

Activities - Summaries

Anatolian and Baghdad Railways: Investments and Foreign Policy Before the Great War Boris Barth

- a. International Financial aspects: From the financial point of view, the construction of the Anatolian and Baghdad railways involved initially entrepreneurial high-risk yet potentially high-profit ventures. The enterprises were led by the Deutsche Bank, but from the very beginning in 1888/89 until 1911/12 French, Swiss, Austrian and other banks and industrial companies took part in financing and construction. Although in contemporary public opinion and sometimes even in historiography the railways were and are regarded as "German" undertakings, in fact they were directed by European bankers predominantly interested in making money.
- b. Railways and European foreign policy: After the turn of the century the Baghdad-railway project was discovered by the German public opinion and the German foreign office as a mean to extend German influence abroad, to build a German informal empire, and to control the shortest way to India. In connection with the German fleet building program these idea caused both vigorous diplomatic opposition against the "German" railways and wide-ranging contemporary political discussion and argument. The European financiers became involved in politics, which they regarded as an unwelcome side effect of their activities and the building of the Baghdad railway was stopped for the period from 1903 to 1908/09.
- c. East meets West: Banking, Industrialisation and Mentalities: In German diplomatic historiography the Ottoman Empire still is regarded as "kranker Mann am Bosphorus" ("sick man of Europe"). However, the nineteenth century was also an age of dynamic economic reform in Turkey, and the Ottoman Empire's decline was only relative compared with the pace of the industrial revolution in Europe. The Turkish railway buildings were part of a Turkish program to modernise the country and to close the gap between West and East. European bankers could draw profits from this modernisation program, but at least it failed mainly for political and not for economic or financial reasons.