they were menaced by the German drive to the East. That is why the Bagdad Railway was so portentous. That is why the control of the Mediterranean forms the keystone of one empire and the imperialistic dream of another.

## CHAPTER XV

### DIPLOMATIC CONTROVERSIES

There was almost continuous controversy between the Powers over the Bagdad Railway. The controversies began with the signing of the railroad concessions in 1903, and only came to an end in June 1914, just before the declaration of war, when the Powers reached an agreement as to their respective rights and spheres of influence.

Four methods were employed by the Allied Powers to protect their interests in this part of the world. They were:

*One.* Efforts to prevent the financing of the road.

*Two.* Diplomatic intervention with Turkey.

*Three.* Attempts to have the railway internationalized under the joint control of all the Powers.

*Four.* Division of western Asia into spheres of influence.

Under the terms of the grant the Bagdad Railway was to be Turkish in name, but the company was proclaimed to be international.



It was to be managed by a board of twenty-seven directors, of whom eight were to be French, four Turks, and eleven Germans. Great Britain and Russia were to have no voice in its affairs. The remaining four directors were sleeping partners. But the international character of the road was merely a blind. Germany had to secure capital from other countries with which to build the road, for Germany had but little surplus capital, and foreign capital was invited into the road from the very first, although German control was always insisted on. The profits were enormous. They were estimated as high as 40 per cent. to the underwriters and promoters.

France was the financial reservoir to which Germany looked for aid. Next to Great Britain, France is the creditor nation of the world. And the Paris bankers were willing to share in the undertaking. But the French Government was hostile to the enterprise. It meant financial dominance by German interests where France had always enjoyed favored rights. Moreover, Russia was opposed to French aid to the enterprise, while French financiers had railroad and banking rights in Syria and Pales-

tine, and desired to retain their privileges in the development of the territory. Great Britain, too, was vitally interested in preventing the building of the road. And France and Great Britain were drawing closer together during these years.

The Allied Powers strove first to have the road internationalized by placing its administration in the hands of representatives of all the Powers. Delcassé insisted in the Chamber of Deputies in March, 1902, that "the French element in the construction, exploitation, and management of the enterprise shall be given a share absolutely equal to that of the most favored foreign element, and the Russian element shall have full power to enter the definitive company which is to be formed." British statesmen made similar demands. In March, 1902, Lord Lansdowne announced: "We cannot view the enterprise with a favorable eye unless English interests and English capital are placed upon a footing of equality with the interests and capital of the most favored nations." <sup>1</sup>

<sup>1</sup> A. Geraud, "A New German Empire," *Nineteenth Century*, May, 1914.

These were frank admissions that the diplomacy of the two countries was interested in the activities of their respective financiers, for both Delcassé and Lansdowne insisted on a share in the undertaking equal to that of Germany. It is quite possible too, that at this time, when the road was in its early stages, the project was viewed largely as an economic rather than a military project.<sup>1</sup>

At any rate Germany refused to internationalize the railroad or to admit England and France into the project on equal terms. She insisted on control. By way of protection Great Britain and France undertook to create a "vacuum of capital" around the enterprise, a plan which offered assurance of success by reason of the financial weakness of Germany. It was believed that the enterprise would fail if a financial boycott could be applied, and that Germany would in time admit England and France to equal shares in the undertaking. To this end the French Government refused to permit the shares of the railroad to be listed

<sup>1</sup> As to the attitude of the English Government toward the Bagdad Railway in its earlier stages, see *Quarterly Review*, October, 1917.

on the Bourse, the stock exchange in France being under government control, and the shares and securities that can be listed for sale being subject to approval by the state.

The opposition of the Powers delayed the building of the road. Germany then urged Turkey to improve her finances so that her guarantees would give greater value to the securities. Turkey had underwritten the interest on the bonds on the railroad at the rate of 15,500 francs per kilometre. Her total annual obligations, when the road was completed, according to estimates made in 1914, would have amounted to 35,000,000 francs. In 1906 Turkey requested permission of the Powers to increase her tariff duties in order to secure increased revenues, but the allied nations refused to sanction the increase unless the new revenues were used for reforms in Macedonia. This would not aid Germany, but she had to acquiesce, partly because she did not desire to place any difficulties in the way of Turkey, and partly because she felt that the Porte would be able to raise money for the guarantees in some other way. This still further delayed the building of the road.

All the time, however, the road was progressing slowly. A section was opened to traffic in 1904. In 1909 work on the main line was continued. The railway was being pushed slowly toward the East despite the obstacles placed in its pathway. And as the road advanced across Asia Minor the Allied Powers became more disturbed. The significance of the enterprise became more apparent as Germany grew in industrial power. For these were years of rapid economic development. Up to about 1900 Germany had been looked upon as a negligible factor in shipping, foreign trade, and international finance. Moreover, England and Germany seemed on the point of reaching an understanding during these years, and both countries were inclined to see a possible rapprochement brought about. But the cessation of suspicion was short-lived.

The struggle over the railway assumed other forms. Russia, France, and England endeavored to secure railroad concessions in Turkey for themselves that would "compensate" for German grants. Great Britain sought concessions for a line from Adana along the Gulf of Alexandretta. This would have been

a profitable venture. It would also have protected Cyprus, and weakened the German control of the northeastern corner of the Mediterranean. This concession, however, Turkey refused to make. England also sought permission to build a line into Persia through the southern portion of Asiatic Turkey, with the aim of obtaining a foothold in this region which would increase her power in Persia. It would also compensate her for any loss in power in the lower Mesopotamia region. She also encouraged the building of a road by Russia in the northeastern portion of Asia Minor near by the Russian frontier as well as from Teheran, Persia, to Khanikin, on the border, which was the Persian terminus of one of the branch lines covered by the Bagdad Railway grants.

France sought to consolidate her rights in Syria.

But the strategic problem of all others to Great Britain was the last section of the railway running from Bagdad to the Persian Gulf. A glance at the map will suggest the importance of this section of the road. It was the eastern outlet of the "Bridge to the Orient." It was the gateway to the Indian Ocean and beyond.

It was the avenue of approach not only to India but to Australia and the British possessions in China and East Africa. Once the railroad was completed to the Persian Gulf the "Oriental Express" would be able to plant helmeted soldiers from Berlin on the frontiers of the British Empire in far less time than they could be carried by water through the Suez Canal. Military as well as industrial considerations demanded that this strategic point should not fall under German control. It was an ever-frowning menace to the British Empire.

Efforts were first made to place this eastern section of the road under international control. To this Germany would not accede. It was the terminus of her railroad, much as San Francisco is the terminus of the Pacific railroads. Diplomacy having failed, Great Britain adopted other methods. In 1899 a representative of the British Government, Colonel Meade, called upon the Sheik of Koweit, and made a secret treaty with him. The treaty assured the Sheik perpetual protection "if he would make no cession of territory without the knowledge and consent of the British Government." Under this agreement the Sheik

disavowed allegiance to Turkey and accepted British protection.

Germany immediately opened negotiations with the Sheik to secure a concession for the harbor as a terminus for the railroad. But the German commission arrived too late. Great Britain had already occupied the most available outlet on the Persian Gulf. The Sultan of Turkey attempted to assert dominion over Koweit on the ground that it was Ottoman territory. A Turkish war-ship appeared in the harbor in 1901 to compel the Sheik to recognize Turkish authority. But British war-ships were in the harbor, and upheld the sovereignty of the Sheik and the protectorate of Great Britain over the territory.

The British Foreign Office notified the German Government that the railroad could not be extended to the Persian Gulf unless the last section were internationalized, and one-half of the control placed in British hands. This was also objectionable to Germany. England's protectorate over Koweit was not recognized by Germany until 1913, but it was an established fact for some years prior to that time. Its occupation closed the eastern outlet



of the Bagdad Railway, for it gave Great Britain control of its terminus at the sea.

All of these controversies over the railway were adjusted just before the outbreak of the war. Agreements were reached which made it possible for railroad construction to proceed. Russia acquiesced in German control of the railway by an agreement signed at Potsdam in 1911, when Russia agreed not "to oppose the Bagdad Railway." Great Britain and France reached a similar understanding with Turkey and Germany in 1914. By the terms of these agreements, which indicate again the extent to which financial considerations influence the diplomacy of nations, French investors were granted the right to build railways in Syria and along the Black Sea coast. This was to be the French sphere of action in Asia. In return France waived her objections to the railroad, and agreed to support the issue of a Turkish loan of 700,000,000 francs in France, and to consent, if the other Powers agreed to it, to a 4 per cent. increase in the customs taxes of Turkey, and an income tax upon resident foreigners.

A similar understanding was reached be-

tween Great Britain, Turkey, and Germany. Turkish representatives came to London in 1914 for a conference with the British Foreign Office. The main purpose was to remove objections to the increase in Turkish customs duties, and to make it possible for the railway to be carried as far as Basra, the eastern terminus, not far from the Persian Gulf. The British Foreign Office met the representatives of Turkey in a generous spirit, and as a result of the negotiations the Porte recognized the validity of the agreement between the Sheik and the British Government over Koweit, and agreed not to interfere with the internal affairs of that province. Great Britain was authorized to provide for the policing of the Persian Gulf and two British directors were agreed to for the Bagdad Railway as a commercial guarantee against discriminatory treatment. The right of navigation on the rivers beyond Bagdad was recognized as a British interest which she had enjoyed for two generations. Very valuable oil-fields exist in the delta of the Euphrates which were left in the hands of British capitalists. The rights of the Anglo-Persian Oil Company were also

recognized. In return Great Britain recognized the suzerainty of the Porte over Koweit, and also agreed to the construction of the last section of the railway as far as Basra which gave Germany an outlet on the river but a short distance from the Persian Gulf.<sup>1</sup>

Similar negotiations were had with Germany, and an agreement was reached by the representatives of the two Powers in Berlin.

“These negotiations,” says a writer in the *Quarterly Review*, “which began in May, 1913, reached a conclusion in June, 1914. The substance of the arrangements arrived at was as follows: Great Britain undertook not to oppose the Bagdad Railway system, which was carefully defined. Germany undertook not to oppose British control of the navigation of Mesopotamia rivers. Germany and Great Britain both undertook to use their best endeavors to secure the due execution of an arrangement between the Bagdad Railway Company and the Porte providing that the terminus of the line should be at Basra, that

<sup>1</sup> *The German Road to the East*, Evans Lewin, p. 72. For an exhaustive discussion of the negotiations between England, Turkey, and Germany over the completion of the Bagdad Railway see *Quarterly Review*, October, 1917, p. 516.

there should be two British directors on the Bagdad Railway, and that the construction and exploitation of ports at Bagdad and Basra should be carried out by a separate company. British interests were to have a 40 per cent. participation in this company. Both governments undertook to prevent any discrimination in treatment on the railways or waterways of Asiatic Turkey. The German Government bound themselves in no circumstances, except by agreement with Great Britain, to support the establishment of any port or railway terminus on the Persian Gulf. They also recognized by agreeing to the levy, by the proposed riverain commission, of dues on German ships, the special position of Great Britain on the Shatt-el-Arab. The British Government bound themselves not to support the establishment of any railway in direct competition with the Bagdad Railway. A line from Egypt to the Gulf, and lines as feeders for the river navigation, were expressly stated not to be in direct competition.<sup>1</sup>

In June, 1914, six weeks before the declara-

<sup>1</sup> "The Bagdad Railway Negotiations," *Quarterly Review*, October, 1917, p. 522.

tion of war, it was announced in the British press that a satisfactory settlement had been attained. The press announcements from Berlin stated: "A complete understanding has been reached on all points at issue. The agreement will not come into force until after the conclusion of the negotiations with Turkey. The contents of the agreement can, therefore, not be divulged at present." On June 29 Sir Edward Grey announced: "We have made various agreements with Turkey; we have made agreements also with Germany separately on the Bagdad Railway, and some kindred matters."<sup>1</sup>

Construction work on the railroad had been progressing slowly during these years. The removal of the objections of the Powers, and especially the aid tendered by France in the form of a loan, enabled the work to proceed more rapidly. Work on all the sections from Adana to Bagdad was carried on simultaneously and it was expected that through trains would be running from Berlin to Bagdad in 1917.

<sup>1</sup> *The German Road to the East*, Evans Lewin, p. 73; see also *Obstacles to Peace*, S. S. McClure, p. 41; and *Quarterly Review* (London), October, 1917.

## CHAPTER XVI

### WHY THE WAR CAME WHEN IT DID

The Morocco incident of 1911, the partition of Persia in 1912, and the conventions of the Powers over the Bagdad Railway in 1914 were the closing acts in the long struggle for the Mediterranean which had been going on for a century. Under the several agreements of the Powers, reviewed in a previous chapter, Germany recognized British rights on the Persian Gulf, and Great Britain recognized German rights in Mesopotamia. Egypt was secure and Germany had acquired ascendancy in Turkey and Asia Minor. Germany seemed to have achieved the ends for which she had been striving for more than thirty years, while Great Britain controlled the sea route to the Orient and the means of protection to her Far-Eastern empire.

Such was the status of the long struggle for the control of the Mediterranean at the outbreak of the war. Possibly the settlement

was merely a blind for the war; possibly it was the immediate cause of the war, for the German route to the East was still far from free from interruptions. German dominion of western Asia and Mesopotamia was still shared with England and France. The route to India and the approaches to Egypt and the Suez Canal were still blocked by British control of the Persian Gulf on the one hand, and the land approaches, by way of Palestine, on the other. And Egypt was a frankly expressed German objective. To the Pan-Germans Egypt is the "spinal cord," the connecting link of the British Empire. With it in German hands the British Empire would be split asunder, while the whole of East Africa and the Cape-to-Cairo connections would be German menaced. Persia would be open to easy conquest, and the rich oil-lands of Persia and Mesopotamia would fall into German hands. Thirty years of industrious penetration by scientists, traders, financiers, and military experts had failed in its object. For the Berlin-Bagdad project was still forty miles from the head of the Persian Gulf.<sup>1</sup>

<sup>1</sup> For terms of agreement as to Mesopotamia, see Chapter XIV.

Far more important, Serbia still lay athwart the railway from Austria-Hungary to Turkey, and Serbia had greatly increased her power as a result of the second Balkan War of 1912. She had added to her territories, and was reaching out for Jugo-Slav connections which would form the basis of a still greater state. Serbia was supported by Russia, and Russia was as eager as ever for the control of Constantinople and the Dardanelles. This ambition would be ended if Germany solidified her position in Turkey and secured a "corridor" of her own through the Balkan states. Serbia was the immediate barrier to German plans, and Serbia was unwilling to submit to Austrian demands. Therefore, Serbia must be crushed in order that the Oriental Railway from Hamburg to the Persian Gulf might pass through German territory.<sup>1</sup>

<sup>1</sup> Any lingering doubts as to Germany's responsibility for the war or the willingness of her rulers to see it widen into a European conflagration have been swept away by the publication of the letter of Prince Lichnowsky, the German imperial ambassador at London, and the memorandum of Doctor Wilhelm Muehlon, one of the directors of the Krupp Company to the Main Committee of the Reichstag. These communications, whose genuineness has not been questioned by the German press, show that the Kaiser either initiated or approved of the Austrian ultima-



It is safe to say, from what we know of the ambitions of the Pan-German groups, that they felt they had been deprived of a coveted prize, which was undisputed control of the railway from Hamburg to the Indian Ocean. To be forced to pass through foreign territory, to give up the eastern terminus and with it a great base for commercial and possible naval operations on the Persian Gulf, was a recognition of a failure. England and Serbia, supported by Russia, still stood athwart the German pathway. Germany still enjoyed access to the eastern seas by permission of other nations. She was still far from that self-contained, freely developing empire which

tum to Serbia; that its recognized effect was the probable immediate mobilization of forces by Russia, France, and possibly Great Britain; that the ultimatum was issued with a full realization of its consequences and a willingness to convulse the world over demands so monstrous that they could not possibly be accepted by Serbia. The letter of Prince Lichnowsky exonerates Great Britain from any warlike animosity toward Germany while the memorandum of Doctor Muehlon discloses that the Kaiser and his ministers were making all arrangements and organizing the resources of the empire for war in the summer of 1914 and that the Kaiser's tour in Scandinavian waters was, as stated by one of his ministers, merely a "blind." See the *New York Times* of Sunday, April 21, 1918, for text of the letter and memorandum referred to.

had been the dream of the imperialistic classes for a quarter of a century. Turkey, Asia Minor, Mesopotamia, Egypt, Persia, the east coast of Africa, India, and Australia were still shielded by British command of the Mediterranean, and the water routes from the English Channel to the Far East. The pent-up jealousy of England, of her commercial and financial supremacy, of her far-flung empire, gained during the years when Germany was still a group of warring states, rankled in the mind of the military and the commercial classes, who were unable to see the British Empire in any other terms than subject states ready at the slightest opportunity to rise in insurrection against British rule. Russia, too, was economically free to trade where she willed; she was free to pursue her ambitions toward the Dardanelles and in the Balkans.

Such was the psychology of the military and Pan-German classes. It was the psychology of balked ambitions. And balked ambitions always rankle.

To Great Britain, on the other hand, the menace was almost as imminent as ever. A railway to Basra near the Persian Gulf, the

possibility of a railroad down through Syria and Palestine to the lower end of the Mediterranean, was still a threat to Egypt and the Suez Canal, while control of Mesopotamia was but a little short of control of the Persian Gulf and southern Persia. The British Empire was still threatened by the conventions with Germany made in 1914, for Germany was now free to develop her plans with that thoroughness which characterizes her colonial policy. In a few years' time she might be ready for a new drive to the East backed by a great railroad system, with an abundance of food and supplies, and with the Turkish army as an aid to her military operations. In such a struggle, with the necessity of bringing troops, munitions, and supplies by water, the disadvantages to Great Britain were apparent. No longer would she be an island empire, almost impregnable from attack by reason of her position. She would have to defend by water, not a nation of 67,000,000 people 3,000 miles away from Egypt, but an empire grown to a hundred million, with a Turkish army of possibly 2,000,000 men trained by German methods on the ground.

The world is still in the dark as to the reasons for the German-Austrian ultimatum to Serbia. Germany was fast conquering the world by peaceful economic penetration. Why did she abandon the counting-room for the sword? Why did she make war for that which she was rapidly acquiring by peaceful means? Is not the explanation to be found in the fact that Serbia and Great Britain lay across the pathway of her coveted empire, extending from Hamburg to the Persian Gulf, an empire to be built and consolidated about a great trans-continental railway system which was to be the foundation of economic and political power?

Desperate wars are only undertaken for great stakes. The stakes of German success was an empire of 200,000,000 people. But when war is determined on, a pretext can always be found. The pretext for the German assault on the world was the assassination of Grand Duke Ferdinand; the cause was ambition for empire, an empire coveted by ambitious conquerors from the dawn of history down to the present day. Here was the birthplace of European peoples; here was the centre of a civilization that had endured for thousands of years;

here were the traditions of the glories of Greece, of Rome, of the mediæval Italian cities; here was means for control of the wealth of Persia and India, of the Mediterranean and the greatest trade route of the world. Other conquerors had failed because of failure of transport. This had been provided by German engineers who were fast tunnelling the mountains and crossing the rivers of western Asia. The Oriental Railway was the means of conquest. It would unite Berlin with Bagdad. But little Serbia blocked the pathway. She was the Belgium of the Mediterranean and of Egypt, India, and Asia and, in a sense, of the world as well.

## CHAPTER XVII

### THE STRATEGIC CENTRE OF THE WORLD

Not only had the warring Powers reached an impasse in the Mediterranean, but the whole world is inextricably involved in this great waterway and the trade routes from Europe to Asia. As has been indicated, the history of Europe has revolved in great part about the struggle for this territory and the trade routes to the Orient. Empire after empire, and conqueror after conqueror have struggled for its possession. Darius, Cyrus, Xerxes, Alexander the Great, Mark Antony, Trajan, Aurelian fought for the control of this part of the world. The wars of Rome and Carthage had their origin in the struggle for Mediterranean supremacy. The Italian cities fought for the trade of the Orient, from which they derived their wealth. Napoleon was drawn to Egypt to plant the flag of France at the connecting

link of Europe and Asia. Russia and England manœuvred for years over the control of the same territory. The Crimean War was a war for the control of Turkey and western Asia. The long hostility of England and France, culminating in the Fashoda incident, had its origin in this part of the world. For a quarter of a century all the Allied Powers have been in a state of apprehension; they have utilized diplomacy, finance, and force to prevent the empire of Germany, with the aid of science, engineering, railroads, and finance, from occupying Asia Minor and Mesopotamia, and the trade routes from Europe to India.

The Mediterranean is an extension of the British Channel. Mesopotamia is an extension of *Mittleuropa*. Here billions of investments, billions of commerce, billions of shipping are in collision. The imperialistic ambitions of five great nations are involved, as is the political and economic life of a score of other races and peoples.

During the fifteenth and sixteenth centuries, as has been recalled, the control of this territory passed into the hands of the Turks. The trade route to the Orient was interrupted. States

and cities fell to decay. This interruption of the economic life of Europe revolutionized society. It shifted trade, commerce, and wealth to the West. The discovery of a sea route to India around the lower end of Africa, and the rise of the Atlantic states to power ended the supremacy of the Mediterranean. It ceased to be the centre of the world. The trade to the East abandoned the old courses for the safer routes around the Cape of Good Hope. Within a short time England took to the seas, while continental Europe from Vienna to the Netherlands gradually decayed.

Such was the importance of the Mediterranean in mediæval times. How much more important is this trade route to-day when all the world is interdependent, and the trade involved and the interests affected run into many billions of dollars. For the foreign commerce of the states bordering on the Mediterranean amounts (1914) to \$2,500,000,000, while, with Russia and Austria-Hungary added, it amounts to \$5,000,000,000.<sup>1</sup> The trade through the Suez Canal amounts to \$1,600,000,000 more.

<sup>1</sup> A large part of the commerce and foreign trade of Russia and Austria-Hungary passes through other channels.



Not only is the economic life of Europe involved in the Mediterranean, but the relations of Asia to the western world are controlled by it. So are the relations of Australia, New Zealand, the Pacific Islands, and the east coast of Africa. For control of the Mediterranean involves potential control over the Far East. It determines the alliances of nations as well as their economic connections.

The states about the Mediterranean are even more vitally affected by the disposition of this vast territory. And these states contain 108,000,000 people. With Russia and Austria-Hungary added, they contain 340,000,000. Twenty separate nations or peoples live about this waterway, and enjoy access and contact with the world through its channels to the seas. Their industrial life, their trade, and their commerce is dependent upon it. The economic life of practically all of Europe, Asia, and Africa is in fact interlaced with the Mediterranean. Its importance is far greater than it was in ancient and mediæval times, when the world centred about the valleys of Mesopotamia and the "Royal Road" to the Orient. For the Mediterranean is the connecting link

of Europe and Asia. It is the umbilical cord of the world.

The control of this waterway and the territories round about it by any Power or group of Powers is a menace to the security of the world. It is a menace to the unity of empires and the alliances of states. It affects the psychology of the states round about it. Russia, Austria-Hungary, Turkey, Italy, and Greece, as well as Serbia, Roumania, Bulgaria, Egypt, Tunis, Algeria, and western Asia, are affected by their fear of subjection—either economic or political—to another Power. For they are only permitted to reach the outside world with the assent of some other nation. They cannot develop freely. This may seem a matter of small importance, but it is only so to the greater Powers. To the states affected, each as eager for complete freedom as any of the greater nations, the control of the Mediterranean by any Power awakens their fears. And the Mediterranean states do not feel free. Moreover, the greater nations are engaged in a struggle to increase their control as a means of protection to empire, as a guarantee of security to their trade, and as a means of up-

building their economic life. This is perfectly obvious in the case of Russia. From the time of Peter the Great she has been seeking access to the seas. One war after another has been fought for this purpose. This has been the consuming ambition of Russian statecraft. The will of Peter the Great is said to contain the following passage: "I recommend all my successors to realize this truth, that the trade of the Indies is the trade of the world, and whoever is able to control it exclusively will be the real sovereign of Europe. In consequence, we should never miss any opportunity of exciting wars in Persia, to hasten the disintegration of that country, to penetrate to the Persian Gulf, and to attempt then to re-establish the ancient commerce of the Levant through Syria." <sup>1</sup>

Russia is dependent upon the outside world for her economic existence. If the Dardanelles and the Baltic are closed against her; if the Mediterranean remains a closed sea, she is unable to freely exchange her products with the outside world. The development of Russia is dependent upon the freedom of the

<sup>1</sup> *German Road to the East*, Evans Lewin, p. 42.

Dardanelles and the Mediterranean. The same is true of Austria-Hungary; it is true of the other states as well.

Our own psychology is only less touchy than that of England, Germany, and Russia. We, too, have been guided in our foreign policy by the fear that some European Power might gain a foothold in the Americas. The Monroe Doctrine is the American equivalent of the British control of the Mediterranean. We are apprehensive about the West Indies and the Philippines; we are apprehensive that some other Power may menace the Panama Canal or build another canal across the Isthmus. Nationalistic psychology baffles reason. It is much the same in all countries. It keeps Anglo-Saxon, Teuton, Slav, and Latin in a state of fear. And were some other nation as powerful as our own to control the entrance to New York harbor; were the Panama Canal under the guns of some foreign fortress; were San Francisco subject to blockade in case of war; no friendly assurance would suffice to suppress the demand for a huge naval establishment, and possibly a trial of strength to free ourselves from the danger of having the waterways

of the world closed against us. In nations as in peoples there is a psychology that instinctively insists upon the right of contact with the outside world. We have been ready to go to war for the protection of our waterways. In 1900, at the time of the Venezuela incident, when the Kaiser informed President Roosevelt of his intention to send a fleet to Venezuela, the American fleet was ordered to be in readiness to proceed to Caribbean waters. The German ambassador was advised of this fact, and informed that the Venezuela question must be submitted to arbitration. German intervention in Venezuela was not only a defiance of the Monroe Doctrine, it was a menace to the Panama Canal.

That this is the psychology of England, Austria-Hungary, and Russia there is no doubt. For Austria-Hungary is situated as is Russia. She, too, desires free and unmenaced access to the seas. Not only through the Danube and Trieste, but through the Atlantic and Indian Oceans as well. Austria-Hungary is struggling for Salonika and control of the Adriatic as Germany is struggling for the Persian Gulf. These are the great objectives of

these two Powers. Austria-Hungary has built up a substantial merchant marine. She has developed a large foreign trade. But her sea-ports are under the potential menace of Italy and Great Britain. That these states have not used their power in peace times to suppress Austro-Hungarian commerce, or to interfere with her trade with the world, in no wise relieves the mind of the nation or the apprehension of the commercial classes, who invest their money in industry and shipping that may be placed in peril by the action of another Power. Italy and the Balkan states are in the same position. They too are in constant fear for their sea connections and access to the outside world.

France, too, is far from self-contained. And her life is centred in the Mediterranean. French investments in Russia amount to probably \$3,000,000,000. In Turkey and the Balkan states they amount to \$1,200,000,000 more. Her trade is largely with the Near-Eastern countries, into which the savings of her peasants have gone to the extent of billions of dollars.

This is why the Mediterranean is the heart

of the war. The old nationalism of Bismarck came to an end with the last century. Internationalism has taken its place; an internationalism that is economic, industrial, financial. The whole world is interlocked. And the Mediterranean basin is the strategic centre of three continents. It controls international relations almost as completely as it did for centuries before the Christian era when one empire after another fought for its control. That the eyes of the world are centred on the trenches of Flanders in no wise alters the fact that the chancelleries of Europe are consciously or unconsciously concerned over the control of this part of the world, and especially of the waterways and land routes, the harbors and strategic points, and the imperial questions that are inextricably merged with this vast territory. The Mediterranean remains the nexus of the Occident and the Orient, as it was in the days of the Assyrians and the Persians, of the Greeks and the Romans, of the Italian cities, and the south European towns in the latter Middle Ages. Its control will determine the future of the world far more completely than the control of western Europe.

## CHAPTER XVIII

### THE RIGHTS OF STATES

✓ Is there no way out of this age-long struggle for this part of the world? Must it ever be the object of exclusive control by one nation or another? Must the conflict of empires go on to-day and possibly be renewed a generation hence as it has been from the beginning of recorded history? Is there no solution save dominion by one group of Powers or another and the sacrifice of the rights and the free development of a score of states and a hundred million people who are unwillingly involved in the controversy? Is there no alternative that will relieve Great Britain from the burden of protecting her empire and at the same time satisfy the claims of all other nations and guarantee freedom of access to the Mediterranean and the straits and passageways that connect this part of Europe with the outside world?

Is there no release for the Balkan states, Italy, Greece, and the peoples of the Mediter-



anean from the imperialistic control of the waterways which wash their shores? Is there no other solution than war or exclusive control of these trade routes? Are there no democratic principles that can be appealed to, and no assurances that can be provided to remove one and all of these problems from the arbitrament of arms? Can arrangements be made that will satisfy Great Britain and Germany, Russia and France, Serbia and Bulgaria, Italy and Greece? Cannot some new guarantees be devised that will assure for all time and in all emergencies the right to free, unimpeded development to one and all of these nations, and with it the development of the civilization of the world? *This is one of the great problems of peace.*

No nation is free, certainly no nation feels free, no matter how lightly the hand of the dominant Power may be, that is subject to the will of another nation in its contact with the outside world. And all of the states upon the Mediterranean suffer subjectively, as well as in their economic life, from the fact that their international relations are under possible inhibition from frowning fortresses, closed

waterways or railroads in the possession of some other Power.<sup>1</sup>

The economic internationalism described in an earlier chapter<sup>2</sup> has also given the Mediterranean a new importance. It may become of great importance to the United States. For the life of a great industrial state is dependent upon free communication and especially on free access to raw materials. And Africa, western Asia, and the Far East are the only sources from which many of the raw products and food supplies can be secured. This condition will be intensified when the war is over. The exhausted world will rush for cotton, wool, oil, rubber, timber, dyestuffs, silk, cocoa and cocoa-oil, coffee, tea, ivory, metals of all kinds, as well as for the trade of Asia, Africa, and

<sup>1</sup> Great Britain recognized this apprehension on the part of Germany just before the war and made repeated overtures to satisfy it. Her Foreign Office held conversations with the German representatives for the purpose of ending the fears that lay back of the increase in the German navy. The letter of Prince Lichnowsky, the German ambassador at London at the outbreak of the war, and in many ways the most remarkable document yet published showing Germany's willingness to bring on the war, discloses the repeated efforts made by the British Foreign Office to relieve German fears and recognize German rights in Mesopotamia and the Near East.

<sup>2</sup> See Chapter I.

the Mediterranean countries. However important the Mediterranean was before the war its importance in the future will be vastly greater than at any time in the past. It will largely control the commercial and industrial life of Europe.

There are no substitutes for the products of the tropics, for cotton, rubber, dyestuffs, silks, cocoa, oils, timber, and the thousands of materials which enter into the diversified activities of the modern industrial state.

This is why the Mediterranean is of such transcendent importance to the industrial and commercial life of the modern world. And as time goes on the Mediterranean and the sources of supply of raw materials will be of supreme importance to other nations, our own included.

Peace must recognize that the old isolation is a thing of the past; that self-contained states no longer exist; that the whole world is interdependent and must have free contact with every other people if it would live. The exclusive nationalism of the last century has gone never to return. And the peace conferees must find some solution of the problems of waterways, of strategic land routes, of con-

necting straits that will put an end to the fear which is one of the causes of war and of continuing armaments as well. For the world will never disarm so long as the economic security and possibly the life of great states is in real or fancied peril from some other Power.

## CHAPTER XIX

### A MONUMENT TO PEACE

The collapse of Germany frees the Mediterranean. Her dream of empire is at an end. Turkey is prostrate. Her subject races are forever freed from Ottoman control. The highways from the Occident to the Orient are unmenaced. The world has unbroken communication with itself. The Allied nations are in unchallenged control of this whole territory.

The defeat of the Central Powers enables the democratic world to establish a peace that will end the age-long wars that have sacrificed the energies of mankind from the beginnings of organized society. In this struggle the Mediterranean nations and the Near East have been the continuous sufferers.

This monument to peace should be a free Mediterranean, under the guardianship of the world. It should be the ward of civilization

administered in the interest of the world. For private control of the Mediterranean there should be international control; for exclusive possession of waterways and harbors there should be international waterways and harbors; for private concessions and the closed door there should be international concessions and the open door. For exclusive exploitation there should be international financing and an end of exploitation. This ancient centre of civilization should become the ward of the peace-loving world.

The Mediterranean belongs to the world. The states round about it belong to themselves. The Mediterranean itself is part of the high seas, as are the straits and waterways which unite it with the seas. And the only solution to the struggle for its control is to make it a world highway, and by so doing, to end the struggle for control of strategic places and the trade routes which connect the Atlantic and Pacific Oceans with the continents of Europe, Asia, and Africa. The Mediterranean should be made international territory. The land routes and the water routes, as well as the territories round about them should be free

from military or political dominion. The territory to be so internationalized should include:

*One.* The Balkan states, Turkey, Asia Minor, Persia, and Mesopotamia.

*Two.* The Bagdad Railway from Austria-Hungary to the Persian Gulf.

*Three.* The Mediterranean waterways from the Atlantic Ocean to the Indian Ocean; the Adriatic, Black Sea, the Straits of Gibraltar, the Suez Canal, and the Dardanelles.

*Four.* The harbors of Constantinople, Salonika, Smyrna, Trieste, Alexandretta, Basra, and other strategic ports should be open to all nations on equal terms. They should be world ports.

This whole territory should be free from political control by any single nation or group of nations. It should be free from military or naval operations and the maintenance of any military establishment by any Power.

This region should also be freed from economic privileges or discriminations. The trade, commerce, and economic life of this great territory should be permitted to follow its natural channels under the supervision of an international tribunal provided for that purpose.

The whole world should be permitted to use the waterways from the Atlantic Ocean and the railroads from Austria-Hungary to the Persian Gulf on equal terms. They should not be used for military or naval purposes. In other words, there should be an end of military dominion of the entire Mediterranean basin. This should be international soil. It should be under the control of the world, and its neutrality should be guaranteed by an international force.

The states bordering upon the Mediterranean should abandon their naval establishments. If possible, they should abandon their military establishments as well. There should be no armed vessels of any Power (except for transit) within the confines of any enclosed sea, just as there are no armed vessels on the Great Lakes. This would free the smaller states from the drain upon their resources in their attempt to keep up the pace for armaments—a pace which they cannot successfully maintain, and which only involves them in trouble.

If the military menace of the Powers can be removed from the Mediterranean; if the



Balkans, Turkey, Asia Minor, Mesopotamia, Persia, and other peoples can be freed from political control; if equality of trade is guaranteed to all nations alike; then it will no longer be necessary for individual nations to struggle for the control of this territory. Then the apprehensions which have kept England, Russia, and Germany in a state of nervous tension for the greater part of a century would be at an end. If, in addition, the closed door and economic privileges of all kinds were ended, and the rights of self-determination were extended to the Balkan states, to Armenia, Mesopotamia, Syria, and Palestine, to Egypt, Tripoli, Tunis, Algeria, and Morocco, the entire Mediterranean would become neutral territory: such neutrality to be guaranteed and protected by the world.

Such a neutralization of territory finds a counterpart in the conventions between the United States and Canada for the abolition of military and naval establishments on the Great Lakes. For nearly a hundred years there has been no armed vessels, no military posts, and—far more important—no thought of war between these two neighboring peoples. The

Great Lakes have been free. And the absence of war preparations has in itself created a sense of peace. No one thinks of war as a possibility, and no sane man would suggest the abandonment of the treaties of neutralization which have served the two countries so well.

This world empire would not disturb the internal sovereignty of other states. It should not impair the freedom of Italy, of Greece, of the Balkan states, of Austria-Hungary, of any of the countries round about the Mediterranean except to preserve peace and security. Other nations would be admitted to the council of nations that control the Mediterranean as they agree to observe its decrees.

The empire suggested would be democracy's equivalent of the empire sought by Germany. It would be the twentieth-century solution of the struggle which has been going on for the control of the Near East since the beginning of history. It would end the power for evil of the Turk. It would free Russia and the Austria-Hungarian states from fear that the avenues of communication would be closed against them. It would reopen the trade routes

to the Far East by way of the Bagdad Railway and the rivers of Mesopotamia, and by so doing promote the economic life of Persia, India, Armenia, and the rich regions of Mesopotamia and the East.

The capital of this world empire should be Constantinople. It should be the world's cosmopolis governed by an international commission. Constantinople lies at the heart of three continents: Europe, Africa, and Asia. Here again should be the seat of a world empire as it was for hundreds of years.

Out from Constantinople would run the world highways. These highways would include the Dardanelles, the Black Sea, and the lower Danube. The Bagdad Railway from Austria-Hungary to the Persian Gulf should become an international railroad financed and controlled by the League of Nations. It should be completed and extended to India by way of Persia. It should connect with the harbors of the eastern Mediterranean in Syria, and Palestine as well as the Black Sea. It should form part of a great Oriental transportation system intersecting all Europe, from London by way of tunnel under the Channel, through

Paris, Milan, and the Balkans, as well as from Hamburg, Berlin, Vienna, Budapest, and the Balkan states. It might be extended to the Pacific Ocean through southern Siberia. It should be the economic bond of permanent security as it was to have been the symbol of German power. The railroad should be open to all nations and peoples on equal terms. It should be like the open seas.

The Suez Canal is in theory an international waterway. The Adriatic is a cause of controversy and a source of fear on the part of Italy, Austria-Hungary, and the Balkan states. It is their only outlet to the world. The rivers of the Balkans, especially the Danube and the Vardar, should be internationalized.

The harbors of the eastern Mediterranean should be free ports. Salonika, Smyrna, Alexandretta should become international harbors. Constantinople, under such protection, might become one of the great ports of the world, as nature intended it to be. It should be free from any customs tolls or tariffs. It should be the great entrepôt of trade of three continents, the clearing-house between India, Persia, China, and Japan, and the east coast

of Africa with the industrial nations of Europe.

This is the function Constantinople was intended to perform. It was its strategic trade position that made Constantinople the centre of the world in ancient and mediæval times. To it the trade of the Far East found its way across the plains of Mesopotamia. It was and still is nature's gateway to Europe.

This world empire would be the guardian of the Balkans. It would be the protector of Asia Minor, Mesopotamia, Persia, Palestine, and other dependent peoples to be later admitted to its suzerainty. As democracy advances, Egypt, Tripoli, Tunis, and Morocco might pass under its jurisdiction, as well as Central and South Africa.

For the first time in history it is possible to relieve the whole territory from bondage, war, and the struggle of the greater Powers to control its life in the interest of empire.

## CHAPTER XX

### THE REBIRTH OF THE MEDITERRANEAN

The peace suggested is a peace for the future security of the world; a peace for peoples rather than for rulers; for disarmament rather than for a continuation of militarism; a peace for the hundreds of millions of subject peoples and the small and subject nationalities which suffer most from war rather than for the outraged feelings of those who feel they must have revenge for the outlawry of the Central Powers. And it is for these ends that America is in the war. We are fighting that the world may be free from wars, free from the things that make for war. We desire that the world may be a safe place for all people to live in; to develop their own cultures and civilizations unmolested by any other Power. America made war on Germany not that we or our allies might do what we would with the subject world but that the subject world might be free from oppression by any Power. And such are the ideals of the

Russian revolutionists, of the British Labor party, of the Congress of Italian working men. Such is the ideal of the small nations and of the weak and defenseless peoples of all the earth. They desire that this war shall *end war*, not lay the mines of the next war.

An internationalized Mediterranean affords an opportunity to reawaken the traditions with which the Mediterranean is associated, to recall a splendor that has passed away with the change in trade routes, the rise of industry, and the coming of the more virile races to the north. But the possibilities of a great civilization are still there. No country has more charm, more instinct for beauty, art, science, and learning than Italy. Its development during the last two generations is fairly comparable to that of the nations of the north. It has been limited by the lack of resources and the exhaustion born of wars and preparedness for wars. Italy has no iron, no copper, no coal. There is but little timber. Much of its land is still uncultivated from lack of capital. Italy is dependent on the outside world for the material things that go to make up a modern state. She has to import food and fuel. She

must go to other countries for iron, steel, and copper. She can only build her railroads, her merchant marine, her battleships by the grace of other nations.

The great need of Italy is economic, and this need America, Great Britain, and France can extend to her.

Italy might be assisted to development by the other Powers, a development that will redound to the well-being of the rest of the world. Italy produces few articles that compete with other countries. Yet her products are needed by the world. Other nations should open their doors free from tariffs to the wealth of Italy, not only as a measure of gratitude, not only as a recognition of her traditions, but as a means of luring to our homes the art, the color, and the beauty which Italy possesses, and which her people are eager to express.

The traditions of Greece, like those of Italy, are traditions of beauty. Here, too, civilization lingered for hundreds of years. For centuries Greece has been paying the price of militarism, of the struggle for the eastern Mediterranean. She has been coveted by nations and empires. The Romans, Turks, the countries of the Balkan Peninsula have kept Greece



in a state of suspense. The country has had no chance to develop. Greece, too, needs the protection of disinterested friends to release her from fear, from the burdens of militarism, from continuous wars. She needs the raw materials which come from the hardier countries. She needs credit and the scientific and engineering aid that the more advanced nations have to offer.

The condition of Italy and Greece indicates again how narrow nationalism and mediæval ideas of protection have gnarled the world and forced people into channels at war with nature. It has made a hod-carrier of the artist. It has closed the homes of the Western world to the beauties of the Mediterranean peoples. It has forced the Italians into competition with Germany and England; it has destroyed the traditions and aspirations of peoples, and driven them to the doing of things of but little value to them at best and at terrible cost to their life as well.

This is why the peace which comes should permit the greatest possible freedom of trade among all nations. This is why the small nations should be encouraged to develop their cultures, their literature, their gifts to the

world. This Empire of the Allies should be a guardian not alone of highways and territories, it should be the promoter of civilization as well.

Farther east in western Asia there are possibilities of development. Asia Minor and Anatolia are rich with possibilities of trade, commerce, and agriculture. Farther down the Tigris and Euphrates valleys are opportunities for reclamation projects, for water-power, for mines, timber, and oil. Most important of all, millions of acres of land, potentially rich, wait only on labor, security, and the harnessing of the water-power of the rivers to reclaim this region which was long the centre of the civilization of the world. Wheat and cotton can be grown adequate for the needs of millions of people. People now living as semicivilized nomads would be given an opportunity to till these lands and to build up trade and commerce. There are 20,000,000 people in Turkey who need the guidance and organizing ability of the world to become a far greater people than they have ever been; while the Syrians, Armenians, and other Christian peoples have great aptitude along industrial lines, an aptitude now repressed by the Turks.

Finally, with the freeing of the Mediterranean from the conflict which has existed for generations, this whole territory from the Italian peninsula to Persia might easily become a centre of civilization as it was for centuries. Here the routes of trade cross one another. They go from India to the Atlantic Ocean and return. They go from South and Central Africa to Egypt and back again. From Germany, Austria-Hungary, and the Balkans they run to the south, and from the Orient they run back to central Europe.

Constantinople should be one of the world's great clearing-houses. It should be a centre of trade and commerce like London and Hamburg. Here goods and wares should be exchanged. Here a free port, like those of London, Liverpool, Hamburg, Bremen, and Copenhagen, would receive and discharge cargoes. Thousands of miles of transportation would be saved if cargoes from Asia and Africa could load and unload at Constantinople and the ports of the Mediterranean. With such a development of trade, commerce, and industry this part of the world would reclaim its ancient distinction. It is only the Mercantilist ideas of the eighteenth century and the narrow pro-

tectionist policies of the twentieth century that sees in the prosperity of one country the misfortune of another. And no single thing would contribute more to the peace and prosperity of Europe than the generous development of the Mediterranean region, even though that development did end some of the monopolies and privileges which the commercial and trading classes of the several Powers now enjoy.<sup>1</sup>

<sup>1</sup>The placing of portions of the Mediterranean under international control has met with approval where approval was least to be expected. The British Labor party in its statement of December 28, 1917, suggested that Palestine be made "a free state, under international guarantee." With regard to Armenia, Mesopotamia, and Arabia, "if in these territories it is impracticable to leave it to the peoples to settle their own destinies the Labor party insists that, conformably with the policy of 'no annexations,' they should be placed for administration in the hands of a commission acting under the supernational authority or League of Nations," which, for the sake of the peace of the world, should also administer Constantinople, the Dardanelles, and possibly some or all of Asia Minor.

Mr. Norman Hapgood, writing as foreign correspondent of the New York *Evening Post*, July 21, and October 6, 1917, speaks of the views of "some of the best informed British statesmen" with regard to an international solution of the problem of Constantinople and the Straits, and says, "it has become not improbable that for the rest of Turkey also, including Arabia, Mesopotamia, Armenia, and Palestine, some kind of an international rule with nominal Turkish sovereignty may be the outcome." See article by Professor Emily Balch in *The New World*, February, 1918.

## CHAPTER XXI

### GUARANTEES OF PEACE

With the Mediterranean free, the policing of peace became a comparatively easy matter. For the Mediterranean is the strategic centre of the world. It connects Europe with Asia and the east coast of Africa. It commands access to Russia, Austria-Hungary, Italy, Greece, and the Balkan states. It controls the connections of the British Empire. It unites the Orient with the Occident. It controls the raw materials on which the economic life of the modern state depends.

No industrial nation could develop with the Mediterranean closed against it. It could scarcely make successful war against any other state.

The Mediterranean commission would be in a position to control the economic life of Europe. It could compel adherence to its decrees by placing an embargo on any nation which refused to abide by its decision. It would

control the waterways and the land routes, and, what is more important, it would command the raw materials of the east coast of Africa, of the Congo, of Persia, as well as of Egypt, India, Australia, and China. It could close mills and factories. For the whole world is so dependent upon the Mediterranean that any obstruction to the connections of any one of the greater Powers would derange its industrial life. If enforced long enough it might bring bankruptcy as well.

That is why Gibraltar, the Dardanelles, the Bagdad Railway, and the Suez Canal are so important. These places are nearly impregnable. They are difficult of approach. They are so well supported from the rear that they cannot be passed.

With these strategic points in international hands, a great war would be almost impossible. Disarmament would then be an easier matter. The odds against a nation that laid down the gage of battle would be too great. Quite as important, war would no longer be always imminent. There would be an end of fear; of competition for armaments; of struggles for alliances and counter-alliances.

The world would breathe freely with the burden of policing taken from the hands of the individual nations and placed in the hands of the world, where it belongs. Then the irritations and controversies that have kept Europe in a state of nervous tension for the past fifty years would tend to be allayed. War would pass from men's minds as a means of settling disputes, when the fear which precedes wars is taken away.

But the real guardian of such an empire would be its justice. The gains from freedom are so obvious, while the sanctity of international territory is so solemn, that nations would guard its decrees from self-interest. Public opinion and economic interest would be the great protectors of a free Mediterranean.

Obviously, some new kind of a world organization must be provided with adequate forces at its command for the adjustment of disputes and the enforcement of neutrality within this territory. Some military force must be provided that will occupy the strategic points on the land and sea. There must be means for guaranteeing the freedom of the Balkan states, of Asia Minor, of Mesopotamia, and

of the states on the southern shores of the Mediterranean. The Mediterranean territory must be guarded by the whole world to which it belongs. And an international parliament, an international judiciary, and an international force can provide such protection.

The idea of such a tribunal and such a force has been widely approved. It has been discussed in great detail by many writers.<sup>1</sup> And it involves no difficulties that cannot be overcome provided a sincere desire exists for its creation.

The main thing, as Mr. G. Lowes Dickinson says, is a desire to set up such an international agency. He says:

“Every difficulty would be insuperable so long as the present exaggerated sense of national importance and inadequacy of international obligation continued to characterize all the great nations. The purely political problems would become capable of solution in proportion as the preliminary moral and intellectual conversion took place.”<sup>2</sup>

No great military and naval force is required for the enforcement of neutralization if it were

<sup>1</sup> See *The Choice Before Us*, by G. Lowes Dickinson.

<sup>2</sup> *The Choice Before Us*, p. 101.



accompanied by disarmament. This is especially true of the Mediterranean and other waterways and land routes of the earth. Gibraltar, Constantinople, Port Said, Panama, and the Kiel Canal are easy of defense. They are so situated that an offensive against them would be a difficult matter. A substantial navy within the Mediterranean, supported by land forces at strategic points, would be almost impregnable. And an unwarranted attack upon an international force whose inviolability has been guaranteed by the world would be like the violation of a sanctuary. It would shock the moral sense of the world far more than would an attack upon a single nation.

There are many analogies to such a plan. France was accorded the right to police Morocco by all of the Powers. The treaty of Algeciras provides for the application of the "principle of economic liberty without inequality." The United States has assumed the right to police Cuba and Central America, and to maintain the Monroe Doctrine over the Western Hemisphere. Japan claims somewhat analogous rights of hegemony over China. There are many examples of such extraterri-

toriality. And they have made for peace in the main.

The tribunal which decides all questions covered by the treaty should be representative not only of the greater Powers but of the smaller countries as well. It should be in constant session. It should have large powers of investigation into the archives of all countries. It should be the repository of all treaties. It should have representatives in every capital, with a position similar to that of an ambassador. It should have agents within the neutralized territories ready to report on any violation of the treaty of neutrality, and authority not only to intervene on behalf of the treaty but to give immediate publicity to any violations of it.

Such a tribunal would have complete military jurisdiction over the strategic places and the territory intrusted to it. Its powers should be absolute. In case of violation of the treaty it should act with military decision, just as though it were defending the territory of its own country. And the tribunal should have sufficient military and naval forces at its command to uphold the peace intrusted to it.

The smaller countries bordering upon the Mediterranean should give up their navies or agree to confine their operations in accordance with the treaties of neutralization; while the navies of the great Powers—England, France, Germany, Russia, and Austria-Hungary—should be admitted to the neutralized zones only for transit through the waterways. The three-mile zone on the seas is recognized by the whole world. Naval battles are not permitted within it. Any ship which enters a neutral port during time of war must depart within a limited period; otherwise it is interned. These rules are observed. Rarely is there a suggestion that they have been violated. And navies or battleships of the Powers while in neutral waters could be convoyed by ships of the League, their marines could be carried on other vessels, the machinery could be partially dismantled, or temporary control could be delegated to a neutral commander until the fleet was outside of the neutral zone.

Such an arrangement would enable every nation to use the neutralized waterways and land routes for peaceful errands. The privilege would be open to all nations. It would not

be under the control of a single Power. And naval and military forces should not be employed within the international territory.

This whole territory, from the Atlantic Ocean to India, and from Austria-Hungary to the Persian Gulf, would become international soil. It would be democracy's temple to peace and a monument to the freedom of the world.

## CHAPTER XXII

### ENCOURAGE THE SMALL NATIONS AND SUBJECT PEOPLES

A democratic peace will promote the development of all peoples. It will welcome the contributions of all states to the civilization of the world. It will stimulate the smaller states, Holland, Belgium, Switzerland, and Denmark, to the widest possible dissemination of their cultures. Like encouragement will be given to Ireland, Poland, Bohemia, Finland, Ukrania, and the Balkan states.

The world wants variety, not uniformity. Nations should be encouraged to be different. Civilization is enriched by the racial characteristics of many people. And an idealistic peace will promote the contributions of all nations, be they great or small.

Previous peace conferences have treated the smaller nations as pawns. They possessed no rights. They enjoyed no protection. Such consideration as they received was obtained

by intriguing with this group or that. The recognition secured scarcely outlasted the conference. The Congress of Vienna in 1814 was loud in its assurances of "a lasting peace," "a reconstruction of the social order"; but the only aim of the diplomats was a division of the spoils. The partition of Poland was made permanent. Venice was given to Austria. Prussia was permitted to divide Saxony. Holland was joined to Belgium against the wishes of the people of both countries. Genoa was turned over to Piedmont. It was a peace conference of wolves, and the peace was no more durable than it deserved to be.

The Congress of Berlin in 1878 followed the old tradition that the world belonged to the strong. It was secret. It represented only rulers and the great Powers. The small states had no voice in the council. They were disposed of as they had been for centuries. Little countries were swapped as though they were horses. It was a "peace with honor," as Disraeli said, but it laid the mines of future wars. The treaty of Berlin was not a peace treaty, it was a military arsenal.

For the first time in history a great Power

has spoken for small states and subject peoples. The idea of self-determination has been given the solemn sanction of the President of the United States. It remains for the peace council to apply this obviously just principle. There are wrongs to be atoned by all of the Powers. There are states to be recreated, races to be freed.

Why is it that we assume that the great state is a greater force for civilization than the small state? Does it do more for its people; does it maintain a higher standard of living and education; does it promote culture, the arts, the drama? Does it contribute more to the outside world? Or is the great state merely a product of the mediæval mind, of ambitious conquerors like Alexander the Great, like the Emperors of Rome, like Frederick the Great, Louis XIV, Bismarck, or Kaiser William II? Is not the great state idea merely another product of the military ideal?

Do the great states maintain the peace of the world? Do they make it possible for civilization to develop free from wars and conflict? Are the empires and nations of to-day greater agencies of human welfare than the

small states which they are seeking to absorb?

Is not the reverse true? Small states have been the centres of a highly organized life from the time of Athens down to date. They have promoted the arts and sciences. They have encouraged learning. They have built beautiful cities. They have vied with one another in the higher things of life. To-day it is not the greater nations that maintain the highest standard of well-being. It is rather the small states. This is true of Switzerland, of Holland, of Denmark, of the Scandinavian countries. They are experiment stations for the world. These are the countries that have the lowest illiteracy of Europe.

History is eloquent in defense of the small state. Can it be successfully contended that the *Machtkultur* of present-day Germany is a greater service to the world than the culture of the Germany of a hundred years ago, when a score of capital cities like Munich, Dresden, Frankfort, Cologne, and Weimar competed with one another in education, in art, in the refinements and amenities of civilization? Was not Germany a greater cultural force when Bavaria, Baden, Saxony, and a dozen



states and free cities produced their philosophers, poets, and artists, as they did before the Prussian reduced their artistic development to the materialistic ambitions of the Hohenzollern dynasty? Has modern Germany produced a group of men comparable to Goethe, Schiller, Lessing, Wagner, Beethoven, Fichte, Heine, Kant, Humboldt, and the score of other intellectuals whose work has been an inspiration to all peoples?

Will any one familiar with the history of Holland, Belgium, Denmark, and Switzerland contend that their contributions to the world would be greater if they were under the hegemony of some other Power? These states have contributed as many men, possibly more men, of distinction in proportion to their population than have any of the greater states. They have built splendid capital cities, like Brussels, Copenhagen, and the cities of southern Germany. They have contributed political ideas. They have been centres of art and learning. They point the pathway to the greater Powers in many lines of endeavor. Belgium, close packed with people, was the home of internationalism. She had developed a won-

derful transportation system. She had the highest export trade per capita of any country in Europe. Even though a free-trade country, none of the greater Powers had been able to outsell her at home or abroad. She was the keenest competitor of England and Germany in Europe.

Holland, too, has an inspiring history. She has been the cradle of political and religious liberty. Her cities have charm, and her people enjoy a standard of living higher than any of the surrounding Powers. Switzerland has given political democracy a new significance. In her mountain fastnesses she has safeguarded the right of local self-government, of individual and personal liberty, and to-day is one of the most contented and prosperous countries of Europe. Denmark is the world's agricultural experiment station. She has completely democratized her government. She has put an end to the old feudal régime. She has distributed the land among the peasants and reduced ignorance to the vanishing-point. She feeds England and exports cattle to Germany. In some respects her educational system is the most remarkable in the world. No coun-

try in Europe enjoys a higher standard of comfort or more universal education or possesses a greater sense of personal dignity than does this little country in the northwest corner of Europe.

Moreover, it is the small states that are free. It is they who have kept liberty alive. This was true in ancient and mediæval times. Liberty first issued from Greece, where it made its wonderful contributions to the world; contributions that have not been equalled by any modern state. Rome, a city state, was a republic. She lost her liberties when she became an empire. It was the cities of mediæval Italy that called civilization to life after the long submergence of Europe in the dark ages. They produced the greatest artists of the world. They developed banking. They lured learning from the East and competed for poets, philosophers, and men of distinction. The Renaissance came to Europe not through the great states but by way of the cities of Italy and central Europe. Florence, Venice, Genoa, and Padua were centres of political and intellectual liberty, which they lost when their rulers went out to the conquest of the world.

Liberty came to central Europe through the cities of the Netherlands and south Germany. The towns secured charters. They made war on the feudal barons. They created representative institutions. They developed democratic forms. The guild system, which issued from these little democracies, was the highest form of industrial democracy the world has ever known.

The free towns of Europe vied with one another in architecture. They erected great cathedrals that remain the ornaments of Europe. They built town-halls and guild palaces. Liberty in Europe issued from the small state, not from the feudal barons or the Kings, and this heritage of freedom has never died in the little countries of Belgium and Holland, in which it had its birth.

The history of the world is a plea for the small state. And if we could free our mind from the conception that bigness is greatness, we would see that there is little justification in the assumption of the superiority of the large state. The world has lost far more than it has gained from the suppression of the hundred-odd states, principalities, and free cities

that have been merged into the German Empire. Would not civilization be enriched if Bohemia, Poland, Finland, Ukrania, Ireland, and the Balkan states were given an opportunity to develop their life and make their contribution to the world? Have we not exacted a senseless tribute not only from subject peoples but from the world as well by the assumption that civilization is promoted by bigness and population and power?

## CHAPTER XXIII

### PAX ECONOMICA

A peace interested in the development of the world would prepare the way for universal free trade. It would make possible the razing of customs barriers, which have been a fruitful cause of war. With protective tariffs abolished, people would trade with one another on natural terms. They would produce the things they were best fitted to produce; the things for which they have the greatest aptitude. Under existing conditions and the ever-present menace of the war, each nation must encourage its iron and steel industry, the building of ships, the development of minerals, the making of all kinds of equipment, the production of many raw materials in order that it may at all times be ready for war. The military state must be self-contained. It must have iron, coal, oil, copper, and all of the things which enter into the mechanism of military and naval power. Protectionism is in part at least a product of the military state.

Free trade will weaken boundary-lines. Warring states will tend to be toward one another as are the states of the American nation; as are the states of Germany. Arizona, Kansas, Mississippi do not chafe because they are not great magazines of industry. They are content to produce the things with which nature endowed them. France does not take kindly to industry. Her instincts are for agriculture, for the refinements and the beautiful things of the world. The people of Italy are instinctively artists. They care little for industry. Industry is forced upon them by the necessity for self-preservation born of exaggerated nationalism. A peace with free trade will end these hothouse growths found in every nation. It will create a life responsive to the gifts, the aptitudes and desires of people.

That protective tariffs are provocative of conflict has long been recognized. Many statesmen hold that they are the main causes of war. This was the opinion of Cobden and Bright, who shaped the destinies of the British Empire for a generation along democratic lines. They challenged the old colonial policies. They assailed the protective tariff. They opposed

the "closed door" or any artificial aid to trade and commerce. They championed free trade and equal opportunity for all nations. They ridiculed the idea that the poverty of one country could increase the well-being of another. They opposed trade monopolies. They believed in free competition in every field of endeavor. They urged that British legislation should aim at the prosperity of all countries. And Great Britain grew in wealth and power. She was at peace with the world. There was no demand for a great navy or military establishment. This was the most generous period in the history of England.

Cobden believed that all wars were either dynastic or economic. He believed that economic wars could be ended by freedom, by equality of opportunity. It was his successors, notably Disraeli, who turned England toward imperialism. Cobden was an idealist who believed that the well-being of England was dependent upon the well-being of the world at large. And he urged freedom of trade as possibly the greatest of all agencies for permanent peace. Speaking of the far-reaching influence of free trade, he said:



“I have been accused of looking too much to material interests. Nevertheless, I can say that I have taken as large and great a view of the effects of this mighty principle as ever did any man who dreamt over it in his study. I believe that the physical gain will be the smallest gain to humanity, from the success of this principle. I look further; I see in the free-trade principle that which shall act on the moral world as the principle of gravitation in the universe—drawing men together, thrusting aside the antagonism of race and creed and language, and uniting us in the bond of eternal peace. I have looked even further. I have speculated and probably dreamt in the dim future—ay, a thousand years hence—I have speculated on what the effect of the triumph of this principle may be. I believe that the effect will be to change the face of the world, so as to introduce a system of government entirely distinct from that which now prevails. I believe that the desire and motive for large and mighty empires, for gigantic armies and great navies—for those materials which are used for the destruction of life and the desolation of the rewards of labor—will die away. I believe that such things will cease to be necessary, or to be used, when man becomes of one family and freely exchanges the fruits of his labor with his brother man. I believe that, if we could be allowed to reappear on this sublunary scene, we should see at a far distant period the governing system of

this world revert to something like the municipal system; and I believe that the speculative philosopher of a thousand years hence will date the greatest revolution in the world's history from the triumph of the principle which we have met here to advance."<sup>1</sup>

Never before did a war-weary world so stand in need of such men as Cobden and Bright to inspire idealism and guide the conferees of the peace negotiations along lines of freedom—freedom of trade, freedom of the seas, freedom from imperialism, freedom of people, freedom from privilege and monopoly in every form.

<sup>1</sup>Speech of January 15, 1846. See Hirst, *Free Trade and the Manchester School*, p. 229.

## CHAPTER XXIV

### END IMPERIALISM

The alternative to imperialism is freedom, freedom for the whole subject world. And freedom is the only alternative to imperialism, just as it is the only alternative to privilege in any form. Freedom is the great solvent of conflict, of suspicion, of wars. It is the solvent of imperialism as well.

Freedom to the subject world should be America's contribution to the peace conference.

Only through freedom will the world be brought together. Only when there is equal opportunity for all and special privileges for none will diplomacy no longer seek advantages that should be gained by skill, by ability, by services rendered. Then men's minds will turn from war and preparations for war as an agency of conquest to peaceful means of acquiring favor. With freedom the psychology of the world will change just as it has wherever privileges and monopolies have been abolished

and the mind of man has been permitted to operate through natural and peaceful channels.

A free world involves political autonomy and the right of self-determination to conquered nations and subject peoples. Belgium must be restored to complete independence and indemnified. Alsace-Lorraine must be freed. The people of Russia, Finland, Poland, Ukrania, Lithuania, Courland, the Baltic and Black Sea provinces should be permitted to decide their own destiny free from outside coercion. Siberia and the Russian Pacific coast should be released from any penetration or coercion by the Allies. The Balkan states should no longer be the pawns of diplomacy. They should be granted autonomy, and safeguarded against one another and the outside world by an international tribunal, supported by a sufficient armed force, to free the world from this powder magazine which has embroiled Europe for the greater part of a century. Turkey should be neutral territory, and Constantinople and the Dardanelles should be converted into international territory so far as is necessary to insure the freedom of the Black Sea and the Straits to the Mediterranean. Constantinople should

be made a great free port under an international commission as is the mouth of the Danube. The whole of western Asia including Asia Minor, Syria, Palestine, and Persia should be internationalized and these states be organized as independent commonwealths, and their political and economic autonomy be insured by a Mediterranean tribunal as proposed in a previous chapter.

All of South and Central Africa should be federated into international territory under an administrative council representative of the Powers and pledged to the protection of the native races from exploitation and slavery. The widest possible autonomy should be granted the Filipinos, Porto Ricans, and other peoples under the imperialistic control of the United States. Ireland should be granted the fullest possible autonomy to develop. Her grant of political power should be so generous and so unequivocal that the Irish question would be forever ended. It should include control of education, religion, local government, taxation, and all other activities that are involved in the self-development of the Irish people. The Indian and Egyptian question should be

settled by legislation which frees the nationalistic aspirations of these peoples and, what is quite as important, ends the economic and financial burdens and obligations under which they labor.

The world will never be at peace so long as it is governed on the assumption that only the white man is fit for self-government; it will never be at peace so long as the small states are viewed as pawns and buffers for the greater Powers. The slave-owner was in bondage no less than the slave. And the greater Powers are in slavery so long as they hold others in subjection. There can be no freedom to the greater Powers, so long as they hold other nations, races, and peoples in bondage. This is an inevitable curse of empire as it is of chattel slavery. It destroys master as well as slave.

The conquered world must be freed if only to free civilization from the bondage of fear, of armaments, of war. For these are the inevitable costs of empire.

Economic freedom should likewise be assured to all peoples. There should be an end to the idea that the world belongs only to the

strong, and that weak and undeveloped peoples may be exploited by forced labor, by taxation, or by any other means. Freedom would end the "closed door," "exclusive concessions," "spheres of influence." What possible right has any nation to dictate the economic life of China, India, Turkey, Persia, Egypt, Morocco, or even of the Philippines, or Porto Rico? The closed door is one of the causes of war. Moreover, it means that the development of subject peoples shall be sacrificed to the greed and private profit of economic groups and classes within the stronger Powers.

There should be no exclusive markets, no rivers or harbors controlled by a single Power or group of Powers. Trade with subject peoples should be opened to the world on equal terms. There should be equality of opportunity in the development of the trade and resources of the backward countries. There should be no exclusive grants or privileges of lending money to the monopolists of England, France, Germany, or the United States, for such exclusive grants lead not only to the destruction of the weaker peoples: they lead to conflicts between the greater Powers as well.

Moreover, the last fifty years has seen a succession of conflicts over these aggressions on the part of the greater Powers. Europe has been in a state of nervous apprehension. Public opinion has been fanned into flame over the message of the Kaiser to the Boers, over Morocco, Koweit, and Venezuela. Wars have sprung from these conflicts. China has been made subject to the greater Powers. Financial imperialism is a continuing mine ready to explode at any moment through the threat of one nation to the imperialistic interests of another.

Peace should end the activities of high finance. It should seal the doom of dollar diplomacy and financial imperialism. The doctrine that the "flag follows the investor," no matter how usurious his contracts or how fraudulent his concessions may be, should be superseded by the doctrine that the investor assumes his own risk; he takes his chances, and he shall not be permitted to call upon his country from which he has expatriated his wealth to insure his profits or to send its youth with machine-guns to collect his debts.

The idea that the flag should follow the



investor is not recognized as between the greater Powers. English investments in America, American investments in England or France have no other guarantee than the good faith and the laws of these countries. Force is only applied between the greater Powers and the weaker states. And as a result of the assumed right of the greater nation to protect its subjects' possessions there has arisen the correlative obligation to protect them against any other Power. Thus the exploiting activities of the privileged classes have imperilled the safety and security of the world.<sup>1</sup>

A democratic peace must protect the weak as well as the strong, if only for the purpose of securing a permanent peace. Exclusive possessions and privileges should be ended, and

<sup>1</sup> Mr. H. L. Brailsford, the brilliant British student of imperialism, writing in 1914 on the increase in armaments said:

"If we were to take the sum by which British and German armaments have increased in the present century, it would be possible to allocate the increase, roughly, somewhat as follows: 50 per cent. or less for the settlement of the question, "Who shall exploit Morocco?"; 25 per cent. or more for the privilege of building a railway to Bagdad and beyond it; 25 per cent. or more for the future eventualities which remain unsettled—the fate of the Portuguese colonies in Africa and the destinies of China."—*The War of Steel and Gold.*

the world should be united into a league for the purpose of internationalizing all backward countries, and for guaranteeing and protecting the liberties of subject peoples.

The United States should be the first to lay its possessions on the table of renunciation. We should admit that the Philippine Islands and Porto Rico are the spoils of war. Our only rightful claim to these islands is the fear that some other Power may seize them and use them as a basis of operations against us. This is the only possible justification of the insistence made by some that America should place the whole of the West Indian archipelago and of Central America under our power. But the United States has no rights in these territories, no matter how they may have been obtained. And, however beneficent our rule may be, or however much the life of these subject peoples may have been advanced, these gains can be as readily assured by international guarantees, while our own hands can be cleansed of imperialistic aggressions by their release. And however much we may have done for the Porto Ricans, the Filipinos, and the Hawaiians along educational lines, however we may have im-

proved the health, the morals, and the security of these islands, the question still remains as to whether we have not, under cover of such protection, robbed them of their lands, their resources, their opportunities for economic freedom. And economic freedom is the essence of liberty. A people can never be free if their lands are owned by alien capitalists, and the people reduced to agricultural laborers but little better than serfs, as they are in Hawaii, as they were in Mexico, as they have been by imperialistic interests in every other part of the globe.

The weak and subject peoples should be lifted from the servitude to which the world has reduced them. They have a right to their own lands, to their own cattle, to their own labor. Mexico has a right to work its own mines, to levy its own taxes, to control its own internal affairs. Persia should be re-established and assistance rather than intrigue should be tendered to its aspiring ambitions. China should be freed from the penetration and menace of the greater Powers. South Africa should be joined into a federation of states whose political integrity should be guaranteed by all the Powers. Then it will be possible

for the advances of civilization, the contributions of steam, electricity, and surplus wealth to flow to these states and promote their development without sacrifice of the native peoples. Then our boasted claims of civilizing the natives will have some basis of justification, then rum and machine-guns will not be the advance agents of Christian nations. Rather they will be abolished and our emissaries will be representative of peaceful international justice.

How can this be achieved? Only by a new kind of internationalism. The greatest war of the world should be ended by the greatest peace of the world. The most unholy assault upon weak and dependent peoples should be followed by the most righteous protection of weak peoples. Just as the old régime in France, with its unconcern for the peasants, was followed by the day of renunciation, when the grand seigneurs joined in a voluntary relinquishment of one after another of their feudal privileges, when in a frenzy of liberalism they gave up their means of oppression, so this war should be followed by a day of renunciation, when the imperialists of the

world and the congress of peace unite in declaring for a peace with freedom, liberty, and equality to all the world. A peace conference animated by such motives would find ready means of internationalization. It would create an international administrative commission or tribunal to which would be intrusted the control of the lands, rights, and privileges relinquished by the individual Powers. It would become a guardian of the black, brown, and yellow peoples, of strategic harbors, of raw materials; of the markets which have been appropriated by one Power or another. It would be authorized to co-operate with these states in arranging their customs tariffs, the terms of concessions and development of harbors and waterways. It would receive all their applications for loans. It would examine the terms of loans and open up their underwriting to all nations on equal terms, or would distribute them to the financiers of the several countries on some pro rata basis. It would be the intermediary of all concessions for railroads, mines, and the development of raw materials, which concessions would be offered to the investors of other countries on terms

which would insure the investment and protect the subject states. In case of trouble it would itself investigate conditions. The world would not have to rely upon the statements of irresponsible journalists. If rights were violated, if continued revolutions jeopardized the internationalism of the world, such tribunal would have power to intervene. And in a great majority of cases where individual states have intervened it has been found that the disturbances have either been fomented by privileged interests, or the dependent state has been refused an opportunity even to utilize the loans it has made for the development work for which they were contracted.<sup>1</sup>

<sup>1</sup> This idea has been discussed with approval in England where it has been suggested that some sort of international control should be provided for western Asia and for Africa as well. Mr. H. G. Wells discusses the international state in *What is Coming*, while the *New Statesman* (issue of September 23, 1916) outlines a plan for the international control of Africa as follows:

“The ideal solution of the whole problem, we suggest, would be the deliberate abolition of all international fences in the tropics. All central Africa, from the boundaries of Morocco and Egypt on the north, to those of Rhodesia on the south, should be neutralized and administered by an International Commission for the benefit primarily of the races which alone can live there, and secondarily of the traders of all countries on equal terms. But ideal solutions are not always practicable, and it must be admitted that the revolution here suggested could not be brought

The British Labor party has definitely declared for such an international control of tropical Africa in its statement on December 28, 1917. It declares with regard to the colonies of the several belligerents in tropical Africa:

“In view of the fact that it is impractical here to leave the various peoples concerned

about by a mere stroke of a pen. For the creation of an international government on such a scale there are no precedents worth mentioning, and to determine its composition, its powers, and its position in relation to national governments would be a very difficult matter. Nevertheless, we believe that if the ideal were consciously accepted by the chief parties concerned its realization would only be a matter of time; and there would be an opportunity in the immediate future for the application of the fundamental principle involved. If the Allies determine at the end of the war to retain control of the German Colonies, they might and ought to give a solemn undertaking to hold those territories in trust for civilization, to treat the interests of the natives therein as paramount, and to preserve in perpetuity the principle of the Open Door in the fullest sense of the term. If at the same time France and Great Britain consented to make their own tropical dependencies in Africa subject to the same trust, the moral effect of the undertaking as a demonstration of our good faith would obviously be enormously enhanced. The sacrifice, if any, would be small, whilst the principle thus established of giving all countries an equal place in the sun (as far as this great area is concerned) would be of inestimable value as a step toward the permanent solution of the African problem. The further step to international control would be merely one of machinery. As an alternative to the not very enticing prospect of the re-establishment of the *status quo ante* in Africa, we do not think this proposal is Utopian.”

to settle their own destinies, it is suggested that the interests of humanity would be best served by the full and frank abandonment of all the belligerents of any dreams of an African empire; the transfer of the present colonies of the European Powers in tropical Africa, however the limits of this area may be defined, to the proposed supernational authority or League of Nations herein suggested, and their administration under the legislative council of that authority as a single independent African state, with its own trained staff, on the principles of (1) taking account in each locality of the wishes of the people when these can be ascertained; (2) protection of the natives against exploitation and oppression, and the preservation of their tribal interests; (3) all revenues raised to be expended for the welfare and development of the African state itself; and (4) the permanent neutralization of this African state and its abstention from participation in international rivalries or any future wars."

Such a tribunal would be to the present imperialistic world what a court of justice is to the duel. It would substitute juridical proceedings preceded by investigations, for the battleships which settled the fate of Egypt, Morocco, and China; it would end such acts as the sending of the *Panther* to Agadir, the intrigues in Persia, and the conflicts between



Russia and Japan over Manchuria, of the Powers over the Mediterranean, of the United States in Mexico, and of all the Powers in China.

The peace that follows will be an empty peace if it is an imperialistic peace. It will be a barren compensation to a war-weary world which has been kept in a state of nervous apprehension for fifty years over the intrigues and diplomacy, the bluster and the campaigns for armament which have been carried on now in one Power, now in another, as a result of reliance on force as a means of promoting and protecting the economic interests of the ruling classes of the greater Powers.

## CHAPTER XXV

### AMERICA AND THE MENACE OF IMPERIALISM

War is the inevitable outcome of the imperialistic struggle which has been going on all over the world during the past fifty years. And wars will continue, and armaments will be perfected with industrial expansion, the increase in the political power of the industrial classes and the struggle for markets which are only to be found in foreign countries. There is bound to be collision so long as the world is parcelled out into possessions from which other nations can be excluded. This is inevitable. And this is one of the important problems of peace. It is highly important to the United States. Not because foreign trade is so necessary to us as a people, but because of the insistence of the great monopolized industries which are already so powerful in our life, and which, even before the war, were declaring for "dollar diplomacy," for the support

of the State Department and of the President for aid in the promotion of loans, concessions, and privileges in Mexico and Central America, in South America, and in China. These interests have grown vastly more powerful as a result of the war. Surplus wealth has appeared in America. We have become a creditor nation. Our banking resources are greater than those of the imperial banks of the rest of the warring world. On the termination of the war we shall be almost the only country to which the world can come for loans and aid in the development of their resources. Billions of dollars will be sought from us, not alone by Europe but by Asia, Africa, the Near East, South and Central America. Already the great iron and steel interests are looking toward the iron-ore deposits of China. Suggestions have appeared in the press as to a financial rapprochement between the banking interests of England and the United States for the exploitation of the resources of other countries. A continuous and quiet propaganda is being carried on for the creation of a public opinion that will support the doctrine of diplomatic support to trade, the making of loans, and

the export of "surplus" capital to other countries, and the necessity for a great navy as a potential and menacing agency to other Powers and weaker states.

✕ Economic imperialism is always subtle. ✕ How much more insistent these agencies will be when peace ends the profitable contracts, when the shipping and industries of the warring Powers find their way into markets now occupied by us, when our colossal ship-building programme has made this country a great maritime power, and our iron, steel, and munition industries, our wool and our cotton factories, and a multitude of mushroom industries that have come into existence are threatened with closing, and millions of men are confronted with the possibility of reduced wages or of being thrown out of employment altogether. Then America will be in a receptive mood for a "strong" foreign policy, for the use of our diplomatic agencies, and even our navy for the promotion of overseas trade and commerce and for finding new territories to be exploited by American finance.

✕ *This is the after-war menace. It cannot be lightly disposed of. It is the menace of imperial-*

*ism and of future wars as well.* It is also a menace to democracy.

For our own protection, if for no other, the peace which follows should end imperialism. It should end the idea that the lands of helpless peoples are the happy hunting-grounds of exploiters, and that their wealth and the labor of the people may be despoiled by the nation which by chance, by intrigue, or by conquest first plants its flag upon their shores.

America has a right to insist that the sacrifices it has made in the name of democracy shall not be used against democracy, and that the peace conferees shall not employ the assistance we have loaned to the struggle for humanity against humanity. Belgium, Alsace-Lorraine, and Serbia are not the only sacrifices on the altar of *Macht*. There are many other races and peoples that are claiming the right to self-determination. They are not alone in Europe. They too are entitled to political freedom; they too have aspirations to be assured.

And the peace which follows should not be a white man's peace alone. It should be a white, yellow, and black man's peace. It is not neces-

sary that backward peoples shall be thrown back to the old savagery or that the world shall exclude itself from the food and the raw materials in which it stands in need. All this can be assured in another way as has been suggested in the preceding chapters. But America and the whole Christian world has a right to insist that the professions we have been making of carrying civilization to other peoples shall not be a blind for exploitation, for oppression, for the sale of munitions and the reduction of other peoples to a slavery that has been abolished at home. The world owes it to itself to remove the reproach which has come to be identified with its professions in every weak and backward country on the earth.

## CHAPTER XXVI

### DIPLOMACY

Diplomacy is a feudal survival. It is an anachronism. Up to very recently the ambassador was the personal representative of the King. He did not represent the nation. He was the person of the sovereign in a foreign court. He enjoyed the protection and many of the prerogatives of his master. His person was inviolate. So was the embassy. It was the territory of the King in another land. This is the historical origin of modern diplomacy.

Ambassadors were and still are chosen almost exclusively from the old aristocracy. They come almost exclusively from the feudal classes. The foreign secretary comes from the same class. Foreign representatives are not chosen by the people; they are not even appointed by Parliament or by any popular process. The only contact the peoples of different nations

have with one another is through men who are in no way responsible to the people. They have but little if any sympathy with democracy. They represent their class and little else. The diplomacy of the world is still dynastic and feudal. Even the United States chooses her ambassadors almost exclusively from men of wealth.

The diplomatic class remains a caste apart. It associates almost exclusively with the old nobility. Men enter the service young. They are educated and live their lives away from the currents of present-day thought. Only by chance do they know anything about what concerns the common people. A man must first of all have a substantial private income to enter the foreign service. That is often required by law. In other countries it is required by the expense involved in maintaining the dignity of the country in a foreign court.

Diplomacy maintains its castelike exclusion in yet another way. The Foreign Office is not responsible to the nation. It is scarcely responsible to Parliament. This is so even in countries where responsible governments exist.



Foreign affairs are secret. Even the ministry is often ignorant of treaties and engagements. When made they are sealed up in the archives of the Foreign Office. They frequently come to light only after the country has been committed to war. Even members of Parliament may not know the engagements of their country. This is another survival of mediæval traditions when the ambassador was the personal representative of the King. Foreign affairs were the concern of the ruler, and no one else. And modern states have continued the tradition of secrecy.

If a member of the parliamentary body requests information as to foreign affairs he is informed "reasons of state" make it inadvisable for the public to know.

Here we have another cause of war. The diplomatic caste does not represent peoples. It believes in war, in its class, in the honor of nations, in the old mediæval idea of the state. Diplomats are indifferent to democracy. They do not believe that the world can be carried on in any other way or by any other class than it has been for centuries.

Diplomacy is not frank. It breeds distrust.

Even its language is a language of its own. In a crisis it is likely to be misunderstood. It is used to escape responsibility, often to be susceptible of conflicting interpretations. Wars have been due to the temper and the personal intrigues of diplomats.

In recent years diplomacy has become an agency of business, of economic penetration, and financial imperialism. It induces weak countries to buy machine-guns and battle-ships as a condition to the lending of money. It aids bankers and concession seekers. It promotes the closed door and discriminations. The Foreign Office of Germany was merged with the Krupps, the Deutsche Bank, and the industrial groups of the country. The negotiations of the Powers over the Bagdad Railway, over concessions and loans in Morocco, Egypt, and Turkey, the penetration of the Powers into China, and the disputes over South Africa were all interwoven with the activities of the big business interests of the European countries which frankly recognize the economic character of present-day diplomacy.

Secret diplomacy, private diplomacy, irresponsible diplomacy, is an anachronism. It is

a menace to the world. It is the most unprotected spot in democracy. In the United States it is a political affront. There is no reason why we should adjust ourselves to the survival of dynastic traditions and compromise ourselves with the class relationships of mediæval Europe.

For even we have class diplomacy, the diplomacy of business. Our foreign representatives are successful merchants, bankers, corporation lawyers. They seek a foreign post for social recognition. And they carry to their posts not only a lack of training, of knowledge, and of language, but what is far more dangerous, they carry the attitude of mind of the class from which they come.

Diplomacy should be public and open. It should be responsible to Parliament and Congress. There should be the fullest discussion of foreign engagements and treaties. There are objections to such publicity, it is true. There are many matters which it would be easier to dispose of in executive session. But whatever the objections, they pale in comparison with the evils of secrecy and the disposal of the foreign relations of a great state by an appointee of the

Executive, whose method of selection is either by birth or as a result of an election which turns not on foreign relations but on some accidental issue that happens to be before the nation.

## CHAPTER XXVII

### THE NEW INTERNATIONALISM

In the opening chapter the new economic internationalism, which has changed the face of the world during the last fifty years, was described as the ultimate background of the war. It came into conflict with the narrow nationalistic conception of the state which controls the foreign ambitions and policies of the greater Powers. As was there stated:

“Our ideas of the state are still those of earlier generations. We trace the limits of a state as they appear on the map. We think of England, France, Germany, Russia, and Austria-Hungary as confined within eighteenth-century borders. This was the Europe of yesterday. It is not the Europe of to-day. States have burst their political confines. They live outside their territorial boundaries. Their economic interests are as wide as the world. Their foreign connections are only less vital to their lives than their internal affairs. Nations have become international. Their wealth is scattered all over the world. Their life is interlaced with the life of other states. And the sovereignty of states has gone out with

their wealth to the most distant parts of the world. It has penetrated into every continent and to every sea.

“The outside connections of states are as sensitive as the old national boundaries. Trade, shipping, and finance have interlocked the divided world into a world-state. But the old political concepts remain. The new is in conflict with the old. Any threat to economic connections or distant relations is immediately registered in the Foreign Office. It becomes a matter of diplomacy. The existence of a nation may be threatened by failure to safeguard economic connections. That is one reason for war. The world we assume to exist has passed away. The rulers of Europe, trained in the old nationalism, met this economic change by imperialism. They could only think in imperialistic terms. They viewed distant territories as they viewed their lands at home. They keep other Powers out. That is the way rulers had done for hundreds of years. That was the only way the ruling classes, for the most part still feudal, knew how to adjust the old nationalism to the new internationalism. The need of food, of raw materials, of markets, of opportunities for trade, of strategic routes and harbors, could only be secured by possession.”

The French Revolution destroyed the old régime. It was a régime of privilege, monopoly, caste, and the subordination of classes and in-

dividuals to the ruling aristocracy. It also destroyed the endless restraints and restrictions which confined classes, groups, individuals, and all industry. There was no freedom, either political or economic, and there was no belief in freedom. Individuals were born into a caste from which they might not emerge. Everything was fixed by laws and traditions in the interest of the old aristocracy. The economic life was restricted and regulated as minutely as were persons. There were tariff barriers within and without the country; there were monopolies of food, of the highways, of the grinding of flour and the making of wine. All life was interlaced with privileges of every kind to industry, to agriculture, to the professions. The assumption was that the state, the peasant, and the worker belonged to the ruling class to do with as it liked.

For hundreds of years the ruling classes had been creating one privilege after another; burdens had been added to burdens and regulations to regulations until the workers and the peasants had become little better than beasts of burden. Such was the feudal régime against which Rousseau, Diderot, Turgot,

and Quesnay protested. Such was the régime which the French Revolution on the continent and the writings of Adam Smith, and the idealism of Cobden and Bright in England forever shattered. And the freeing of the world from the constrictive laws and regulations made possible the marvellous advance which followed.

During the nineteenth century the feudal idea of the state was applied to the outside world. It was treated as a private possession. It was constricted by the idea of exclusive possession. Now, in the twentieth century, a war-weary world waits on another renunciation of privileges, monopolies, spheres of influence, and the limitations which the greater Powers have imposed upon the world. It waits on the renunciation of imperialism, on the ending of control of other peoples' lands, of trade routes, of strategic points and harbors, of tariffs, of trade, of commerce, of the relations of peoples. The twentieth century calls to freedom in international affairs as the nineteenth century called to freedom in domestic affairs. And just as the release of continental Europe resulted in the freeing of ability and talent and awakened the marvellous develop-



ment of the past century, so the freeing of the world in its international relations will lead to a similar development of nations, races, and peoples.

This new freedom in international relations should include:

*One*, the freedom of the seas and the water and land routes of trade and commerce in every portion of the earth.

*Two*, freedom of markets, of trade, of commerce and the substitution of the open door for spheres of influence and preferential tariffs in all exploited territories and especially in Africa, Asia, and the islands of the Pacific.

*Three*, free and equal access to raw materials in all dependent and subject territories.

*Four*, equality of opportunity of investment, of development, of "exploitation," and of economic contact with backward peoples and the protection of such peoples by international agreement through a tribunal pledged to equality of opportunity and the safeguarding of the subject world from oppression.

*Five*, and most important of all, the razing of all tariff barriers and the adoption of free trade by all of the greater Powers.

To Richard Cobden free trade would end wars. It would weaken the nationalistic chauvinism that for fifty years has gone hand in hand with militarism in all of the great Powers.

Peace should recognize that the old narrow nationalistic order is gone. Nations are no longer local territories, places upon the map. They are interrelated with the whole world. Their food and their raw materials, their goods, their wealth, and their ships are scattered on every sea. The life of the modern state is dependent upon free contact with other peoples.

All this should be recognized. Previous peace congresses were inspired by the old dynastic, imperialistic, restrictive idea. They distributed the world in the interests of the ruling classes. There was no concern for little states, for subject peoples. There was no thought of freedom, liberty; equality of opportunity. Rather the motive was monopoly, privilege, exclusive possessions. The peace which is to come must end this old order as the French Revolution ended the old order in the internal life of Europe. It must free the world from the idea that peace is possible

with might. It must be a "Pax Economica" which frees trade and commerce, the sources of raw materials, and the waterways of the earth, and opens them up to all on equal terms.

A peace inspired by such ideals would be so just it would live by its own justice. It would enforce itself as does a just contract. An imperialistic peace, on the other hand, will lead to imperialistic controversies just as it has in the past, for injustice always leads to conflict. It cannot be otherwise. Should a league to preserve the peace be created, its burdens would be greatly lightened under such a peace. The controversies to be adjusted would be negligible in comparison with the maintenance of a world divided among the greater Powers. And such a division of the world cannot endure. It ought not to endure. It is merely a "Pax Romana," however disguised under high-sounding names it may be.

Moreover, a peace with freedom would make disarmament easy. There would be nothing to call peoples to arms if the world were open to all on equal terms. It would not then be necessary to maintain great navies to protect imperialistic possessions and investments if they

do not exist. The trade, commerce, and activities of the world would move freely if the world were free to receive them.

Economic and political freedom will do to the twentieth century what the French Revolution did for the century just closed. It will stimulate the production of wealth. It will promote trade and commerce. It will encourage friendly relations. It will redound to the material profit of the greater states as well as the lesser ones. This has always been the result of the ending of privilege, of the razing of tariff walls, of the ending of monopoly in any form.

Such a peace would be supported by the moral forces of the world. It would have the support of democracy, of the small nations and of a world-wide public opinion that will be of great force in the years to follow.

Such a peace should be stated in simple terms. There should be no weasel words to lead to controversy. There should be no secrecy about it. It should be open and public. There should be guarantees that no subsequent engagements would be entered into by individual nations to violate its terms. And

the treaty should be given broadcast to the world. It should be known to the peasant and the worker. Every appeal should be made to public opinion to support it. And public opinion is a great force in international relations when the facts are known. Even to-day the Powers are seeking to satisfy the neutral world as to the propriety of their violations of other peoples' territories, while in the face of the most grim necessities Switzerland, Holland, and Denmark have been protected against occupation. They have known no foreign troops. The three-mile limit on the high seas is observed. There are no naval battles within it. There are many instances of international freedom and equality, and they have made for peace in the main. There is still much sacredness about neutral soil and there would be far greater sacredness about free soil.

A peace designed to make the world free involves a new diplomacy, a new kind of congress of nations, a new attitude of mind on the part of those who rule. It means an end of imperialism, the recognition of the principle of self-determination; it means that all states,

great and small, shall be encouraged to develop their institutions unmenaced by any other Power. It means that economic internationalism shall be extended to the world, and that those principles which we accept as the guiding rule of individual development shall be applied to states, races, and peoples as well.

Such a peace means that the doors of the peace congress shall be open, that the discussions shall be public, that small states shall have full and adequate representation of their own choosing. It means that the old secret diplomacy shall be abandoned, and that the world shall no longer be parcelled out as it was by the treaties of Vienna and Berlin. It means that the contribution of all peoples shall be encouraged, that free trade shall be promoted, that the seas and waterways to the seas shall be free. It means that a congress of peoples will seek to end wars by ending the cause of wars. For we are beginning to see that previous peace congresses laid the mines of war in the dishonest arrangements which they made for the power and profit of those who rule.

With principles such as these animating a

peace conference, a true congress of nations would be possible; a congress inspired by the doctrine of equal rights for all and exclusive privileges for none. It would be a congress interested in recognizing right rather than might, in the redemption of waste places, the reclamation of exploited lands, the development of the world's resources. It would be a congress dedicated to the remaking of a civilization which for twenty centuries has been subject to the greed and power of the ruling classes of the earth. Such a congress would be interested in advancing the culture and civilization of the world rather than the promotion of the ambitions of the greater Powers or the ruling classes within these Powers. Such a peace would be a peace of idealism, of democracy, of liberty. It would be a peace that would survive by its own justice, and justice is the most enduring sanction that can be invoked in the world.



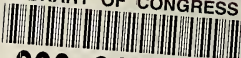








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