JAMES WOOD COLT AND THE CHESTER PROJECT, 1908-1914

A Thesis

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by

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TABLE OF CONTENTS

ACKNOWLEDGMENTS iv

INTRODUCTION 1

I. The Origins of the Chester Project 5

II. Negotiation and Failure: 1910 17

III. Negotiation and Withdrawal: 1911 39

IV. The Final Attempts to Obtain a Concession: 1912-1914 59

CONCLUSION 70

BIBLIOGRAPHY 73
DEDICATION

To my grandparents.
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INTRODUCTION

American foreign policy toward the Middle East entered into a new era in 1909 with the appointment of Philander C. Knox as Secretary of State. Under Knox's Dollar Diplomacy, the United States Government departed from its traditional policy of non-involvement in the affairs of the Middle East and began to support actively American businessmen in their foreign enterprises.

The Chester Project of 1908-1914 was one of the ventures attempted by American businessmen under this new policy. The interested parties, headed by Rear Admiral Colby M. Chester, U.S.N. (Retired), incorporated themselves into the Ottoman-American Development Company in 1909. A few weeks later, two representatives of the Company were sent to negotiate with the Turkish authorities for a railroad-building concession. One of these men was Arthur Chester, a son of the admiral, and the other was James Wood Colt, a railroad construction engineer. After more than two years of negotiations strongly supported by the Department of State, the Ottoman-American Development Company withdrew its application for a concession on December 11, 1911—the day that its bill was to come up for discussion in the Turkish Parliament with its success seemingly assured. So great was the sting felt in Washington by the Company's action, that the American Government returned to its old policy of non-involvement.
Assessing the businessmen's decision, Leland Gordon claims that had the men of the Ottoman-American Development Company lived up to their commitments and succeeded in securing the concession in 1911, "the whole course of Turkish-American relations would have been altered. Having supported the Company in obtaining the concession, the Government would have been compelled to continue its support and thereby would have been drawn into the whirlpool of Old World imperialism."¹

In spite of the Department of State's volte-face in policy, the Ottoman-American Development Company attempted once more to negotiate a concession with the Turkish Government. Failing at that attempt, James Colt and a few others made a last try for a concession under the name of the Ottoman-American Exploration Company in 1914. Denied support from the Department of State, the matter subsided until after the end of World War I.

Summing up the Chester Project of 1908-1914, John A. DeNovo notes that it not only "exposed America's lack of sophistication in the international politics of Asia Minor," but the evidence showed incompetence on the part of the Project's negotiators.² Professor DeNovo's short history of this affair has given


² John A. DeNovo, American Interests and Policies in the Middle East, 1900-1939 (Minneapolis, Minn.: The University of Minnesota Press, 1963), p. 86.
Arthur Chester a cursory hearing. Little is said about the other negotiator, James W. Colt.

Born in Geneseo, New York, in 1858, Colt remained there with his family until about 1878 when he journeyed west to Colorado and began to work in railroad construction. He soon left Colorado and went to St. Paul, Minnesota, where he joined his uncle, D.C. Shepard--one of the leading railroad builders in the West. In the early 1880's, Colt became a partner in his uncle's contracting firm of Shepard, Selmes and Company, and supervised the construction of a large part of the Great Northern, Northern Pacific, and The Chicago, Milwaukee, St. Paul and Pacific railroads.

By 1890 or 1891, he had amassed a small fortune, and, leaving his uncle's construction firm, he returned east to live in Geneseo. There he enjoyed living in the country and following his interest in horses. He continued periodically to undertake railroad construction jobs, however, and set an American track-laying record sometime in the 1890's.  

3 Between 1890 and 1909, he became well-known in horse-racing circles in America and in Europe. The record does not show that Colt was successful in running his animals in England and France, but his horses won the American Grand Steeplechase.

three times.\textsuperscript{4} In August, 1909, The New York \textit{Times} announced that Colt was temporarily retiring from horse racing to "devote all his time and energy to a big railroad building contract he has secured in England," and that he was not expected to be gone more than a year.\textsuperscript{5} If this was a ruse, its reason is not apparent. Perhaps the newspaper was misinformed. In any case, he was in Turkey for the Ottoman-American Development Company just a few months later. Colt's temporary retirement was to last longer than the year forecast in the paper. For the next four and one-half years, he was to be engaged actively in trying to secure a concession to build railroads in Turkey.

Colt's initial connection with the Chester Project is not clearly indicated in the records. What evidence there is shows only that he may have become associated with the venture by August, 1909, and that he was hired probably because of his outstanding experience in railroad construction. He was also known to be an "able negotiator"\textsuperscript{6} and was apparently well-liked. In the light of Professor DeNovo's statement regarding the competence of the Project's negotiators, it is only Colt's due to examine his record with the Chester venture.

\textsuperscript{4} The New York \textit{Times}, February 14, 1941, p. 23.

\textsuperscript{5} The New York \textit{Times}, November 19, 1909, p. 9.

\textsuperscript{6} Franklin Remington, \textit{Brain and Brains: The Adventures of an International Contractor} (Boston, Mass.: Bruce Humphreys, Incorporated, 1943), p. 131.
CHAPTER I

THE ORIGINS OF THE CHESTER PROJECT

By the turn of the twentieth century, the tariff barriers raised by the industrializing nations of Europe which sought to protect their growing industrial interests, had succeeded in exacerbating their trade with each other. In an effort to expand more easily their export trade, they turned to Turkey where the duties were nominal because of the capitulatory treaties between that country and the European states. In 1900, America also was industrializing, and it, too, was beginning to turn towards the Near East in an effort to expand its markets.\(^7\)

In that same year, Admiral Chester—then a captain in the United States Navy—first visited Turkey while on a mission for his government. Although the mission had nothing to do with trade, its results, coupled with those of subsequent events, were to lead to the trade-seeking venture which would pull James W. Colt from his idyllic life in Genesee.

Chester's first visit to Turkey began one day in December, 1900, when he steamed into the harbor at Smyrna, with his ship, the USS Kentucky, cleared for action. Sailing to within a few

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\(^7\) Gordon, pp. 141, 154.
hundred yards of the seawall, he dropped anchor and aimed the ship's guns toward the city. Soon, panic-stricken residents of Smyrna, with animals and baggage, clogged the roads leading into the countryside. 8

The dramatic arrival of an American warship in Turkish waters was designed to awe Sultan Abdul Hamid II into signing a contract for the purchase of a warship from the Cramp shipbuilding firm of Philadelphia. The price of this ship included the amount of an indemnity owed by the Ottoman Government to American missionaries for property losses sustained in the Armenian massacres of 1896. The presence of the Kentucky moved the Sultan enough to invite the ship's officers to make a friendly call at his palace. Abdul Hamid's hospitality included a banquet during which Captain Chester and the American Charge d'Affaires, Lloyd Griscom, sat on either side of the old despot. The evening proved to be an amiable one, and a few days later, the contract for the warship was signed. In addition to settling this matter, the Sultan entrusted Chester with a confidential message to President McKinley informing the President that the prospects were good for American nationals to


In 1906, C. Arthur Moore, Jr., went to Syria in the company of a Mr. Homer Davenport who wished to buy Arabian horses. Moore soon left Davenport to his horse-dealing and struck out on an excursion of his own through the country around Aleppo. Accompanied only by a guide and some pack-animals, he traveled east from Aleppo, crossed the Euphrates River, and continued on to Diarbekir—a total distance of about 180 miles.

Along the route of his journey, the young American noticed that the area produced abundant crops and that a great number of people worked the land. He also noted that there were only the primitive means of camel and ox-trains to transport the land's yield to market and to distribute goods through the countryside. By now, harboring the idea of building a railroad through this area, and encouraged by the American consul at Aleppo, Moore continued his exploration of the country by traveling west from Aleppo and following the Orontes River down to its juncture with the sea.
Moore returned to the United States full of enthusiasm and disclosed his idea to his brother-in-law, Colby M. Chester, Jr.—then the treasurer of the railroad supply firm of Manning, Maxwell and Moore. Moore's own father was president of this firm and thus possessed a high enough standing to procure financial support for the envisioned railroad. Together the two young men succeeded in convincing their respective fathers to consider the matter. The year 1907 was not considered a good year to undertake such a project, but in 1908 the business was thought ready to be launched when Admiral Chester visited Turkey for a second time. This time the mission concerned trade.¹⁰

At the time of Chester's first mission to Turkey to press American indemnity claims, certain officials of the United States government were already taking steps to create a lively commercial interchange between the two countries. Among these officials was Consul-General Dickinson in Constantinople who succeeded in initiating direct shipping between the Ottoman Empire and this country. Soon thereafter, he established the American Oriental Agency through which American exporters were able to display their samples, maintain a stock of staple goods, operate a model farm using American machinery, and receive cash payments upon shipment of their goods. In addition to this, the Consul at Harput,

Thomas H. Norton, organized the American Agency for Eastern Turkey in 1901 with the desire of aiding the introduction of American made farm machinery. Such activities as these were usually undertaken by men on the spot, but by 1908, the government in Washington was adding its weight to the desire for expansion of Turkish-American trade.

In 1907, Admiral Chester, who had recently retired from active service, was named by the Department of State as an alternate American delegate to the Ninth International Congress of Geographers which was to be held in July, 1908, at Geneva, Switzerland. Just a few weeks later, the Department gave him first place as the representative to this meeting and also named him as delegate to the International Waterways Congress at St. Petersburg. In addition to these appointments, he was given a mission by the Secretary of the Navy to collect some information of interest to the Navy Department while he was in Europe attending the Congresses.

C. A. Moore, whose son had envisioned a railroad for Aleppo in 1906, now asked Chester to look into the project. The record is unclear as to what immediately followed, but the upshot of Moore's request was that the Chamber of Commerce of the State of

11 Gordon, pp. 154-155.

12 Bacon to the Diplomatic Officers of the U.S. in Europe, April 8, 1908. p2 2793/11A; History of the Chester Project, p. 2.
New York issued the admiral a commission in May, 1908. The Chamber asked that upon his return from Europe, he furnish them with a report of any matters which would contribute to the promotion of American commercial interests in Asia and Eastern Europe. Chester received commissions as well from the New York Board of Trade and Commerce and the Boston Chamber of Commerce. For the final stamp of approval, he applied for and received the acquiescence of Secretary of State Root to lend the support of the American Government in any negotiations which might arise as a result of his journey to Turkey.13

Admiral Chester arrived in Constantinople in June, 1908. He was cordially received by Abdul Hamid and, in less than a month, was tentatively granted a concession to build a railroad starting at Alexandretta and continuing to and up the Euphrates River as far as he cared to go. In addition to this, the Sultan asked Chester that the American company, which would be formed to accomplish the work, undertake as well to build all the public works of the Ottoman Empire. Abdul Hamid's only stipulation was that the company should take entire charge of the job and fulfill its contracts. Chester was promised that the necessary papers would be ready for his signature when he returned to Constantinople.

13 Extract from "Community of Interests," an article written for the New York Sun, enclosed with a letter from Admiral Chester to C. M. Chester, Jr., September 24, 1920, in Chester MSS. Also in History of the Chester Project, p. 2.
from the Congresses in Geneva and St. Petersburg. He left Turkey on July 23, 1908.\textsuperscript{14}

On that very day, the Young Turk Revolution was announced with the ultimatum to the Sultan calling for the restoration of the Constitution of 1896. Abdul Hamid on July 24 issued the irade proclaiming its restoration and authorizing elections to the second Turkish parliament. The downfall of the Sultan's despotism brought jubilation to the Turkish cities. Christians and Muslims openly embraced in the streets, and men as well as women laughed and wept in intense emotion. To Admiral Chester, the proclamation of the constitution meant that his concession was gone and would have to be re-negotiated with the new regime.\textsuperscript{15}

Although the record does not show when Chester returned to Constantinople, it is apparent that he was there in October, 1908. The result of a letter from C. A. Moore to Secretary Root, pointing out that the Admiral's continued presence in Turkey would be of the "greatest value to American interests in general," was an extension of Chester's mission by the Navy.\textsuperscript{16}

\textsuperscript{14} Chester MSS, \textit{ibid.}; Woodhouse, p. 955.


\textsuperscript{16} Moore to Root, October 14, 1908, DS 16251; Secretary of the Navy Metcalf to Root, Octob34 22, 1908, DS 16251/1.
During this time, he continued to send favorable reports back to America, and he was soon joined by his son, Arthur Chester. Together they enjoined the aid of the American embassy in endeavoring to secure a concession for the railroad between Aleppo and the sea, a telephone system in Constantinople, and other enterprises. The admiral was still in Turkey with Arthur in May, 1909, when the Navy considered recalling the former for a different assignment. By August, Arthur Chester was in Turkey alone.

The Chesters were not the only American interests applying for railway concessions in Turkey, however. In May, 1909, Dr. Bruce M. Glasgow, representing J. G. White and Company of New York and London, had approached the Parliamentary Deputy from Erzurum--Dr. Garegin Pasdermadjian--with the idea of building a railroad without a kilometic guaranty. The plan was for the Ottoman government to grant instead to the concessionaires the right to exploit any mines, existing or yet to be discovered, lying in a zone of twenty kilometers on either side of the railroad line. Pasdermadjian presented this idea to the Ministry of Public Works where it was accepted. Informed of the Ministry's decision, Glasgow came to Constantinople on July 6, 1909, and presented his application for a railroad.

17 "Community of Interests," p. 8; Einstein to Department, August 27, 1909; DS 5012/25-26; Memo from Office of Chief Clerk, Department of State to Wilson, May 11, 1909, DS 667.1115/2; Arthur Chester to Admiral Chester, August 1, 1909, Chester MSS.
Soon thereafter an agreement was reached between Glasgow and the Turkish authorities whereby J. G. White was allowed sixteen months to examine the possibilities of building a railway from the city of Sivas to Van passing through Harput, Arghana, Diarbekir, and Bitlis with a branch from a point between Diarbekir and Van to Mosul, Kirkuk, and Sulaimaniya. Another branch was to go from the main line to Youmourtalik on the Mediterranean Sea. The track was to be narrow-gauge and the concessionaire was to receive no financial assistance from the Turkish Government. Instead the White firm was to have a twenty-year exclusive concession of the railroad and a non-terminable right during the duration of the whole concession to exploit any minerals found within twenty kilometers of either side of the line with the first fifteen years being free of any payment of royalties for minerals to the government. The only other stipulation was that the firm must complete the line in eight years. The matter was submitted to the Chamber of Deputies on August 16, 1909.

Arthur Chester had gotten wind of this by August 1, and on the 13th, he offered to build the same railroad, only with standard gauge. In addition, Chester wanted only a ten kilometer zone for exploiting mines and he offered to pay royalties the whole duration of the concession. The Ottoman Government was besieged
with other offers as well, and the Turks decided to put the
business up for bids. 18

In the ensuing battle between the White and Chester interests
for the Turkish favor, Arthur Chester did not endear himself to
American Embassy officials. Louis Einstein, United States
Charge, knew that he was being accused of partiality even though
he had presented Chester to the Sultan and in the presence of both
had disclaimed any favoritism except the hope that an American
company receive the concession. On August 29, Chester wrote his
father that he was sure that there was a plot involving White,
Einstein, and the Germans to keep the Chester Project from reaching
the sea. Furthermore, he believed that E. C. Converse, a director
of the United States Steel Corporation and one of the Project's
financial backers, was also in on the plot because his son-in-law
was a German officer. The younger Chester wrote that he was in
such a state of mind as to be "almost" a mental wreck. Pleading
for support from home, he closed by remarking that without the
backing in New York, he would have to bury himself "in a lonely
island away from mankind." 19

18 "Project of a Railway System in Anatolia with Mining Con-
cessions," by G. Pasdermadjian, Colt papers; Exposé de Motifs
Addressed by the Public Works Department to the President of the
Board of Ministers, January 22, 1923, DS 867.602 Ot 81/386; Ein-
stein to Department of State, August 27, 1909, DS 5012/25-26.

19 Einstein to Department of State, August 27, 1909, DS
5012/25-26; Arthur Chester to Admiral Chester, August 29, 1909,
Chester Family MSS.
Oscar Straus arrived in Constantinople on September 18th to begin his third mission as Ambassador to Turkey, and quickly joined with Einstein in expressing the Embassy's fears that the White-Chester competition would succeed only in defeating both companies. Chester ignored their warnings, and on September 16, Einstein wrote the new Secretary of State, Philander C. Knox, that the Chester interests had stopped the White Company from obtaining the concession. The Chester's success was evidently attained for a cash settlement with the White representative, Dr. Glasgow. Arthur Chester was on his way home to New York by September 24, 1909.  

On November 5, the Chester Project was incorporated under New Jersey law as the Ottoman-American Development Company (QADC) and five days later Chester assigned all the rights and benefits that he might have attained from the Turkish Government to this company. James L. Laidlaw, a New York Banker, signing himself as the president of the new company, sent a letter to Knox on November 24, notifying him that the QADC had been formed to obtain concessions in Turkey; particularly one for a railroad. Those principally interested in the affair were: C. A. Moore, E. C. Converse, Admiral Chester, MacArthur Brothers Company (a

railroad contracting firm), The Foundation Company (a general contractor), and Laidlaw's banking firm. Laidlaw noted that the Ottoman Government was desirous of encouraging American investment in Turkey, and that two representatives of the company--Arthur Chester and James W. Colt--were at that moment on their way to Constantinople to continue negotiations. 21 Colt's peaceful life in Geneseo had ended. An adventurous interlude in Turkey was beginning.

21 History of the Chester Project, p. 3; Articles of Assignment from Arthur Chester to the Ottoman-American Development Company, Chester Family MSS; Laidlaw to Knox, November 24, 1909, DS 5012/31-32.
CHAPTER II

NEGOTIATION AND FAILURE: 1910

The representatives of the Ottoman-American Development Company arrived in Constantinople bearing letters of commendation from various important New York financial institutions. These letters, intended to impress the Turkish officials with the project’s backing, came from such people as the President of the United States Steel Corporation, W. E. Corey; Alain W. Krech, President of the Equitable Trust Company of New York; D. E. Pomeroy, Vice-President of the Bankers’ Trust Company; J. P. Morgan and Company, and James J. Hill, President of the Great Northern Railway Company. The latter recommended Colt as being of good character and having “a full and complete knowledge of railway construction.”

In the meantime, the company officers in New York were apprising the Department of State of the project’s financial strength and asking for diplomatic support of their venture. Knox answered that the administration was happy to encourage Americans in their enterprises in Turkey, and that Ambassador

Strauss had been notified to extend his appropriate offices to bring together the company's negotiators and the Ottoman authorities. Beyond this the GADC would have to rely on its own abilities to gain the concession. The ambassador, according to policy restrictions, could not request the Turks to grant it. 23

The Ottoman Charge in Washington, Rustem Bey, added his own bid to that of the company for the Department's support. On December 20, Rustem Bey wrote Knox requesting him to say officially "that the composition of the Ottoman-American Development Company was such as to command the thorough confidence of the Imperial Ottoman Government both as regards the general business standing of this concern and its ability to carry out any contract to which it would put it signature." Knox did some quick checking on the GADC through R. G. Dun and Company, 24 and in a few days replied to Rustem that the Department was "amply assured" that the men behind the railway project were of such standing as to warrant the "complete confidence" of the Turkish Government in the success of any ventures the company might undertake. He also pointed out that the placing of a railroad-building contract with "a responsible American company" would "have a happy effect upon all phases of

23 Laidlaw to Knox, November 24, 1909; Knox to C. A. Moore, December 8, 1909, DS 5012/31-32.

24 R. G. Dun and Company was a mercantile agency part of whose function was to investigate the credit standing and financial responsibility of companies and individuals. It was the forerunner of today's Dun & Bradstreet.
of the relations between the United States and the Ottoman Empire."
The Secretary's reply was a strong recommendation of the OADC, but avoided the official notice of support desired by the Charge.25

In early March, 1910, the Department of State received word from Constantinople that Colt and Arthur Chester had succeeded after three months of negotiations in concluding a preliminary contract for the railway with the Ministry of Public Works. The preliminary contract gave the Ottoman-American Development Company sixteen months from the date of the contract's ratification in Parliament to make surveys of the contemplated railway routes. The Company deposited LT 20,000 (about $88,000) in a Constantinople bank to be forfeited to the Turkish Government if the surveys were not completed.

At the end of the survey period, if the Americans decided not to build the road, then the results of the studies were to be turned over to the Ottoman Government. On the other hand, if they did decide to build the road, then they must agree to build, at least, a railroad running from Sivas to Diarbekir and from some point on this line to the Mediterranean. The routes being considered by the OADC were from Sivas to Van via Harput, Diarbekir, and Bitlis; an embanchment extending from a point between Diarbekir

and Bitlis to Sulaimaniya via Mosul and Kirkuk; another embran-
chment from Diarbekir to the Mediterranean Sea at either Youmou-
talik or Suedie near the mouth of the Orontes River. The choice
for this terminal rested with the Ottoman Government. The rail-
road was to be of standard gauge, and there was to be no aid in
the form of a kilometic guarantee. To overcome the difficulties
of financing the construction of the railroad, the Americans were
to be granted their concession for a ninety-nine year duration
with the right to exploit all mines, working or yet undiscovered,
located within a distance of twenty kilometers on each side of
the railway line.  

The business had yet to go before the Council of Ministers
and then to the Parliament for confirmation, but the signs were
hopeful. The Minister of Finance, Djavid Bey, along with the
Ministry of Works, some of the leading members of Parliament,
and the "reigning Party of Union and Progress," were all said to
be in favor of granting the concession. It soon became evident
that the oriental art of bargaining was going to be a necessary
tool to gain the Ottoman-American Development Company a railroad.
The bargaining points were four goals of the Turkish Government:

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26 Report on Ottoman-American Development Company, by J. W.
Colt, item No. 26, James W. Colt papers; Exposé de Motifs
addressed by the Public Works Department to the President of
the Board of Ministers, January 22, 1923, DS 867.602 Ot 81/386;
James to Knox, April 1, 1910, DS 867.602 Ot 81/13.
an increase of the Ottoman tariff from 11 to 15 per cent; the purchase of American-built warships to counter-balance new additions by Greece; loans to bring Turkey out of her financial straits; and America's abandonment of some of the capitulatory privileges, especially Article Four of the Turco-American Treaty of 1830 providing the right of forum to Americans accused of criminal acts.  

On March 7, Ambassador Straus informed the Department of State that "a liberal authority to negotiate about article four will greatly aid in passing the concession through Parliament and help in all other commercial matters." He also mentioned that, with the QADC's preliminary contract past the Ministry of Public Works, he was planning to be absent from Constantinople for five weeks to see former President Roosevelt in Egypt and then planned to call at consular posts. Straus would keep "in constant touch with affairs" at the Embassy during his trip.

Assistant Secretary of State, F. M. Huntington-Wilson, accepted the news of the Ambassador's departure as a sign that the granting of the concession was assured. Yet he was disturbed by an Associated Press dispatch from Constantinople exposing the fact that there was a great amount of opposition to the

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27History of the Chester Project, Department of State, Division of Publications, Series C, No. 52, Turkey, No. 10, p. 4; DeNovo, pp. 66-67. Professor DeNovo writes that the raise in duties desired was from 7 to 11 per cent.
railway project in the Council of Ministers. He wondered if Straus' absence would hurt the chances of the OADC. Expressing these views in a telegram to the American Embassy in Constantinople, Wilson directed the people there to "report on the situation and exert every effort for the prompt granting of the concession, which is of unprecedented importance commercially to the United States." As far as the matter of Article Four was concerned, the Embassy was given leeway to tell the Turks only that the United States Government was ready "to reconsider the question in the most sympathetic spirit." America was, however, willing to agree to a raise of four per cent in Turkish customs duties the moment that the concession was granted. The Department of State was becoming involved in gaining the OADC a railroad.  

Throughout the remainder of March and into early April, hopeful news continued to pour into Washington from Constantinople. The delay in completing negotiations with the Council of Ministers seems to have resulted from the involvement of the Ottoman officials with the visiting kings of Serbia and Bulgaria as well as a conflict between the OADC's proposed route in Syria and the route proposed by the Germans in the Baghdad Railway scheme. Admiral Chester, then in Turkey with his son and Colt, wrote that the company was hopeful of beginning work by the end  

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28 Straus to Knox, March 7, 1910, DS 867.602 Ot 81/- Wilson to American Embassy in Constantinople, March 12, 1910.
of April. C. A. Moore was already having a survey made of the
route from Aleppo to Alexandretta, but it looked as if the
Minister of Public Works agreed with the admiral on the matter
of Suedia rather than Youmourtalik or Alexandretta as being the
best site for a southern terminus to the railroad. The Department
was also informed that Colt and Chester had applied to build and
operate a route from Sivas to the port of Samsun on the Black Sea.
All in all, the Chesters considered that good progress was being
made and they were pleased with the attitude expressed by the
Turkish Government. The State Department continued, for its part,
to move the Turks into action by promising to acquiesce in the
increase of tariffs. 29

On April 7, Wilson received a letter from the vice-president
of the Ottoman-American Development Company, John R. MacArthur,
requesting that he and C. A. Moore, Jr. be granted an interview
at the Department. Assent was given and the two men quickly came
to Washington. The matter on their minds concerns reports from
Chester and Colt that the Turkish Government had been informed of
a connection between the OADC and the Standard Oil Company.
MacArthur had gone to see Rustem Bey in Washington, probably to

29 Admiral Chester to Wilson, March 15, 1910, DS 867.6020 Ot
81/7; Straus to Knox, received March 16, 1910, DS 867.6020 Ot
81/4; Wilber J. Carr to Jackson, March 30, 1910, 867.6020 Ot
81/6; James to Knox, March 26, 1910, 867.6020 Ot 81/6; Telegrams
between Straus and Department, April 5 and 6, 1910, 867.6020
Ot 81/10-11.
sound him out, and had received a cool reception. The Ottoman
Charge asked him squarely whether or not the QADC was associated
with Standard Oil. MacArthur answered in the negative. Rustem
told him to report immediately to Constantinople that there was
no connection between the two companies, and cited the fact that
in Bulgaria the intimation of a connection with Standard Oil had
been enough to defeat the efforts of another group. Upon hearing
all this, Wilson promptly advised the Embassy in Turkey to
"discretely" make known the fact that Standard Oil had not interests
in the Ottoman-American Development Company. 30

On May 12, Ambassador Straus informed Knox that the Grand
Vizier had been withholding the railway matter from the Council
of Ministers for ten weeks, and that Chester and Colt, with whom
he had been in frequent contact, were under the impression that
the opposition emanated from the German Embassy. Hakki Pasha in
the meantime had informed Straus that there were no political
reasons for the delay, but that the Albanian insurrection and
other affairs of the Empire were absorbing the Government's time.
The Grand Vizier also pointed out that a Belgian group had entered
into competition with the QADC, and that in ten days time he would
hand over to the Council of Ministers a report favoring one

30 MacArthur to Wilson, April 6, 1910, DS 867-602 0t 81/8;
MacArthur to E. E. Young, April 9, 1910, DS 867-77/67; Wilson to
Embassy in Constantinople, April 9, 1910, DS 867-602 0t 81/10A.
company or the other. Straus countered by holding out the possibility of a loan to Turkey from America if the Chesters received the concession. The ambassador expressed hope for the American cause, but noted:

Turkey is so dependent upon the cultivation of good relations with the six great powers, who practically have in their keeping the political existence of the Empire, that should one or more of these Powers, as for instance Germany or Russia, strongly oppose, this would prove a serious, if not a definite, obstacle to the granting of such a concession. 31

The Department of State learned early in June that the railway matter had progressed through the Council of Ministers to the War Department and back to the Council where it was undergoing consideration. Any elation at this news was surely shaken by Straus' firm admission that the concession was meeting with strong opposition from the German Embassy on the grounds that the QADC would be competition for the Baghdad Railway. There was also the fact, plainly expressed by the ambassador, that the Germans were against America gaining any interests in Turkey. He held the belief, however, that if German opposition could be removed, the granting of the concession would follow.

The very next day, June 3rd, the Department of State instructed the American Embassy in Berlin to "make discreet but strong oral representations to the German Foreign Office

31 Straus to Knox, May 12, 1910, 867.602 Ot 81/15.
on the subject of the German opposition to our railway enter-
prise in Turkey." The Embassy was to appeal to the better
nature of the Germans by reminding them of the admission of
Germany by the United States into the Liberian Plan; the coopera-
tion of the two countries in China; and Germany's "open door"
policy in Persia. There was certainly enough room in Turkey
for both roads, and the two companies could come to terms. The
fact was also to be pointed out in Berlin that, failing German
cooperation and removal of opposition, the United States might
find it necessary to cooperate with other powers in Turkey. 32

A few days later, QADC headquarters in New York sent word
to Washington that Chester and Colt had been informed that
Marschall von Bieberstein, the German Ambassador to Turkey and
"the most forceful diplomat in Constantinople," 33 had organized
a special meeting with other foreign diplomats to persuade them
not to acquiesce in the four per cent tariff increase for Turkey
if the Americans received the concession. The Department acted
quickly, and on June 11th notified the American Embassy in Berlin
that the Embassies in London, St. Petersburg, Paris, and Rome

32 Straus to Knox, June 2nd and 3rd, 1910, DS 867.602 Or
81/17-18; State Department to American Embassy in Berlin,
June 3, 1910, 867.602 Or 81/18.

33 Oscar S. Straus, Under Four Administrations (Boston and
had been instructed "to sound those governments as to their feeling concerning American enterprise in Turkey and to affect such feeling favorably."  

On June 13th, the ambassador in Berlin--David Hill--sent a telegram to Washington stating that the Imperial German Government had told him that the opposition to the American railroad came not from the Foreign Office, but from those individual Germans holding interests in Turkey with which the OADC was said to conflict. The German Foreign Office further stated that if the Americans would approach these interests to bring about an understanding, the Kaiser's Government would use its influence to accomplish such a purpose. Hill went on to say that Arthur von Gwinner, Director of the Deutsche Bank and the moving spirit behind the Baghdad Railway, had paid him a visit. Armed with maps and plans of the American project which he showed to Hill, von Gwinner declared that the OADC was not really interested in building railroads, but was instead planning to control certain undeveloped oilfields with the goal of keeping oil from the market. At a luncheon with the Kaiser, Hill was informed by the German Foreign Minister, Baron von Schoen, to expect opposition from Russia.

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34 OADC representatives in Constantinople to Laidlaw, received June 6, 1910, DS 867.602 Ot 81/19; Knox to American Embassy in Berlin, June 11, 1910, DS 867.602 Ot 81/18.
but not from Germany if the Americans would modify their plans so as not to interfere with Teutonic interests in Turkey. 35

In spite of the assurances from the German Foreign Minister, the reports coming into OADC headquarters in New York and into the Department of State in Washington told a different story. Knox learned from Laidlaw that German opposition had persuaded Hakki Pasha to withhold the matter from Parliament. The German Ambassador claimed that the OADC plan conflicted with the 1907 Mining Law, and the American proposal had therefore been referred to a board of legal advisers.

Time was critical as Parliament was going to adjourn on June 28th. Chester and Colt were still of the persuasion that the concession would be confirmed before this time, and a note of optimism was sounded when Straus cabled the Department that two of the four members of the legal board had decided that the OADC plan conflicted with neither the Baghdad Railway nor the 1907 Mining Law. The other two members had not yet reported, but Colt and Chester were planning to have the Grand Vizier interpellated in order to force the submission of the concession to Parliament for action. This idea was dropped at the suggestion of pro-Chester deputies in Parliament who feared that an interpellation during the crisis over Crete would result in a change

35 Hill to Knox, June 13, 1910, DS 867.602 Ot 81/22.
in the Ministry. Straus refuted the assurances from the German Foreign Office when he reported that the British Ambassador, Sir Gerard Lowther, had told him of a conversation with von Bieberstein in which the German admitted to Lowther that he had opposed the concession in front of the Grand Vizier. Also, the Austrian Ambassador had verified German opposition and added that Austria would oppose the Americans, too.\textsuperscript{36}

In the meantime, reports filtered into Washington from London, Paris, and Rome. England and France expressed their friendliness to the American proposition, but the English said it would be difficult for them to support the Chesters actively as Britain was having troubles of her own with Germany over the southern route proposed by the Baghdad Railway. From Rome came the news that little help could be expected from Italy as it was interested in the mines included with the OADC concession, and would "trail along" with Germany and Austria.\textsuperscript{37}

Chester and Colt sent word on June 23rd to Washington through their New York office that Hakki Pasha was in open opposition to the mining feature of the concession and that, while they were

\textsuperscript{36} Two cables from Straus to Knox, received June 18 and 21, 1910, DS 867,602 Ot 81/27-28; Straus to Knox (37), June 29, 1910.

\textsuperscript{37} Bacon to Knox, June 15, 1910; Reid to Knox, June 16, 1910; Leisham to Knox, June 22, 1910, DS 867,602 Ot 81/25, 26, and 39.
doing all in their power to rectify this situation, the result was in doubt. By the 28th, there was no longer any doubt. Hakki Pasha refused to send the concession on to Parliament, and the matter was postponed until autumn. The Grand Vizier promised the OADC field representatives to take up their project again, but Chester and Colt felt it was futile as Hakki had suggested many amendments which would mean further delays. 38

A dispatch from Straus on June 29th perhaps allayed some of the sense of futility expressed by Chester and Colt. The ambassador was not surprised at the Grand Vizier's action. The Turks had even put the Germans off for five or six years, and the latter had paid as much as 150,000 Turkish pounds in bribes to Ottoman officials while the OADC had paid absolutely nothing in "bekhsheesh." According to Straus, it was apparent to him "several months ago" that the pro-German Hakki Pasha was against granting the concession. The Germans were willing to settle the Cretan question more in keeping with Turkish desires, and, in addition, had threatened to refuse the four per-cent tariff increase the Turks wanted. Straus found fault with the support offered by the Department of State pointing out that the United States should have sold Turkey a warship to offset the purchase of one by Greece from Italy. When Turkey had turned to America

38 Laidlaw to Knox, June 23, 1910 (43); Laidlaw to Knox, June 28, 1910.
in January, the State Department had been unwilling to seek the necessary authorization from Congress. The addition of a ship to the Turkish Navy would have allayed the threatened unrest in Crete, and would have placed the United States "in a stronger and more favorable position." Another matter was that of Article Four of the Treaty of 1830. Straus maintained that after "several months delay," the Department gave him an authority to negotiate that "was so limited and so circumscribed and tentative; as to be of no practical use. The dispatch expressed the hope that when Parliament reconvened on November 14th, the Cretan problem would have settled down enough for the concession to be passed in spite of German opposition. 39

The Ottoman-American Development Company was using the period between parliamentary sessions to prepare the ground for another attempt at obtaining the concession in the fall. On July 2nd, Admiral Chester wrote to his son, Clarence (C. M. Chester, Jr.), informing him that a majority of the parliamentary deputies of all parties favored granting the concession to the Americans. Halil Bey, President of the Union and Progress Party, had promised the Chesters and Colt to study the matter very carefully when Parliament reconvened and if anything in the convention made it difficult for the OADC to carry on, it would be changed. It is

39 Straus to Knox, June 27, 1910, DS 867.602 Ot 81/37.
not clear from the admiral's letter what was in the convention that would make it difficult for the QADC to perform its task, but Colt later wrote that the Grand Vizier favored the substitution of a kilometric guarantee such as the Baghdad Railway had been given. In addition he wished to give the QADC only the mines which belonged to the Ottoman Government and such other mines as the Americans discovered rather than what Hakki felt to be rights of monopoly in the mines located within the zone of the railway. In any event, Colt was to be sent into the interior to make a "hurried examination" in order to give the field representatives of the company enough data to argue their cause when Parliament met again in November.

The admiral's letter mentioned also that Straus had told him of a possible alliance between the QADC and Russia. It was thought that such an alliance would be advantageous to both the Chesters and the Russians. The company would gain a powerful ally and some more financial backing, while the Russians, by insisting that the Van-Sulaimaniya line be built only by Americans, would keep the Germans from taking over all of Turkey.  

The company officials in New York spent the summer in an attempt to reduce any opposition to the concession by Germany and

40 Admiral Chester to C. M. Chester, Jr., July 2, 1910, DS 867.602 Ot 81/40; article #27, Report on Ottoman-American Development Company by James W. Colt, probably autumn, 1910, James W. Colt papers.
to effect any agreement possible with the Russians. In July the OADC expressed a willingness to meet with the German interests and asked the State Department to arrange such a meeting in either September or October. By early August, the company had changed its mind about conferring with the Germans. The company representatives in Constantinople felt that the "German demands would be of such a nature as to deprive the concession sought for by the OADC of those substantial rights and privileges which are necessary to give the American concession the value required for its financial operation." 41

The proposed idea of a meeting with the Russians was kept alive, however, even though Ambassador Straus did not feel that a deal with them was practicable since there was general suspicion and enmity felt in Turkey for the Russians. The stake in any agreement between the OADC and Russia was the Samsun-Sivas route—"one of the richest sections of the Empire"—for which a French-Russian group was also attempting to obtain a concession. By August 9th, the Ottoman Minister of Public Works had informed Straus that the Turkish Government would build this line itself. Nothing more was said about conferring with the Russians. 42

41 John R. MacArthur to Department of State, July 28 and 29, 1910, DS 867,602 Ot 81/41-42; Straus to Department of State, August 4, 1910, DS 867,602 Ot 81/46.

42 Straus to Department of State, July 15, August 4 and 9, 1910, DS 867,602 Ot 81/38, 46, 49.
Straus' dispatch of August 9th relayed the news that the QADC had arrived at an agreement with the Minister of Public Works. Conditions looked promising for the company's success when Parliament reconvened. The ambassador was sure that, if the QADC was patient, Parliament would confirm the concession. However, Colt was in the field at that time surveying the proposed route, and his report would change the complexion of things.

Colt left Constantinople for Samsun on July 16th accompanied by two Turks and Mr. A. K. Ketchke, a German mining engineer. By araba (wagon) and on horseback, the small group crossed Anatolia from Samsun to Van searching for a feasible route for the railroad and investigating the possibility of exploitable mineral deposits. Colt was back in Constantinople by early September. He reported that the country generally was fertile and well watered, the inhabitants industrious and self-respecting. The lands along the projected railway were, unfortunately, lacking in mineral wealth. As for the railroad itself, Colt found that the type of construction demanded by the Government was "too good for the country." The copper mines at Arghana Maden would probably pay for the parts of the railroad that the QADC was "obliged" to build, but Colt advised against taking the concession as it stood. There was a good chance, Colt thought,
that if the concession was granted, the company would be able to secure the modifications necessary to "make it a workable tool." 43

Arthur Chester repeated the substance of Colt's report to Hoffman Philip, the Charge in Constantinople after Straus returned to America. Philip expressed the view that any attempts to modify the concession at that moment would injure the company's chances of success. Chester suggested four proposals which he thought were workable. The first proposal was to construct the line as originally contemplated except that the Ottoman Government should build the Samsun-Sivas route by means of a loan from the QADC. The company would build the remainder of the railway subject to no specifications except guarantees of safety and a speed of 35 kilometers per hour for trains between stations. The second proposal was to change the compulsory portion of the railroad from Suedia-Sivas to Suedia-Van as the former route would be advantageous to the Government-built route, but not to be the QADC. The other two proposals concerned the same routes, but with changes as to grading, radius of curves, mining rights, and gauge of the tracks. According to Philip, Arthur Chester seemed to favor a narrow gauge track for the railway. The Charge also expressed his surprise that the plans of the Ottoman-American

Development Company were not yet settled, and suggested that the State Department inquire into the company's plans. 44

C. M. Chester, Jr. and Colt showed up in Washington on November 1 to supply these plans to the Department. C. M. Chester, Jr. assured the Department officials that the company had assumed the whole time that modifications would be necessary, and that Arthur Chester's proposals had been discussed as "simply memoranda." These proposal did not "definitely represent" the company's attitude. The opinion was voiced, however, that with the Turks building the most profitable portion of the entire railroad, the OADC felt that some compensatory changes would have to be made. 45

In the meantime, the Assistant Secretary of State, F. M. Huntington-Wilson, had received a mission from the President to go to Constantinople for the purpose of saluting the new Sultan, Mehmet V, and to look into the American railway matter as well as the possibilities of increased Turkish-American trade. Wilson arrived in Turkey and found no one representing the Chester Project. Hearing about the proposed changes and fearing that the OADC might have proposed more than it wished to carry on, Wilson asked that a responsible person from the OADC come to Washington

44 Hoffman Philip to Department of State, October 14, 1910, DS 867.602 Ot 81/53.

45 C. M. Chester, Jr., Secretary, Ottoman-American Development Company to the State Department, November 1, 1910, DS 867.602 Ot 81/53.
and give a definite statement as to the company's line of action.46

Colt reappeared at the State Department on November 4 with John MacArthur. Colt stated that Arthur Chester's modifications were completely unauthorized by the company, and that the QADC had no intention of requesting a kilometric guarantee. Furthermore, the company would not suggest any modifications except those which might become necessary as the result of proposals initiated by the Turks. With the Samsun-Sivas portion of the road gone, the QADC felt justified in pressing for more liberal terms since this section of the line had been considered an integral part of the proposal.47

Wilson sent word from Turkey that the Minister of War, Shevket Pasha, had told him of the Turkish Government's decision to grant the concession subject to some changes. The Turks desired that the railway be narrow gauge rather than standard, and the exclusive mining rights were to be limited to government mines. The company considered these changes to be radical and wished to

46 Wilson to Department of State, November 2, 1910, DS 867.602 Ot 81/56; F. M. Huntington Wilson, Memoirs of an Ex-Diplomat (Boston: Bruce Humphries, Inc., 1945), p. 223.

47 Ades to Wilson, November 4, 1910, DS 867.502 Ot 81/56.
withhold discussion of the matter until Colt could get back to Constantinople.\footnote{Wilson to Department of State, November 5, 1910, DS 867.602 Ot 81/57; MacArthur to Department of State, November 9, 1910; DS 867.602 Ot 81/63.}

Colt arrived in Turkey on December 10, and had an interview with John Ridgely Carter, the Minister in Temporary Charge of the American Embassy. The situation was that Hakki Pasha, in a speech before Parliament, had voiced his opposition to the concession on the grounds of Article Four of the Treaty of 1830. Colt now requested authority to state to the project's friends in Parliament that this objection could be removed by the United States Government. The company, including Arthur Chester, would not discuss any changes in the proposal despite Colt's recommendations. On December 22, Knox cabled Carter to give the OADC representatives authority to say that changes could be made in the treaty.\footnote{Carter to Knox, December 20, 1910, DS 867.602 Ot 81/62; Knox to Carter, December 22, 1910, DS 867.602 Ot 81/61.}
CHAPTER III

NEGOTIATION AND WITHDRAWAL: 1911

The action of the Department of State in December seemed to dispose of Article Four as an obstacle to receiving the concession. A series of interviews held by Hakki Pasha with the representatives of the QADC in January, 1911, revealed, however, that the Grand Vizier had still further objections to the railway project: the matter of mining privileges and that of the Mediterranean terminal.

At these meetings, attended also by Carter and the legal adviser of the American Embassy, Mr. Schmavonian, Hakki Pasha pointed out that the provisions for mining privileges constituted a monopoly which would violate the Turkish mining laws requiring prospectors to take out licenses for each mine, and, further, would infringe the rights of those already holding such licenses. The Grand Vizier feared "endless litigation" would arise if the mining privileges of the QADC were not limited to Government mines. Mr. Schmavonian suggested that the Ottoman Government could grant the company one blanket prospecting permit for each province the railroad would cross. This would conform with the law and reduce the possibility of suits being filed. Schmavonian's
suggestion seemed to be acceptable to Hakki Pasha and he promised to take up the matter with the Minister of Mines. 50

Negotiations proceeded until, by February 1, only the question of a terminal remained between the QADC and a final settlement. Hakki Pasha was willing to close the deal if the company would accept Youmourtalik, but the Chesters felt that Suedia was essential. The choice of Suedia by the company lay in the fact that a line running inland from this point would be easier to build, and the line to Diarbekir would be 120 kilometers shorter than if built from Youmourtalik. In addition, if the Germans were successful in denying Aleppo to the Americans, a line could easily be built from Suedia which would cross the Baghdad Railway west of Aleppo and proceed to Diarbekir by way of Killis and Birejek. The Grand Vizier countered that Youmourtalik had been the terminal named in the Glasgow-White Project of 1909, which the QADC had taken over, and that the insistence upon Suedia would mean a new project requiring a new series of negotiations.

Communications from Carter soon established that the drawback to obtaining Suedia was the refusal of Germany to permit it. This much was admitted to Carter by the Grand Vizier and the

50 History of the Chester Project, p. 11.
Minister of War. The latter added that Turkey could not afford to lose German friendship.

On the basis of these communications, the Department of State turned to Carter for an opinion on what it could do in Berlin to expedite the matter. The Department had in mind especially a meeting between the Ottoman-American Development Company and the German interests, but Carter deprecated this idea. He pointed out that Hakki Pasha had just met with representatives of the Baghdad Railway about the terminal and that a meeting such as the Department advocated would only complicate negotiations. 51

The Grand Visier seems to have remained adamantly in favor of Youmourtalik, and the company finally informed Chester and Colt that it would accept this city as the terminal if the representatives advised it. The OADC felt that if surveys showed Youmoutalik to be impracticable, the company could press for Suedia or another location acceptable to both parties. The end of negotiations seemed in sight when news came from Chester and Colt that the project's proponents in Parliament had given Hakki Pasha just ten more days to conclude the matter. 52

51 Carter to Knox, February 1 and February 5, 1911; Knox to Carter, February 4, 1911, DS 867.502 Ot 81/70-71; History of the Chester Project, p. 11.

52 History of the Chester Project, p. 11; Memo from E. E. Young to Wilson, February 11, 1911, DS 867.502 Ot 81/73.
Hakki must have responded to this action for, just a few days later, he was amenable to the idea—suggested by one of the Turkish ministers—that the concession should be given for "Youmourtalik or some other point on the Mediterranean." According to Carter, the Grand Vizier was looking for a means by which the QADC would assume all litigation arising from the granting of another location should Youmourtalik prove impracticable. The company was willing to accept such a stipulation, but matters were delayed by a cabinet crisis in which Talaat Bey, the Minister of the Interior, resigned. He was followed by Haladjian, the Minister of Public Works, and Emrouallah Effendi, the Minister of Public Information. It was thought that Haladjian would be succeeded by Halil Bey, the President of the Party of Union and Progress and a strong advocate of the American railway project. In the interim, Hakki Pasha was to assume Haladjian's duties. The crisis and the delay seemed to have ended by February 24 when the Minister of Finance, Djavid Bey, announced during a speech on the budget in Parliament that the application of the Ottoman-American Development Company would be approved in a few days.53

Chester and Colt waited for a short time after this announcement hoping to receive the papers containing the results of several months negotiations. When these were not forthcoming, the two

53 Carter to Knox, February 16 and February 24, 1911, DS 867.602 Or 81/74 and 75.
men went to the Ministry of Public Works to get them. The papers were found to contain proposals much different from the ones for which the company had been bargaining and which the Grand Vizier had promised. The company representatives met with Carter to decide if they should call for an interpellation of the Grand Vizier. This would have been inconvenient for Hakki Pasha whose position was still unstable because of the cabinet crisis, but Carter decided to see him first.

When confronted by Carter, the Grand Vizier stated that these proposals were only a new stage of negotiations and that they represented an offer from the Ottoman Government which the company was to answer. The minister called some of the provisions "absurd" and told Hakki Pasha that the company must reject them. Carter was told by the Grand Vizier that he would not withdraw any promises he had made to the company negotiators and invited them to see him. The meeting was set for March 11. 54

Chester and Colt came to the Grand Vizier's office at the appointed time armed with the terms which they were willing to accept. They planned to call for an interpellation if an immediate answer was not given. Not only was Hakki Pasha's answer immediate, but he agreed to include in the convention all of the provisions promised to the company along with some additions.

54 Carter to Knox, March 9, 1911, DS 867,602 Ot 81/77.
The new agreement extended the survey period to two years, provided that the line was to be narrow gauge, and gave the company the option of building the line either to the city of Van, which Colt was against, or to go from Bitlis to another point on Lake Van. The other provisions concerned waiver of prospecting fees, the choice of another terminal, port facilities at Yenibourtalik, and other details. Carter wrote the Department of State that little remained to be done, but warned:

In any other country I should say that the negotiations were practically finished, but my brief experience here has taught me that Turkey has very special methods of its own, so that I dare not be too sanguine. 55

Carter's reserved attitude was perhaps felt at OADC headquarters in New York. On March 24, John R. MacArthur informed the Department of State by telephone that, with the Department's approval, the company intended to notify its representatives in Constantinople to withdraw the application for a concession if it was not granted by the first of May. The Department stalled for time while it obtained a report on the status of the project from Carter. He reported that a French syndicate was going to build the Samsun-Sivas line with Russian approval, and that this syndicate wished to come to an agreement with the Americans. This, according to Carter, brightened the prospect of a quick settlement with the Turks. On the basis of his report, the OADC withheld

55 Carter to Knox, March 15, 1911, DS 867.602 Or 81/79.
its contemplated instructions to Chester and Colt. Prospects for the company's success looked even better when, on April 22, Carter sent word to Washington that the concession would be in front of Parliament by the next week.  

In the meantime, the question of Russian attitude toward the American railway project had arisen again. A conference was held by Germany and Russia at Potsdam in November, 1910. The Germans promised to give up their political interests in Persia, which Russia considered within its sphere of influence, while the Russians were to renounce their opposition to the Baghdad Railway. Although signatures had not yet been affixed to any formal agreement, the State Department and the QADC were wondering what this Potsdam Conference meant for the Americans.

As early as March 9 Carter had inquired of the Russian Ambassador, Tscharykov, if the conference had altered the heretofore friendly attitude of Russia toward the American company. At that time the ambassador assured Carter of Russia's continued good will, but in mid-April Russian hostility was expressed in the Russian newspaper, Novoe Vremya—a paper which "expressed the views of the Russian Foreign Office."  

56 Memo from E. E. Young to Wilson, March 21, 1911; Carter to Knox, March 24, 1911; Knox to Carter, March 30, 1911; Carter to Knox, April 22, 1911, DS 867.602 Ot 81/77a, 78, and 82.

approached Tscharykov and was once more assured that Russia was friendly to the plans of the Ottoman-American Development Company. All of the diplomatic feelers, in conjunction with the delays by the Turks, seemed disheartening for the company backers in New York. On April 22, MacArthur wrote the Department again, this time asking for more news and expressing the fact that "we get very little more tangible than promises, expectations and deferred hopes."\(^{58}\)

The application of the Americans for a railway concession continued to be plagued with delays. The Grand Vizier publicly announced to Parliament on April 26 that the application would be in its hands in the next week. Instead a cabinet crisis involving the resignation of the Minister of Finance Djavid Bey, intervened and caused the matter to be put off another week. Carter cabled on May 18 that the project was in committee and would go to Parliament in a short time. The Director of Railways, whose position was under the control of the Department of Public Works, was reported to be speaking against the concession because he desired a standard gauge line. Carter attached great significance to this because Haki Pasha was the Acting Minister of

\(^{58}\) John B. Wolf, *The Diplomatic History of the Baghdad Railway* (The University of Missouri Studies, 1933), pp. 85-86; Carter to Knox, March 9, 1911; Knox to Rockhill, April 13, 1911; Carter to Knox, April 21, 1911; MacArthur to Knox, April 21, 1911, D5 867.602 Ot 81/77, 79a, 81, and 84.
Public Works. By May 23, Carter was sure that the Grand Vizier was again actively opposing the application of the QADC. Parliament was to have adjourned on May 27, but its session was prolonged another week in order to discuss the American railway matter.\(^5\)

The railway project was brought up for discussion in Parliament on June 1. Zohrab Effendi, Deputy from Constantinople, spoke in favor of voting on the subject, saying that if the matter was not voted on immediately, Turkey was in danger of losing the railway altogether. He then criticized Hakki Pasha for keeping the application from Parliament.

The Grand Vizier tried to justify his action by pointing out that he had made it a condition that an understanding about Article Four of the Treaty of 1830 be reached between Turkey and the United States before the Chester Concession would be considered. Now that the American Embassy had been instructed to negotiate on the matter of Article Four, the Grand Vizier said he felt that the railway project could be discussed. It seemed to Carter that Hakki Pasha was inviting a postponement and that the Deputies who followed him in the Parliament had been well coached.

\(^5\)Carter to Knox, May 12, May 16, May 23, and May 27, 1911, DS 867.602 Ot 81/100, 91, 93, and 96.
Assim Bey, a follower of the Grand Vizier, made a motion to postpone the discussion on the grounds that the railway was an important matter and required more time than was left in this session. The motion carried by a vote of 76 to 64 in spite of the fact that a majority of the Deputies favored the concession. Carter attributed the vote against immediate discussion to the political opposition in Parliament. Although favoring the Americans, they too voted for the postponement "because it was a Government proposal." The opposition planned to attack the Government by pointing out that the convention drafted in 1910, which did not get to Parliament, was more advantageous to Turkey than the agreement brought before Parliament in this session. They felt that the present convention's modifications were all to the advantage of the Americans.

Carter placed the "whole responsibility of this serious check to the railway project" on Hakki Pasha. He accused the Grand Vizier of "endless and inexplicable delays in bringing the matter to Parliament," and "an entire absence of good faith throughout all the negotiations."

Carter expressed the hope that the government of the United States would continue to pursue a strong policy and further reported that many Deputies and others interested in the project have approached the Embassy, as well as the representatives of the American syndicate, pointing out that the vote in Parliament in
no way meant a refusal of the project, and that at the beginning of the next session they would take up the matter again. The friends of the project advised Chester and Colt that the most difficult part of the negotiations were over and that the syndicate should not abandon the project.

This report was embodied in a subsequent telegram to Carter which was passed on to the company in New York. On June 22, Admiral Chester wrote Evan Young at the Department of State that Carter’s report had heartened the project’s backers who had wanted to give up the railway after hearing of the postponement. Arthur Chester had returned from Turkey on June 21, and the company was now waiting Colt’s arrival before deciding whether to continue.  

The Department of State in the meantime had decided to reassign Ambassador W. W. Rockhill, “one of the most distinguished officers in the service of the Department,” from his post at St. Petersburg to one in Constantinople. Rockhill assumed his new post in August, 1911. Secretary of State Knox informed him of President Taft’s desire “that the Embassy’s energies be constantly directed to the real and commercial rather than the academic interests of the United States in the Near East.” In

60 Carter to Knox, June 1, 1911, DS 867.602 0t 81/103 (all quotes); C. M. Chester to Evan Young, June 22, 1911, DS 867.602 0t 81/104
instructing Rockhill about the American railway project, Knox wrote the new ambassador:

This matter should receive your closest study, with a view to the prompt consummation of the concession upon the reopening of the Ottoman Parliament, assuming that the American company concerned has not become so disgusted as to wish to abandon the whole scheme.61

The ambassador had been at his new post but a short time when he wrote the Department about persistent rumors to the effect that the Ottoman Government was contemplating the withdrawal of the QADC project from Parliament. In its place, the Government was going to allow the Germans to construct a standard gauge line to Diarbekir with junctions on the French line which was to go from Samsun to Trebizond via Sivas and Harput. Moreover, according to the rumor, a special commission under the Ministry of Finance was said to favor this change. Although the Ministers of Finance and of Public Works had denied these rumors, Rockhill believed the Germans were using their influence to bring about such a change and he wanted to know when a fully-empowered representative of the American syndicate would be sent to Turkey.

Colt sent word to Wilson on September 2 that the company would send its representatives to Constantinople before the

61 DeNovo, p. 68; Knox to Rockhill, June 17, 1911, DS 867. 602 Ot 81/102A.
opening of Parliament, but Rockhill called for a representative
to be sent immediately explaining that the absence of one was
detrimental to the company's chances. The ambassador pointed
out that a German road to Diarbekir, in light of their building
an extension to Alexandretta and Aleppo, would be ruinous to
the OADC project, presumably because these German roads would
cover much of the same territory contemplated in the American
scheme. Rockhill wrote that the Turkish proponents of the OADC
also suggested that a representative be sent immediately and
that further, the chances for the company's receiving the con-
cession when Parliament reopened were excellent since a cabinet
change seemed to be a possibility. The ambassador dispelled
the idea of Russian support for the OADC in opposition to the
German line to Diarbekir, and in this connection, mentioned the
Potsdam Conference which had been formalized in August. This
information seems not to have been passed on to the company in
New York until October 6, and the OADC, in the meantime, was
going through a crisis beginning on September 28 when Turkey
went to war against Italy.62

On that day, C. N. Chester, Jr. held a conversation with
J. V. MacMurray of the Department of State and informed the

62 Rockhill to Knox, August 31, 1911; Colt to Wilson, September
2, 1911; Rockhill to Knox, September 18 and September 22, 1911,
DS 867.602 Ot 81/108, 109, 111, and 113; Wolf, p. 87; Adee to
John R. MacArthur, October 6, 1911, DS 867.602 Ot 81/111.
latter that, because of the war, and the probability that Parliament would be preoccupied with war measures, two or three members of the company had decided to withdraw their share of the cautionary deposit. The company had therefore decided to withdraw the whole amount in the hope that this would force the Turks to make a decision. Chester made it clear that withdrawal of the deposit did not mean withdrawal from the project and stated that the money would be deposited again when the Turkish authorities showed that they really intended to take up the matter of the concession in Parliament. The money would not be withdrawn if the Department could hold out the hope of a prompt settlement. The Department advised the company that its withdrawal might not affect the Turks as it hoped and pointed out that German influence in Turkey seemed to be diminishing because Germany could not give it any tangible aid in the war.

It soon became clear in Washington that the company was divided over the issue of the withdrawal of the cautionary deposit, and the concession itself. John R. MacArthur, speaking for MacArthur Brothers Company, said in an interview with C. W. Fowle of the Department of State, that he felt it was a mistake for the OADC to withdraw the deposit. The Chesters were of the opinion that the concession would be granted shortly, but that

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63 Memo of Conversation with C. M. Chester, Jr., by J. V. Mack Murray, September 28, 1911; Memo from Ades to Knox, September 30, 1911, DS 867.602 Ot 81/110 and 112.
Turkey's loss of territory, prestige, and financial standing in the world markets because of the war had made the concession impracticable on its present terms. Colt agreed with MacArthur and further told the directors of the company, in an attempt to persuade them to pursue the business, that the Arghana Maden Copper Mine alone was worth perhaps twice the cost of the entire railroad, and the rumored oil fields at Mosul were of "inestimable value." Colt was unsuccessful in his attempt. 64

On October 18, James W. Colt, signing himself as President of the Ottoman-American Development Company, notified Secretary Knox that the company, by order of its board of directors, was withdrawing the cautionary deposit and its application for a concession. He further wrote that the board was taking this action as a result of pressure from those in the company who controlled a majority of the stock and of the deposit money. The next day, Rockhill informed Knox that the money had been withdrawn. 65

The action of the company in withdrawing the deposit was understood by the Turkish proponents of the QADC as a protest against the dilatoriness of the Ottoman Government, and they

64 C. W. Fowle, Report of Interview with Ottoman-American Development Company in New York, October 4, 1911, DS 867.602 Ot 81/114; Mosul Oil (Memorandum) Article No. 24, undated, James W. Colt papers.

65 Colt to Knox, October 18, 1911; Rockhill to Knox, October 19, 1911, DS 867.602 Ot 81/117 and 118.
asked Ambassador Rockhill what the company would do if its application were passed in the present form. The Department of State called Colt to get an answer to this question. He told the Department that he was endeavoring to obtain financial support, and promised to give an answer just as soon as he had conferred with the Chesters and others. 66

Colt wrote to Knox on October 3, and informed the Secretary that the concession as it stood was unacceptable to "the financial members of the group." He enclosed a list of modifications under which the company would undertake the work. These modifications dealt with details such as specifications and had nothing to do with the route. 67

On November 1, Garegin Pasdermadjian, the Deputy from Erserum who had been friendly to the Chester project since 1909, cabled Colt through the American Embassy, telling him that because of anti-German feeling in the Parliament, no resistance to the concession would be found there. He guaranteed acceptance of the project to Colt if the company would redeposit the money. The company's answer was to ask for a kilometric guaranty on the concession in its June form. Pasdermadjian cabled back on November 7 that no modifications were possible at this time, and that the

66 Rockhill to Knox, October 26, 1911; Memo from Fowle to Adee, October 27, 1911, DS 867.602 Ot 81/120 and 119.
67 Colt to Knox, October 31, 1911, DS 867.602 Ot 81/126.
OADC should redeposit the money by November 11, or Parliament would consider the railway project dropped. The company had spent time seeking others who might give financial support to the project as it stood, but no one became interested. Accordingly, Colt informed Washington that the company could not modify its stand and explained the reasons for its decision. It was "quite evident" to the OADC that financing the project was possible only if changes were made in the concession.

These changes were communicated to Rockhill who in turn passed them on to Pasdermadjian. The Deputy reiterated that it was too late for modifications, and seems to have taken no action on them. On November 17, Colt cabled to the Deputy "that new and powerful parties" were becoming interested and that the concession must be deferred a bit longer. The matter could not wait, however, and discussion of the concession began in Parliament on November 20.

68 Rockhill to Knox, November 1, 1911; Colt to Knox, November 2, 1911; Rockhill to Knox, November 7, 1911, DS 867.602 Ot 81/121, 122, and 124.

69 Colt to Adee, November 10, 1911, DS 867.602 Ot 81/130.

70 Rockhill to Knox, November 18, November 23, 1911; DS 867.602 Ot 81/131 and 138. Colt proved to be a bit premature with his cable. The party expressing interest was Mr. Herman Harjes, head of the Paris branch of J. P. Morgan and Company. No action was undertaken by him on the Chester Project until the early months of 1912. (Undated memoir by James W. Colt, Item No. 29, James W. Colt Papers.)
After a week of discussions, the project was further postponed when the Minister of Public Works proposed that the Ottoman Government should have the right to refuse to grant the concession to the Americans once they had completed their surveys. Pasdermadjian attacked the Minister for want of good faith and further discussion was put off until December 11.

Rockhill reported that the debates were designed to force the resignation of the Minister of Public Works and that the company's proponents in Parliament had not mentioned the modifications asked by the OADC. The ambassador wanted to know what to tell the Turkish authorities if they should ask him about the intentions of the company as it was apparent to him that they knew nothing of the company's desired modifications. 71

For its part, the OADC was unaware of Pasdermadjian's actions and, when asked by the Department of State to inform the Turkish Government of the modifications, the company responded quickly. On December 1, it cabled Pasdermadjian that it would not accept the concession on the original terms and that he must inform the Government of this decision. 72

71 Rockhill to Knox, November 28, November 29, 1911 DS 867,602 Ot 81/132 and 133.

72 Two notes from Fowle to Wilson, November 29, 1911; MacArthur to Knox for Pasdermadjian, December 1, 1911, DS 867,602 Ot 81/133 and 139.
Pasdermadjian answered the company that its suggested modifications would end the project. Its only hope for success was to cable the Grand Vizier and refuse the proposal of the Minister of Public Works asking instead for a kilometric guarantee. This, according to Pasdermadjian, would put the matter on such a favorable basis that the company would have no trouble obtaining financial backing.

Having seen this communication, Secretary Knox wrote the QADC on the next day saying that it was evident that Pasdermadjian had not yet informed the Turkish officials of the requested modifications. He warned the company:

Unless you can immediately assure the Department that the Company is ready and able to undertake this project on guarantee basis as suggested above, the Department contemplates instructing Ambassador Rockhill not later than tomorrow evening to take necessary steps to obviate further purposeless discussion of present bill in Parliament, and to refrain from all further connection with project unless and until mutually acceptable terms shall have been arranged between Company's representatives and proper Ottoman authorities and are assented to by the Department.73

The company immediately cabled Pasdermadjian that it could not recede from its requested modifications, and that it could not undertake the concession on the terms suggested by him. The Department notified Rockhill of the company's message to the Deputy and instructed the ambassador to make sure that the

73 Rockhill to Knox, December 6, 1911; Knox to MacArthur, December 7, 1911, DS 867.602 Ot 81/136.
company's wishes were made known to the Ottoman Government by Pasdermadjian. If the Deputy failed to do this, the ambassador was to take steps to end the discussion and save further embarrassment to the Embassy and the Department of State. 74

The ambassador called Pasdermadjian to the Embassy on the morning of December 11. He asked the Deputy to apprise the Ottoman Government of the company's request for modifications and was refused. That very afternoon, Mr. Schmavonian was sent to the office of the Grand Vizier with a memorandum informing this official that the company would not accept the concession without "certain indispensable modifications."

Rockhill informed Knox of his action and stated that he would furnish the company's proposed changes to the Minister of Public Works. He further suggested that as far as he was concerned, the matter of the Chester Project in Turkey was ended. 75

74 Knox to Rockhill, December 8, 1911, DS 867.602 Ot 81/136.
75 Rockhill to Knox, December 12, and December 13, 1911; enclosure No. 4 to December 12 dispatch entitled "Memorandum", December 11, 1911, DS 867.602 Ot 81/143.
CHAPTER IV

THE FINAL ATTEMPTS TO OBTAIN A CONCESSION: 1912-1914

When the Ottoman-American Development Company abandoned the railroad proposal being discussed in the Turkish Parliament, the Department of State lost little time in divorcing itself from the Chester Project. Just four days later, Secretary of State Knox informed Ambassador Rockhill that the Department was convinced of the company's financial inability to undertake any project acceptable to the Turks. Furthermore, Colt and MacArthur, "the only two gentlemen now seemingly still interested in the project," were gone from New York making it impossible, so it seemed to the Department, for any action to be taken for several weeks should Parliament vote to grant the concession with the requested kilometric guarantee. For these reasons, Rockhill received instructions to refrain from any further participation in the matter.76

Soon afterwards, Pasdermadjian approached Rockhill with the idea of obtaining aid from the Department of State for reorganizing the company for the purpose of renewing negotiations. A political crisis leading to the formation of a ministry which was favorably

76 Knox to Rockhill, December 15, 1911, DS 867.602 02 81/108.
inclined toward the railway project on a kilometric-guarantee basis made Pasdermadjian excited about the prospects of the company's modified proposal. The Armenian must have been persistent for Rockhill wrote the Department:

I have repeatedly informed Dr. Pasdermadjian that this Embassy has no further concern in this matter and can take no further action until so directed by the American Government. 77

The ambassador's handling of Pasdermadjian was well received in Washington where Department officials were feeling that they had been "discredited by the syndicate's readiness to ignore its responsibilities in a political sense." After giving his approval of Rockhill's statements, Assistant Secretary of State Huntington Wilson further defined the Department's position by writing that the "Department is disposed neither to assist nor to encourage any effort to revive the project in question, unless and until there shall have been constituted for the prosecution of this enterprise a corporation in regard to whose financial sufficiency and seriousness of purpose the Department may be satisfied beyond all question." 78 The company, in the meantime, was already attempting to obtain the kind of impeccable

77 Rockhill to Knox, February 7, 1912, DS 867.602 0t 81/146; also enclosure to this dispatch, Pasdermadjian to Rockhill, December 22, 1911.

78 Wilson to Rockhill, February 29, 1912; Note attached from MacMurray to Clark, February 28, 1912, DS 867.602 0t 81/146.
financial backing the Department had in mind—J. P. Morgan and Company.

Sometime early in the winter of 1911-1912, perhaps in December, Colt was summoned to the "Morgan Bank" to meet Mr. Herman Harjes who was head of the Paris branch. The President of the QADC was asked by Harjes to relate the company's situation in Turkey, which Colt did in the course of several interviews. Colt was then informed by Harjes that John Ridgely Carter, who was Minister Plenipotentiary in Constantinople during part of 1910-1911, had only recently joined the Morgan interests in Paris and had suggested to Harjes that he inquire into the railway matter. Harjes agreed that upon his return to Paris, he would discuss the matter with Carter and send him to Constantinople to discuss with the Turkish Government the modifications desired by the company. The principal modification according to Colt, was that the Ottoman Government should guarantee half the interest of the necessary bonds until such time as the railroad earned the entire amount of the interest. 79

Here the matter seems to have stood until February 29, when C. M. Chester, Jr. visited the Department of State. In an interview with J. V. MacMurray of the Division of Near East Affairs, Chester divulged that the company had been in correspondence with

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79 Undated memoir and Mosul Oil Report by James W. Colt, Items No. 24 and 29, James W. Colt papers.
Pasdermadjian and was planning to hold a meeting in the near future to decide the terms of a new proposal which would be submitted to the Ottoman Government. He mentioned that the syndicate had been reconstituted and was stronger financially than before, but he did not name any backers. Chester made it plain that his visit was of a preliminary nature designed to assure himself that there was no opposition to the renewal of the project, and that the company would fully make known its plans to the Department.

MacMurray advised Chester that the company should send its representatives to Turkey and pursue the concession independently of the American Embassy and on its own merits. If the syndicate should reach an agreement with the Turkish authorities, the Department would aid the company in removing obstacles of a governmental nature such as Article Four of the Treaty of 1830.

MacMurray made it clear to Chester that the

Department regards itself as definitely dissociated from the former phases of the project, and that it is disposed to be absolutely neutral towards any new proposals that may be discussed between the syndicate and the Turkish Government, until such time as the scheme may have been carried to a point at which the Department's support alone may be necessary to consummate the commercial and financial agreement which the syndicate has in view.80

80 Memorandum from MacMurray, Division of Near East Affairs, February 29, 1912, DS 867.502 0t 81/147.
Apparently neither the Turkish authorities nor the Department of State heard anything more about the project from the company for a period of about three months. Then on May 14, Mr. Schmovanian, the Dragoman of the American Embassy, was summoned by the Minister of Finance, Djavid Bey, to appear at the latter's office.

Djavid Bey requested that the ambassador get in contact with the OADC and find out if any one would be sent to negotiate for the railway concession. Schmovanian reported to Rockhill that he was under the impression that the Minister seriously wished to see constructed the lines proposed by the company for Eastern Anatolia—especially with the rumors of troop mobilizations in Russia in the area of the Caucasus Mountains. Rockhill expressed his willingness to contact the OADC, but he would do so only as a courtesy for Djavid Bey and unofficially. 81

After being notified of Djavid Bey's query, Colt replied that "a representative of one of the most important American and European Banking houses is now en route to Constantinople." This, of course, was John Ridgely Carter, whose purpose was to examine the situation to see if the Morgan interests should enter into the affair with the OADC. Colt had no doubt but that Carter's visit would convince the Minister of Public Works of the company's

81 Rockhill to Department with enclosed memo of conversation between Schmovanian and Djavid Bey, May 17, 1912, DS 867.602 Ot 81/148.
"continuing interest in this project, and of the unremitting effort we have made to enlist in it only the most substantial aid." The President of the QADC, however, cautiously refused to discuss any details or to take any "further active steps until the cooperation of financial interests which are unimpeachable is assured us." 82

Carter was in Turkey from June 6 to June 10 having interviews with Djavid Bey as to the conditions upon which the Ottoman Government would grant a concession. He was assured by the Turkish authorities that Parliament would ratify the concession in terms to suit the company's wishes so long as the Morgan Company assumed its financing. Upon receiving Carter's report, Harjes cabled Colt asking him "to come at once to Paris with proxies of all the stock and full authority to act." 83

Colt sailed for Paris in June. The morning after his arrival, he called Harjes only to find that during the week occupied by his voyage, J. P. Morgan himself had come to Paris and forbidden Harjes to enter into the railway project. Harjes was unable to give Colt any reasons for Morgan's decision saying that he was pledged to secrecy. Colt described his reaction to Harjes' decision by later writing: "Harjes was most

82 Colt to Knox, June 7, 1912, DS 867.602 Ot 81/149.
83 Rockhill to Knox, June 22, 1912, DS 867.602 Ot 81/152; Mosul Oil Report, Item No. 24, James W. Colt Papers.
apologetic and charming as always, but firm and so went glimmering my dreams of the Arghana Copper Mines. Gone too were the oil-fields of Mosul. Colt understood Morgan's decision when the Balkan Wars began that autumn, but in August, 1912, the project was abandoned again. 84

Colt made one more attempt at obtaining a railway concession in Turkey, but it was also destined to failure. In July, 1913, he wrote letters to both J. V. MacMurray and William Jennings Bryan, the latter being Secretary of State under the first Wilson Administration. These gentlemen were notified by Colt that the Ottoman-American Development Company had been dissolved, and that a new company, the Ottoman-American Exploration Company, had been formed to continue the quest for a concession based on that of the OADC as of Autumn, 1911. The principle members of the new company, who were going "to see this thing through to a finish." were MacArthur Brothers Company, C. M. Chester, Jr., H. C. Keith (an engineer), and Colt.

A representative from the new company, Mr. Cardashian, was already in Turkey conducting negotiations with Turkish officials who wanted to know the attitude of the American Government toward this project. Colt asked that the Department instruct the American

84 Mosul Oil Report and undated memoir by James W. Colt., Items No. 24 and 29, James W. Colt papers.
Embassy to assure the Ottoman Government of the Department's favorable attitude towards the new company and its individual members. The discussion about the view to be taken by the Department toward this new project shows that Washington was worried about becoming involved in the international politics of Europe and the Near East which, according to MacMurray the Department had "always been solicitous to avoid." It was decided, therefore, to treat the new company's venture as an enterprise whose support was "to be weighed in view of present circumstances and quite independently of the commitments ... assumed in respect to the earlier company." Moreover, the Department wished to avoid assuming any obligations to the OAEC, or even to show that it encouraged the company in its project.

Accordingly, Colt received a communication from the Department telling him of its decision. Although the American Embassy was instructed not to assume any obligations in the matter, it was able to make the statement to the Sublime Porte that the individuals comprising the company were "regarded as responsible and capable." The letter made the Department's attitude very clear to Colt and told him that the Company would have to deal

85 Colt to MacMurray and to Bryan, July 1, 1913; Philip to Bryan, August 14, 1913, DS 867.602 Ot 81/153 and 155.
86 Note from MacMurray to J. B. Moore (Counselor in the Department of State), July 12, 1913, DS 867.602 Ot 81/154.
primarily with the Ottoman Government, looking to the American Government "only for such assistance as is ordinarily given to American enterprises in foreign countries."\(^{87}\)

Colt continued to press the Department both by mail and by interviews at Washington to grant stronger support to his railway project. In November, he called the Department's attention to the fact that the support he asked for was no more than what had been given before and was no more than the other great powers accorded to their citizens in like matters. Colt further pointed out that the concession would benefit "all classes of Americans residing in Turkey," and especially those engaged in missionary work in Anatolia who had no means of transportation other than horses.\(^{88}\)

In a letter dated December 9, and written a day after an interview at the Department, Colt made a lengthy plea for greater support by pointing out that Cardashian had been about to see Shevket Pasha, the Grand Vizier, to close the matter on June 11—the day Shevket was assassinated. Since that time, Colt went on, further interviews with the new Grand Vizier, Said Halim Pasha, had established that the Turkish Government was well disposed towards the company's plans. He related that the political situation in Turkey now seemed stable and that the company thought

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\(^{87}\) J. B. Moore to Colt, July 24, 1913, DS 867.602 Ot 81/154.

\(^{88}\) Colt to J. B. Moore, November 15, 1913, DS 867.602 Ot 81/156.
"the time very opportune to conclude negotiations" for its concession. Colt suggested that the Department use Turkey's desire to raise the tariff from 11 to 15 per cent as a method of securing fair consideration of the railway proposition.89

On January 15, 1914, the Department informed Colt that the American Embassy in Constantinople had been authorized to give the consent of the United States to the increase in the Turkish tariff and was "to endeavor to secure the promise of the Turkish Government to grant fair consideration" to Americans desiring to participate "in the commercial and industrial development of Turkey."90

Colt answered that the Department had not gone far enough "to insure any favorable results for the citizens of our country." Perhaps by now desperate, he suggested an amendment to the Department's instructions which insisted that the Turkish Government give "immediate and favorable consideration of matters which are now pending before the Turkish Ministry, including the concession desired by the Ottoman-American Exploration Company." Colt added, "Unless something of this kind is done I fear that we may as well consider our matter as dead."

Colt's suggestion elicited an answer from the Department that the matter had been fully considered, and that the language in

89 Colt to J. B. Moore, December 9, 1913, DS 867.602 0t 81/159.
90 Moore to Colt, January 15, 1914, DS 867.602 0t 81/160.
which the instructions were given was considered "to cover the
ground sufficiently and to be fair to all the various interests
concerned."\textsuperscript{91} With this letter, the Chester Project of 1908-
1914 was at an end. Although the Chesters were to resurrect their
idea of a railroad in Turkey following World War I, Colt never
again took an active part in the matter.

\textsuperscript{91}Colt to Moore, January 24, 1914; Moore to Colt, February
3, 1914, DS 867, 602 Ot 81/161.
CONCLUSION

The change in American foreign policy resulting from the GADC's decision to withdraw its application for the railway proposed before Parliament in December, 1911, is evident from the record. The comments of two scholars, Leland Gordon and John A. DeNovo, about this policy change and the company's withdrawal have already been noted. Their comments as to the irresponsibility of the men making that decision, and Professor DeNovo's further contention that the company negotiators were incompetent need to be examined as these comments cast opprobrium on James W. Colt as the result of his association with the Chester Project.

Colt's career with this venture began as an employee hired to aid Arthur Chester in the negotiations with the Ottoman Government. Two years later Colt had been given the role of president of the GADC. This position was held by him during those months in 1911 when the company was making its fateful decision, and it was Colt who notified the Department of State of that decision.

The record shows plainly, however, that Colt, even as president of the company, was still in a subordinate position, and that the withdrawal was neither initiated nor even favored by him. On the contrary, he claims to have attempted to persuade those people who actually controlled the company not to withdraw from the
project and explained to them that the Arghana Copper Mines alone would more than pay for the railroad.

The decision made and the withdrawal affected, Colt still pursued the concession. The record of the QADC's failure to obtain its goal in 1912 shows that perhaps Colt was more of a policymaker for the company in this period. As such, his letters to the Department show a responsible and cautious attitude in that he proposed no grandiose schemes nor even divulged the company's plans until he could be assured that the QADC would have the financial strength to carry out its affairs.

As president of the Ottoman-American Exploration Company, Colt seems to have exercised more power than in the preceding years. His letters pleading for support from the Department of State show a determination on the part of those men who comprised this company to pursue the matter of a railroad in Turkey until the Ottoman Government granted it or refused it.

The Department of State, however, had been embarrassed once by the Chester Project and it was not willing to chance it again. Thus, Colt was frustrated in his attempt to gain strong diplomatic backing from the government. He seems to have been well aware that, without such backing, the hopes for a railroad were gone.

Although all the records of the Chester Project are not yet available, and a final decision on the people involved is not
yet feasible, it would seem from what has been examined that Colt was not responsible for the 1911 withdrawal. The record he left does not inform us of his awareness of the political scene in Turkey before 1913, but it seems that after that date he was aware of the necessity of power politics to gain a concession in Turkey.
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