

TAFT'S OPEN DOOR POLICY TO THE NEAR EAST: DOLLAR
DIPLOMACY PRACTICES IN THE OTTOMAN EMPIRE

A Master's Thesis

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September 2015

**TAFT'S OPEN DOOR POLICY TO THE NEAR EAST: DOLLAR
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Graduate School of Economic and Social Sciences of
İhsan Doğramacı Bilkent Universtiy

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In Partial Fulfillment of Requirements for the Degree of
MASTER OF ARTS

in

THE DEPARTMENT OF HISTORY
İHSAN DOĞRAMACI BİLKENT UNIVERSITY

September 2015

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ABSTRACT

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September 2015

This thesis analyzes the United States' Dollar Diplomacy and its practices towards the Ottoman Empire during William Howard Taft's presidency. The United States was not quite interested in improving its economic and diplomatic relations with the Ottoman Empire, before the reopen of the Ottoman Parliament in 1908. On the other hand, the declaration of the Second Constitution and new parliamentary system grasped the attention of the US Government. From the American point of view, this new state system would be more open and acquiescent to adopt American institutions and cooperation in various fields, in the name of modernization. The United States commenced to increase its economic, diplomatic, and commercial relations with the Ottoman Empire, in this era.

During Taft's presidency, American foreign policy concentrated on assisting and protecting any American commercial interests, around the world with the promotion of American businesses, investment, and trade. In his short term, Taft gave importance to conduct this policy, which cited as the Dollar Diplomacy, in the

Ottoman Empire along with Central American states and China. This policy could not reach its ultimate success in the empire in aspect of promoting American investments intensely, in this country. As they experienced throughout the Chester Project, which was a significant railroad concession project in the Eastern Anatolia, the Ottoman Empire struggled with political problems in this era and its negative effect over the American investments were distinguishable. Still, this era witnessed significant progress in not only in aspect of promotion of American initiatives, as the Chester Project, but also economic and commercial relations with the help of the State Department.

Keywords: Dollar Diplomacy, William Howard Taft, commercial and economic relations, trade, The United States of America, Ottoman Empire, constitutional government, Chester Project.

ÖZET

TAFT'IN YAKINDOĞU AÇIK KAPI POLİTİKASI: OSMANLI İMPARATORLUĞU'NDA DOLAR DİPLOMASİSİ UYGULAMALARI

İplikçi, Murat

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Tez Yöneticisi: Yrd. Doç. Dr. Kenneth Weisbrode

Eylül 2015

Bu tez çalışması Amerika Birleşik Devletleri'nin, Başkan William Howard Taft dönemindeki Dolar Diplomasisi'ni ve bu diplomasinin Osmanlı İmparatorluğu'ndaki uygulamalarını incelemektedir. Amerika Birleşik Devletleri Osmanlı Parlamentosu'nun ikinci kez açılışına kadar (1908) bu ülke ile ekonomik ve diplomatik ilişkilerini geliştirme çabası içerisinde değildi. Buna rağmen, İkinci Meşrutiyet'in ilanı ve yeni parlamenter sistem Amerikan Hükümeti'nin bu bölgeye ilgisini çekti. Bu yeni devlet yapısının da modernleşme adına çeşitli alanlarda Amerikan kurumlarına ve Amerikan ortaklığına daha açık ve kabullenici olacağı düşünüldü. Bu dönemde, Amerika Birleşik Devletleri bu bölgedeki Amerikan girişimlerini destekleyerek Osmanlı İmparatorluğu ile ekonomik, diplomatik ve ticari ilişkilerini geliştirmeye başlamıştır.

Taft'ın başkanlığında Amerikan dış politikası, Amerikan ticari çıkarlarının, Amerikan kuruluşlarının, yatırımlarının ve ticaretinin teşviki ile, dünyanın dört bir yanında desteklenmesine ve korunmasına ağırlık vermiştir. Başkanlıktaki kısa döneminde Taft, Dolar Diplomasisi olarak adlandırılan bu politikayı Orta Amerika ülkeleri ve Çin'in yanı sıra Osmanlı İmparatorluğu'nda da sürdürmeye önem vermiştir. Nihayetinde bu politika Amerikan girişimlerini Osmanlı İmparatorluğu'nda yeterince artıramadığından, büyük bir başarı elde edememiştir. Yine de bu dönem, iki ülke arasındaki ekonomik ve ticari ilişkilerde yeni bir sayfa açmış ve önemli gelişmelere sahne olmuştur. Dolar Diplomasisi'nin uygulamaları olarak, Amerikan şirketleri bu bölgeye akın etmiş ve Amerikan Dış İşleri Bakanlığı'nın da yardımlarıyla bazı imtiyazlar elde etmişlerdir.

Anahtar Kelimeler: Dolar Diplomasisi, William Howard Taft, ticari ve ekonomik ilişkiler, ticaret, Amerika Birleşik Devletleri, Osmanlı İmparatorluğu, Anayasal Hükümet, Chester Projesi.

ACKNOWLEDGMENTS

I would like to thank several people, who helped me to complete this thesis. First of all, I owe a lot to Professor Kenneth Weisbrode for his all invaluable advices throughout the process. I could not complete this thesis without his encouragements, when I believed I would fail.

I am very thankful to the honorable members of my thesis jury, namely Professor Edward P. Kohn and Professor Bahar Gürsel who helped me to conclude my thesis process with their significant advices and suggestions.

I would like to thank Professor Hakan Kırımlı and Professor Nur Bilge Criss for their encouragements when I decided to pursue my career in this field, in the first place. Without their kind appreciations, I would not find the courage to my change track after the graduation and I would not come that far. Certainly, my classmates Turaç, Deniz, Tarık and İlker eased my work with their ideas, suggestions, helps and long conversations, but mostly with their friendship. On the other hand, this process was quite difficult for me sometimes. In these times, I questioned my work and myself many times. In these moments, Büşra calmed, encouraged, and helped me in every step of this study, with her love. I would like to thank her, for being in my life.

I would like to dedicate this thesis to four people. The first ones is my uncle that we have recently lost and the other is my grandfather died eight years ago. I witnessed my grandfather reading history a lot. Then, he fascinated my childhood

with his historical knowledge and stories, and I always wanted to be as wise as he was. On the other hand, I spent a lot of time with my uncle while we had historical conversations, collected currencies, and chased our family heritage. They were my first initiatives in the field of historical research and these were the memories, which explain why I loved this field that much. I will always remember them with respect.

Finally, I would like to dedicate this study to my parents, Şükran and Mehmet İplikçi, who are always there for me. I have always felt their support and love, in every decision I have made throughout my life. I cannot thank them for being my parents, but I can thank them for being the greatest parents to me those anyone would have.

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CHAPTER I

INTRODUCTION

Historians who focused on Turkish-American relations generally state that the relation between these states intensified by the end of World War II and the beginning of the Cold War. Especially, after the process which started with the declaration of the Truman Doctrine, Marshall Plan and Turkey's inclusion to NATO in 1952, both countries progressed much in their diplomatic, economic, military and social relations, which continued throughout the Cold War. It is continuing today. On the other hand, much earlier before the foundation of the Republic of Turkey, the United States and Turkey's predecessor, the Ottoman Empire, conducted small economic and trade partnerships. Mostly, the Ottoman-American relations of that time in the historical societies generally remembered with missionary works or American schools' conditions in the Ottoman lands.¹ While numerous studies published about these topics in both Turkish and English, only a few of the works such as Leland Gordon's *American Relations with Turkey, 1830-1930*, present a comprehensive study about the relations of these between two countries.

¹ Özgür Yıldız, *Anadolu'da Amerikan Okulları*, (İstanbul: IQ Kültür Sanat Yayıncılık, 2011), 7-8.

It is true that, the political intercourse between the two states never intensified as much as in the 1950's. In fact, until the 20th century, the United States, with regards transoceanic politics and states, kept its relations with these transoceanic states, in a very limited level. The Ottoman Empire was also struggling with domestic problems like nationalism, minority issues, and foreign debts in the late 19th and early 20th centuries.

Until the 1900's, the United States remained indifferent to European politics, as well as European interests and conflicts over the Ottoman Empire. Still, the limited relations pursued between two states from the early 19th century, such as small economic activities or social relations in the hands of American missionaries. Leland Gordon states that these relations could have started earlier. In 1774, John Adams, Benjamin Franklin, and Thomas Jefferson included the Ottoman Empire in the list of countries with which they would like to negotiate and make economic partnership agreements.² Still, the official initialise of the diplomatic relations had to wait until 1830. The first formal act of diplomatic engagement and recognition between the Ottoman Empire and the United States occurred on February 11, 1830, when a U.S. negotiating team consisting of Captain James Biddle, David Offley, and Charles Rhind presented their credentials to the Turkish Minister of Foreign Affairs. Biddle, Offley, and Rhind negotiated a treaty of navigation and commerce between the United States and Turkey.³ In 1831, the American Legation at Istanbul was established and David Porter was appointed as the first American diplomatic representative to the Ottoman Empire. After the conclusion of the Treaty of 1830,

² Leland J. Gordon, *American Relations with Turkey, 1830-1930*, (Philadelphia: University of Pennsylvania Press, 1932), 8.

³ "A Guide to the United States' History of Recognition, Diplomatic, and Consular Relations 1776-2008: Turkey," Embassy of the United States of Ankara, Turkey, (accessed March 3, 2015) http://turkey.usembassy.gov/us_diplomatic_interaction_turkey.html

American vessels started to arrive in Ottoman ports and merchants commenced to appear in the Ottoman markets.

In the twenty years after the conclusion of this treaty, the increase in the total volume of the trade became promising, and reached one million dollars twice, in 1836 and 1850.⁴ Furthermore, during the American Civil War, the Ottomans' friendly attitude and official support towards the Union appreciated. In the early period of the war, the Union's Minister to Turkey, Edward Joy Morris was welcomed in Istanbul.⁵ In the course of the war, news of the victories of the Union welcomed by the Ottoman officials, and the re-election of President Abraham Lincoln was congratulated.⁶ During the war, the two states concluded another agreement called the Treaty of Amity and Commerce in 1862. This new treaty underpinned the progress of the total volume of American exports to Turkey and improved the relations. In 1876, the United States became the third best customer of the Ottoman Empire in exports, and ranked sixth in import.⁷ Three decades later, when the United States engaged in a war with Spain, Sultan Abdul Hamid II sent a telegram to his Muslim folk in Philippines advising them be friendly to the US troops, as their caliph. On Sultan's gesture, American chargé d'affaires in Istanbul, Oscar Straus, assured the Ottoman officials that the Muslims in the United States would be tolerated as the Christians in the Ottoman Empire were.⁸ In addition to reasonable diplomatic and economic relations, American missionaries poured into the Ottoman Empire, especially after 1830.

⁴ Gordon, 46.

⁵ <http://history.state.gov/historicaldocuments/frus1861v01p393> (accessed March 15, 2015).

⁶ *Ibid.*

⁷ Gordon, 55.

⁸ <http://history.state.gov/historicaldocuments/frus1899i0033p770> (accessed March 15, 2015).

In the early 19th century, American Board of Commissioners for Foreign Missions of the Congregational Church (ABCFM) reached an important decision to launch a mission in Ottoman territories. In the 1820's first missionaries started to arrive in the empire to create outposts. Religious toleration of the empire was quite helpful for the missionary progress; in 1869, there were twenty-one principal stations inside Turkey and the number of American missionaries had already reached forty-six. In addition to religious activities, Americans opened 185 schools in various areas of the empire. By 1891, the mission of the Ottoman Empire had become the most important project of the American Board.⁹ Apart from the missionary works, the establishment of the Robert College of Istanbul was another milestone of the American activities in the Ottoman Empire. While it is accurate that the school was connected to the American Board, it was founded by a wealthy New Yorker merchant Christopher Robert, as an independent institution. It became the first of the following schools such as Talas, Üsküdar and Merzifon Colleges in the Ottoman lands, and the United States governments gave importance to these schools. Until the World War I, numbers of the schools and students continuously increased. Number of American schools in the empire reached 209 in 1913 and number of students enrolled in these schools were 25,922.¹⁰ In addition to these schools and missionary activities, many relief organizations, health centers, public services have pursued in the Ottoman territories in the 19th century.

Even though the Ottoman Empire was an Islamic state, the Ottomans generally did not object American activities in its lands. However, some difficulties were placed in the way of the mission activities by withholding building permits and delaying approvals; the Ottoman authority adopted a tolerating but not favoring

⁹ Gordon, 222.

¹⁰ Çağrı Erhan, "Ottoman Official Attitudes towards American Missionaries", *The Turkish Yearbook*, Vol. XXX, (2000), 211.

policy towards Americans, during Abdul Hamid II's reign.¹¹ With the progress of the relations and the reestablishment of the constitutional government, the convenience of the empire for any mission increased. Throughout the 19th century, not only missionaries, but also hundreds of American citizens in various businesses -mostly for social and religious purposes- populated the Ottoman lands. The Ottoman-American diplomatic relations throughout the 19th century were conducted mostly consistently and peacefully.

The 20th century was the beginning of a new era in both American foreign policy and the country's commercial relations with the Ottoman Empire. During the presidencies of William McKinley and Theodore Roosevelt, the United States adopted more active foreign policy along with its commercial expansion. It created an enthusiasm for increasing American exports, businessmen and initiations which penetrated to the remote parts of the world. On the other hand, this new policy did not centralize on the Ottoman Empire in the first place, but focused on Central America and China, mostly. In fact, Taft's decision to break traditional relations with the Ottoman Empire was a bold decision. He hoped that the United States would obtain larger share of the commerce in the Ottoman lands, however, this policy challenged by Europeans, who entrenched their places.¹²

Secondly, the financial activities of the Ottoman Empire had been falling under the control of the European powers whose influence on the empire became a great challenge for the Americans. In the early 20th century, American businessmen could not compete with the Europeans to obtain concessions in the Ottoman lands. Even the trade of goods between these two countries was shipped by the services of

¹¹ Çağrı Erhan, *Türk Amerikan İlişkilerinin Tarihsel Kökenleri*, (Ankara: İmge Kitabevi, 2001), 376-377.

¹² Eugene P. Trani, "Dollar Diplomacy", *Encyclopedia of the New American Nation*, accessed April 12, 2015. <http://www.americanforeignrelations.com/A-D/Dollar-Diplomacy.html>

Britain, Germany, and Italy. Furthermore, the American officials considered that the difficulties in commerce were an outcome of the absence of an official embassy in Istanbul. Official diplomatic relations began in 1830; however, it was on the level of *chargé d'affaires* rather than a professional organization as an embassy. American *chargé d'affaires* Oscar Straus made the first attempt for the establishment of a professional embassy in 1893, but Abdul Hamid II was reluctant to approve it.

Despite the peaceful relations between the two states, there were some breakdowns in late 19th century. For instance, the relations became tense with the assaults to Armenians and losses of American lives and properties in 1890's. The negative image of the empire continued throughout the McKinley and Roosevelt administrations. In each conflict, both presidents did not hesitate to threaten the empire with sending gunboats ¹³, which damaged the usual relations. Such aggressions might be one of the reasons of Abdul Hamid's reluctance, too. The arrangements needed a conclusion despite the number of difficulties in 1906, and the United States Government appointed John G. A. Leishman as the first American Ambassador to Istanbul on June 18, 1906.¹⁴

As it mentioned above, the assaults on the Armenians and Americans in the Ottoman lands started in the 1890's and caused unfavorable concerns in the relations. For five centuries, Turks and Armenians lived together in peace, but it was about to change in the late 19th century. Gordon points out that the milestone of the breakdown of relations during Abdul Hamid II's reign was the beginning of these assaults.¹⁵

¹³ Oscar Straus, *Under Four Administrations from Cleveland to Taft*, (Boston: Houghton Mifflin Company, 1932), 124.

¹⁴ Straus, Chapter VI.

¹⁵ Gordon, 24.

Gordon states that, in 1894, the United States Senate asked President Grover Cleveland to act on the terrible news coming from the Ottoman Empire about Armenians' conditions.¹⁶ Conflicts with the Ottoman Government in addition to the anti-Turkish and pro-Armenian news and campaigns in American media caused unrest in the relations. Therefore, late 1890's to 1908, tense relations continued, with the threatening practices of the gunboat diplomacy. In any conflict, American gunboats bordered close to Ottoman port cities to intimidate the Ottoman authority, during the McKinley and Roosevelt administrations. This situation was about to change with the change in the Ottoman governmental system and the dethronement of the old Sultan, Abdul Hamid II.

The Young Turk Revolution, which occurred in July 1908, and the reestablishment of the Ottoman Parliament was well-received by the American Government and the Congress. The Congress sent a congratulatory address to the parliament speaker Ahmed Rıza Efendi, by Ambassador John George Alexander Leishman.¹⁷ Constitutional governmental type of the new Ottoman Parliament would be an encouraging reason for the improvement of the relations between the two states, according to Leishman.¹⁸ After the revolution, President Roosevelt, who had been previously skeptical about the Ottoman Empire, expressed his sympathy to this new representative government, and stated that he hoped that "*this important step would aid in enhancing the permanent peace and prosperity of the great Ottoman nation*".¹⁹ During the parliamentary session of April 11, 1910, Deputy of Dersim, Lütfi Fikri Bey underlined Roosevelt's earlier statement as the praise of Ottoman constitutionalism and indicated that it would not be only a book of hundred pages but

¹⁶ Gordon, 25.

¹⁷ Akdes Nimet Kurat, *Türk Amerikan Münasebetlerine Kısa Bir Bakış*, (Ankara: Doğu Ltd. Şirketi Matbaası, 1959), 38.

¹⁸ Çağrı Erhan, "Ottoman Official Attitudes towards American Missionaries", 211.

¹⁹ <http://history.state.gov/historicaldocuments/frus1908.p745> (accessed March 15, 2015)

would prevail as the soul of the empire, from now then.²⁰ Ambassador Leishman predicted prospective diplomatic and commercial effects on revolution for the Ottoman-American relations, by stating that *"the establishment of constitutional government in Turkey was not without particular and material interest to them, as it practically removed the fundamental causes of most of their troubles with Turkey."*²¹

The first impressions about the Constitutional Government were promising within the scope of further relations with the United States. Parliament members cued that the restrictions over the missionary schools would lift soon. Furthermore, the exiled Ottomans in the United States were allowed for returning to their homelands.²² These people were mostly workers who looked for more salaries and job opportunities. There were also some exiles who left the Ottoman Empire because the rise of political and religious discrimination. Just after the revolution, Ottoman migration to the United States decreased drastically and exiles started to return home.²³ Only in a year, American media focused on each social, economic, and commercial opportunity in the empire, in the columns about the news from Turkey. One year after the declaration of the constitutional government, William Howard Taft was elected as the president of the United States.

When President William Howard Taft came to the office as the successor of Theodore Roosevelt, he was expected only to follow the legacy, which was left for him. Most days in the office, probably Taft felt the pressure as being successor of a charismatic figure and one of the most successful American presidents.²⁴ Taft was a man of duties, who was less capable to generate quick solutions to the problems, and

²⁰ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 4, İçtima 2, (April 11, 1910), 30-31.

²¹ <http://history.state.gov/historicaldocuments/frus1908.p750> (accessed March 15, 2015).

²² Erhan, *Türk Amerikan İlişkilerinin Tarihsel Kökenleri*, 377.

²³ Department of Commerce and Labor, *Statistical Abstract of the United States*, Thirty-Fifth Number, Washington: Bureau of the Census Library, 1910, 96-97.

²⁴ Herbert Duffy, *William Howard Taft*, (New York: Minton, Balch & Company, 1930), 226-229.

lacked the charismatic leadership feature.²⁵ In foreign policy, Taft was advocating both McKinley's and Roosevelt's American commercialism, however, he might have shown his quality compared with his predecessors in this field by improving the State Department, by rendering it in more professional condition. Rather than "*The Big Stick Diplomacy*", Taft issued that promoting loans and expanding business investments to other countries would enhance American prestige all around the world. Later on he would have defined his policy as "*substituting dollars for bullets*".²⁶ Therefore, he started reorganizing the State Department, to make it convenient to this policy, with the help of Secretary of State Philander Knox and Assistant Secretary of State F. M. Huntington-Wilson. Throughout the four years in office, despite many debates and arguments, loans offerings and trade agreements with developing countries, this policy was named as "Dollar Diplomacy". During his presidency, Taft tried to support American investments, improve commercial relations, and promote economic cooperation mostly in Central American countries and China.²⁷

When Taft and his assistants in the State Department decided to practice Dollar Diplomacy in the Ottoman Empire, they might not be aware of that it would take more efforts than the usual American policy towards the empire. Until that time, the two countries had already made several commercial agreements; Americans had opened missionary posts and had established social or cultural institutions in Ottoman territories. Hundreds of religious and social representatives were living in the empire, but only a very few of them were there to conduct businesses. Until Taft's presidency, conflicts were solved through gunboat diplomacy. However, the

²⁵ Richard G. Frederick, *William H. Taft*, (New York: Nova Science Publishers, 2010), 121.

²⁶Trani, "Dollar Diplomacy".

²⁷ "Taft and Wilson", AP U.S. History Notes, accessed, September 5, 2015, <https://www.apstudynotes.org/us-history/topics/taft-and-wilson/>

State Department was determined to conduct relations in a more understanding tone with the promotion of trade and economic partnership with the Ottoman Empire by supporting American investments in these lands. For instance, in 1909, when Admiral Colby Chester established the Ottoman-American Development Company (OADC) and obtained a concession for building railroads in Eastern Anatolia, Taft and Knox did not hesitate to become part of this project. Historian Bige Sukan Yavuz states that, American government was quite interested in region and its petroleum reserves and gave their full support to this railroad project.²⁸ Furthermore, in order to support and observe initiatives, additional diplomatic branches (Salonika and Beirut) established by the State Department after 1909.

On the other hand, the new Ottoman parliament was also looking forward to make new agreements and to generate new projects in the Ottoman territories to modernize the country and consolidate its power in Ottoman politics. The change of political system in the empire was promising, but it should have contained continuous financial prosperity as well. New loans were sought from Britain, France, and Germany to create funds for these projects. For that purpose, foreign investors were invited to the empire for available concessions or national bonds. Some officials like the Minister of Finance Cavid Bey or Deputy of Armenian Revolutionary Federation Party, Armen Garo, emphasized the importance of establishing better relations with the United States along with European Powers, in their several statements.²⁹ Cavid Bey was expressing his admiration to global financial developments of the United States. Rather than political conflicts, the United States

²⁸ Bige Sukan Yavuz, "Fransız Arşiv Belgelerinin Işığında Chester Demiryolu Projesi", *Ankara Üniversitesi Türk İnkılap Tarihi Enstitüsü Atatürk Yolu Dergisi*, sayı 24, (1999-2003), 527.

²⁹ Jacques Dergory, *Resistance and Revenge: The Armenian Assassination of the Turkish Leaders Responsible for the 1915 Massacres and Deportations*, (New Jersey: Transaction Publishers, 1990), 54.

was basing its foreign policy on economic cooperation he said while he was addressing the importance of economic improvements with America.³⁰

As much as the Ottoman officials, the Taft administration tried to give full support to many projects in the empire as it could, besides many other projects in China or Central America. John DeNovo, who is a leading scholar in the field of U.S. - Middle East relations, states as a significant step of the Dollar Diplomacy, Taft and his deputies were determined to reveal another chapter in American diplomacy and business history, in the Near East.³¹

Throughout Taft's presidency, the Dollar Diplomacy was practiced in the Ottoman lands with rises and falls. In the first two years, this diplomacy clearly showed promise with the economic activities of the American companies and investors were supported by the American government. The State Department gave importance to the empire to some extent with the increasing number of officers and commercial departments in various regions. From these branches, the economic situation in these lands and investment opportunities were reported to the central office. However, in these years the Ottoman Empire was never the priority of the United States' dollar diplomacy. Practically, Taft's program was offering a more professional touch to the relations compared to previous policies. However, it did not lead the United States to get the ultimate benefit from this policy in the Ottoman lands, eventually.

In Ottoman-American relations, the term between 1909 and 1913 witnessed many progresses in economic and commercial terms. Therefore, it would be

³⁰Deniz Karaman, *Cavid Bey ve Ulum-i İktisadiye ve İçtimaiye Mecmuası*, (Ankara: Liberte Yayınları, 2001), 51.

³¹ John DeNovo, "A Railroad to Turkey: The Chester Project, 1908-1913," *The Business History Review*, (1959): 301.

inaccurate to label this era and policy - in terms of Ottoman-American relations - as a total failure. Unfortunately, it is also true that this policy did not reach ultimate success in these lands in the light of the same criticisms. Still, this work would provide a detailed study about the Dollar Diplomacy practices in the empire. It would also explain the reasons in which points this policy failed, too.

Therefore, it can be underlined that the dollar diplomacy that was practiced in the Ottoman lands was promising in the first place, yet these economic initiatives were never combined with political support, and could not reached their ultimate goals in the Ottoman Empire.

This thesis would support the critics about the failure of the Dollar Diplomacy under Taft Administration, in terms of its short reign and minimal profits it made. This thesis would contribute to the historical literature by adding reflections of the Dollar Diplomacy in the Ottoman Empire.

Historiography

So far, Taft's administration and its foreign policy towards the Ottoman Empire were rarely studied by historians. Current available literature does not meet the demands and improvements needed, specifically on this comprehensive topic. For instance, it is possible to find many sources about the Chester Project as one of the practices of the Dollar Diplomacy, yet the other progresses in commercial, economic and trade relations are missing. Still, many books or articles have been written about

the American-Ottoman relations, which provided related information about the era. However, these sources are quite old, not outdated but have missing points such as dealing with the era in a bipartite way. Generally, these types of books and articles focused on the topic, either were written before the 1960's or mostly focus on the missionary activities of the non-political actors in the region rather than economic and diplomatic relations. They provide general information from several primary sources of the United States; however, they lack the guidance of the Ottoman and Turkish sources. Unfortunately, after 1960, there were no studies that directly dealt with the American-Ottoman relations in the early 20th century. Although, there are some useful comprehensive books about American-Ottoman political relations as Leland Gordon's *American Relations with Turkey, 1830-1930*, they do not offer sufficient of information about Taft administration. Therefore, in this thesis the old sources would be updated with numerous of primary sources from both Ottoman and American sources like state papers, consular reports, or archival records.

On the other hand, there are numerous books and articles focused on dollar diplomacy during the Taft's presidency in the literature. For instance, Juan Leets in *United States and Latin America* emphasizes that dollar diplomacy in the Central American and Caribbean states, was a failure. According to him, first, it was a violation of the Monroe Doctrine, and it completely failed to counteract economic instability, revolutions and emergence of the dictators in states like Mexico, the Dominican Republic, and Nicaragua.³² In addition to Leets, Jeffrey A. Frieden supports the idea that the dollar diplomacy failed not only in Central America but also in China. Still, he also underlines the benefits of this policy as promoting economic projects in underdeveloped Central American countries and sweeping

³² Juan Leets, *United States and Latin America*, (New Orleans: The L. Graham Co., Ltd., Printers, 1912).

Europeans from the American continent.³³ On the other hand, William Leuchtenburg claims that the controversies in Taft's dollar diplomacy caused unrest among the Republicans, which became one of the reasons why Roosevelt established another party in 1912. He adds that this diplomacy might have turned into an imperialistic policy while losing its progressive origin. Especially, when Taft sent US marines to Nicaragua, he contradicted with himself about promoting commercial relations without bullets.³⁴

On the other hand, in *Dollar Diplomacy and Imperialism*, Frederick C. Howe supports and admires the practices of the dollar diplomacy, which he believes to be a game that had been played by the European Powers. He supports the intervention of the United States in this game. In his article, he provides various examples about the success of the dollar diplomacy, and relates this verse with imperialism. However, he does not utilize imperialism as a negative term, but encourages the ways of American imperialism that the dollar diplomacy created.³⁵ In addition to these sources, Emily Rosenberg's *Financial Missionaries to the World* stands as a unique work on dollar diplomacy during the early twentieth century under different presidents' approaches. In this book, Rosenberg primarily introduces a great deal of information about Taft's policies in Central American states. She also underlines the strong opposition and controversies to the dollar diplomacy in her book. Despite the fact that she does not mention its practices in the Ottoman Empire, her book offers significant information about the era, policy, and dollar diplomacy's progress from William McKinley to

³³ Jeffrey A. Frieden, "The Economics of Intervention: American Overseas Investments and Relations with Underdeveloped Areas, 1890-1950", *Comparative Studies in Society and History*, Vol. 31, No. 1, (January, 1989), 55-80.

³⁴ William E. Leuchtenburg, "Progressivism and Imperialism: The Progressive Movement and American Foreign Policy, 1898-1916", *The Mississippi Valley Historical Review*, Vol. 39, No. 3, (December, 1952), 483-504.

³⁵ Frederic C. Howe, "Dollar Diplomacy and Imperialism", *Proceedings of the Academy of the Political Science in the City of New York*, Vol. 7, No. 3. (July, 1917), 71-79.

Woodrow Wilson administrations.³⁶ Furthermore, in *Dollar Diplomacy: A Study in American Imperialism* both Taft's foreign policy and the Ottoman Empire could have been widely covered. American radical writers Scott Nearing and Joseph Freeman blend the entire process and stages of this policy with criticisms by defining this policy as economic imperialism of the United States in weaker countries, from McKinley administration to the 1920's. They also present information about Chester's activities in the empire, not with primary focus, but in an adequate way.³⁷

In addition, in the personal records, articles, speeches, and memoirs of the political actors of the era, dollar diplomacy, and economic expansion of Central American states, China or the Ottoman Empire were mentioned as promising actions to be taken. Especially, Straus and Huntington-Wilson underline the significance of this policy many times in such works.

In Turkish sources, there are no specific studies on Dollar Diplomacy or Taft's presidency, which was possibly believed to be a non-influential era for Turkish-American relations. For instance, Fahir Armaoğlu's *Belgelerle Türk-Amerikan Münasebetleri* stands as one of the leading sources for the relations of two nations that focuses on the relations after the foundation of the Republic of Turkey.³⁸ Furthermore, Nasuh Uslu's *Türk-Amerikan İlişkileri* determines the intense relations' milestone as the beginning of the Cold War.³⁹ Still, there are some works slightly referring to the related era. The famous Turkish historian Akdes Nimet Kurat presents a very detailed work on Turkish-American relations in *Türk-Amerikan Münasebetlerine Kısa Bir Bakış*, with stories from various periods. He introduces a

³⁶ Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930*, (North Carolina: Duke University Press Books, 2003).

³⁷ Scott Nearing & Joseph Freeman, *Dollar Diplomacy: A Study in American Imperialism*, (New York: B. W. Huebsch and the Viking Press, 1925).

³⁸ Fahir Armaoğlu, *Belgelerle Türk-Amerikan Münasebetleri*, (Ankara: Türk Tarih Kurumu, 1991).

³⁹ NasuhUslu, *Türk-Amerikan İlişkileri*, (Ankara: 21. Yüzyıl, 2000).

comprehensive overview of the relations from the 19th century to mid 1950's. His book mostly covers diplomatic relations and generally emphasizes the friendship between the two nations. Although it covers 150 years of the relations briefly, it has a chapter covering 1908-1923. In addition to Professor Kurat's work, Çağrı Erhan also presents a detailed study of the historical background of the Ottoman-American relations in *Türk-Amerikan İlişkilerinin Tarihsel Kökenleri*.⁴⁰ He also spares a small chapter for the Second Constitutional Government era and he issues American approaches and expectations from the new Ottoman Parliament. He refers to the primary sources of both states repetitively.

In addition to these books, there are several others dedicated to the Ottoman-American relations in Turkish literature. There are many works about the Chester Project, as one of the most important practices of Dollar Diplomacy in the Ottoman Empire. In this thesis, Bige Sükan Yavuz's *"Fransız Arşiv Belgelerinin Işığında Chester Demiryolu Projesi"* is going to be advocated for detailed information about this project. In addition to the Chester Project, American missionary activities are another popular topic in Turkish literature. However, these works generally present studies about American missionary activities in the Ottoman lands in various periods, records of the American schools, hospitals and relief branches or they introduce general information about the ninety years of the relations. Even though these works offer very limited support to this thesis, in various areas, they would be referred a few times.

It can be underlined that Leland Gordon's *American Relations with Turkey, 1830-1930*, is the best source written in this field, which evaluates the American-Ottoman relations between 1909 and 1913. In this book, he presents a detailed study

⁴⁰ Erhan.

of American-Ottoman relations throughout history, supported by the state documents of the United States. Along with its comprehensive study, his book introduces detailed information about these hundred years. Therefore, it is possible to get very valuable information from this book. The only deficiencies are the evaluation of Turkish sources and some other secondary sources of the United States such as newspapers, as this book was published in the early 1930's. Still, many other authors followed Gordon's study and cited his book essentially. Gordon studies the American-Ottoman relations since the foundation of the United States and he evaluates this one hundred years of relations in social, diplomatic, economic, cultural aspects. According to him, Taft's dollar diplomacy in the Near East and the reestablishment of the Ottoman Parliament declared at the same time, which created great enthusiasm about improving relations between the two states, especially for the American side at first.⁴¹ However, in the advancing pages, it can be seen that this policy did not change the course of relations dramatically, only a few improvements were made.

In other sources, it is quite difficult to find related information about the era. Researchers should dig out the information from comprehensive books or articles about this period. The books, which cover the Taft administration and Dollar Diplomacy from American literature rarely, mention the practices in the Ottoman Empire. On the other hand, it is quite difficult to find a line about the Ottoman Empire in Taft's biographies, as well. Some of these biographies would be used only for detailed information about Taft's background and his personal contributions to Dollar Diplomacy.

⁴¹ Gordon.

There are many articles written about the general outlook of the Taft administration, Dollar Diplomacy, or American foreign policy in the early period of the 20th century. In these articles, specific topics must be selected and the ones related to the policy towards the Ottoman Empire must be evaluated. For example, Herbert F. Wright refers to President Taft's and Secretary of the State Knox's statements about the dollar diplomacy many times, but he does not primarily focus on the practices in the Ottoman Empire. He claims that the goal of the dollar diplomacy was to make profitable investments in various places in the world, which would enable the United States to secure its merchandise and business. Secretary Knox likewise supported dollar diplomacy due to its practices for earning friendship, replacing insecurity and devastation with stability, and creating peaceful self-development.⁴² Wright also mentions Knox's practices in the Ottoman Empire.

According to Henry Jessup, who was a well-known lawyer and a member of American Defense Society, the State Department became more interested in conducting politics with the Ottoman Empire after the declaration of the new Ottoman constitution. He states that the social unrest and Armenian problems had already created concerns among the American officials; yet, the revolution revealed a possibility of a fresh start in the name of solutions to these problems. He continues that Ambassador Leishman and his subordinates expected this revolution and new reforms would bring a universal good-will and fraternity among all the races and creeds of the empire, which should help the United States to improve its relations

⁴² Samuel F. Bemis, *The American secretaries of state and their diplomacy*, (New York, Cooper Square Publishers, 1963).

with this state. Concordantly to Leishman's thoughts, Taft started a campaign, especially in terms of economic relations, in this country.⁴³

John DeNovo is one of the very few researchers who directly focuses on Ottoman-American relations in the early 20th century and the Dollar Diplomacy practices in the Near East. His main work includes the Chester Project, which was the most important practice of the Dollar Diplomacy in the Ottoman lands. He presents a detailed article about the Chester Project, which was a huge initiative of a private American company, The OADC, to build railroads in Turkey, supported by the State Department during Taft's presidency.⁴⁴ In addition to this project, he also analyzes this period by focusing on mainly the commercial relations between two states. According to him, as commercial expansionism developed with the 20th century, both American officials and businessmen were sent all around the world for discovering new investment areas, Near-East was one of the United States' primary targets. Moreover, advancements in naval programs of the United States created an increasing need for oil, which turned Americans attention to the Ottoman territories.⁴⁵

Another significant work about the American commercial interests during this period is William S. Culberston's detailed article "*Raw Materials and Foodstuffs in the Commercial Policies of Nations*", in which Culberston emphasized the role of economic factors in shaping and determining American political life in this era. In this article, he states that the Ottoman Empire was an important partner in economic relations with the United States by its tobacco cultivation and valuable oil reserves,

⁴³Henry W. Jessup, "The Future of the Ottoman Empire," *Annals of the American Academy of Political and Social Science*, Vol. 84, (1919), 6-29.

⁴⁴ John A. DeNovo, "A Railroad for Turkey: The Chester Project".

⁴⁵ John A. DeNovo, "Petroleum and the United States Navy before World War I," *The Mississippi Valley Historical Review*, Vol. 41, No. 4 (1955), 641-656.

before the World War I. He evaluates the significance of such goods for the United States' economy and politics, and he mentions the American initiatives under the name of the Standard Oil, in 1911.⁴⁶ Likewise Culberston, Edward Mead Earle focuses on the American petroleum interests before the World War I in the Near East. He mentions several American officers realized the importance of the Near-East petrol reserves before the war. In the early 1910's, the Standard Oil Company was trying to compete with the Turkish Petroleum Company, which was founded by Europeans, and Britain's strong presence in the region to gain some concessions in the territory. On the other hand, he underlines the increment in economic cooperation between the two states with the Ottoman Empire's rising position in American trade and commerce.⁴⁷

In "*The United States and Europe's Strife, 1908-1913*", William Askew and Fred Rippy present the United States' diplomatic expansions to the Ottoman Empire and the European challenges to these expansions. Their article mostly was based on the primary sources of the State officers of the time as Knox, Huntington-Wilson, or Lewis Einstein. In many parts, these actors emphasize the importance of the Ottoman Empire in aspects of securing investments, railway constructions or its friendship and cooperation against the Great Powers of the Europe, especially Germany.⁴⁸ However, as many of the sources, this article does not directly focus on the Ottoman-American relations during the Taft's presidency. Still, with the use of primary sources, it provides good amount of information about the era.

In addition to these books and articles, the papers of William Howard Taft and many other actors' memoirs, biographies, speeches and interviews help this study

⁴⁶ William S. Culberston, "Raw Materials and Foodstuffs in the Commercial Policies of Nations," *Annals of the American Academy of Political and Social Science*, Vol. 112, (1924), 1-145.

⁴⁷ Edward M. Earle, "The Turkish Petroleum Company--A Study in Oleaginous Diplomacy," *Political Science Quarterly*, Vol. 39, No. 2 (1924), 265-279.

⁴⁸ William C. Askew & J. Fred Rippy, "The United States and Europe's Strife, 1908-1913," *The Journal of Politics*, Vol. 4, No. 1 (1942), 68-79.

to evaluate this era comprehensively. First, the William H. Taft Papers provide detailed and thorough information about his opinions, work, and practices. His statements on the Ottoman Empire would contribute to this study, especially to support the significance of the Ottoman territories to the American foreign policy at that time. In addition to his papers, assistant to the Secretary of State F. M. Huntington-Wilson and Ambassador Straus spared very illuminating chapters about the relations with the Ottoman Empire in their memoirs. Huntington-Wilson states that American foreign policy in this era showed a real interest in the Ottoman Empire which possessed a very good potential to extent relations. Along with many officers of the State Department, he also believed that Turkey was valuable as much as China or Central America, for United States foreign policy.⁴⁹ Improvements in the relations would open the fields from Balkans to Mesopotamia to American influence. The seeds of American diplomacy had to be planted in these regions in that time, and it would blossom in decades, to protect American interests in Near East. Wilson advocates this policy, often in his book, *Memoirs of an ex-Diplomat*, by dedicating a chapter to Turkey and his missions in the Ottoman Empire.⁵⁰ Furthermore, Straus in *Under Four Administrations* explains the importance of his third mission in Turkey when he was assigned by President Taft, in 1909. He explains that the European Powers in Turkey constituted a determining factor of the politics, and the State Department had to intensify its political relations with the Ottoman Empire to break the influence of the European Powers over the this country.⁵¹

In order to understand the era and the policies between the two states extensively, examining primary sources gains a crucial role. Although, the Ottoman sources are limited, there are plenty of American sources such as state papers,

⁴⁹ Francis M. Huntington-Wilson, *The Peril of Hifalutin*, (New York: Duffield & Company, 1918).

⁵⁰ Francis M. Huntington-Wilson, *Memoirs of an Ex-diplomat*, (Boston: B. Humphries Inc., 1945).

⁵¹ Straus.

journals of commerce, and newspapers, etc. Therefore, this thesis depends, mainly on the American sources. Besides, it is supported by many Ottoman documents such as records of parliament sessions and correspondences from the National Archives. In order to analyze diplomatic and political relations between the two states, referring to the Foreign Relations of the United States Papers would be prominent. Furthermore, Daily Consular and Trade Reports of the Consul Generals of the Ottoman Empire provide particular information about the commercial relations with statistical outcomes. In addition to these, American newspapers of the era would be referred, as well.

Most of the documents are accessed as soft copies. For example, the American newspapers, the Foreign Relations of the United States Papers and the Turkish Parliament's documents are accessed online. On the other hand, many other Ottoman documents were attained from the National Archives both in Ankara and in Istanbul. All of these documents and records provide valuable information about the social, commercial and diplomatic relations of these two states between 1909 and 1913.

In the light of the current literature, it could be fair to say that, this study would be unique in terms of evaluation of Dollar Diplomacy practices in the Ottoman Empire, during the Taft's administration. Unlike the former researchers and authors, who did not directly focus on Taft's presidency and the US relations with the Ottoman Empire, this thesis specifically analyzes the commercial relations between these two states.

In the first chapter, the emergence of the American presence in the Ottoman politics will be explained. This claim is going to be supported by the American influence over many deputies and talks in the parliament. Furthermore, during practicing dollar diplomacy, American political aspects towards the empire would be

presented, too. In the second chapter, the entire American-Ottoman economic and commercial relations will be discussed. This argument would be supported with the official reports, practices of dollar diplomacy and statistical outcomes. It will contain three subtopics as the Chester Project, commercial relations, and trade. Lastly, in the conclusion, the end of the era and the results of the four years will be provided.

CHAPTER II

DIPLOMATIC RELATIONS AND THEIR REFLECTIONS ON DOLLAR DIPLOMACY

The declaration of the constitutional monarchy for another time and the reestablishment of the parliament started to change Ottoman politics in 1908. After the strict authoritarian regime of the Abdul Hamid II, the new parliament was crowded with 275 deputies from various regions and ethnicities who were ready to discuss the empire's future. The first impression of the new parliament was promising in the name of democracy and representation of the each ethnic group in the empire.⁵² However, consolidating it would be much more significant. On the other hand, despite the changes in the domestic policies, foreign policy of the empire, such as seek temporary partnerships and alliances, remained the same.

New deputies turned their faces to the West to find new funds to for concessions, loans, and credits. Moreover, in many sessions, the modernization of the empire was discussed. In these talks, the importance to turn the West was underlined and adoptions of several institutions and techniques in various terms of the empire

⁵²Erhan, *Türk Amerikan İlişkilerinin Tarihsel Kökenleri*, 376.

were discussed. In many sessions, deputies also considered the United States, as one of these Western powers, as well. After the 20th century, the United States started to take more place in the Ottoman economic and political intercourses. Obviously, European domination and the idea of promotion of British or German institutions were still popular among many Ottoman deputies.⁵³ On the other hand, many other deputies, who were educated in American schools or Armenian origins, praised the American systems of state, economy, and culture. Briefly, as the American government pleased with the developments occurred in the empire and they looked for more cooperation in economic fields during the Taft's presidency, Ottomans also have started looking for such partnership.

Up to that date, the United States and Americans were not complete foreigners for the Ottomans. These deputies and officials had already known the Americans who settled in the Ottoman lands for more than a century. Socially and culturally, these people were nearly settled and lived as Ottoman citizens in these lands; they became Ottoman subjects' neighbors, colleagues, or business associates. On the other hand, several Ottoman bureaucrats were sent to America to experience its political understandings along with European capitals, returned to the empire and took charge in the parliament. The First Prime Minister of the second constitutional government, Ibrahim Hakki Bey, was only one of them. In his early ages, he became a career employee in the Foreign Affairs; thus, he experienced number of meetings, missions, and conferences in many capitals of Europe.⁵⁴ In 1893, he was charged as commissioner general of the Ottoman group, who would have attended an exhibition to celebrate the 400th year of Columbus' discovery of America, in Chicago.⁵⁵ For

⁵³ Musa Gümüş, "1893'ten 1923 Chester Projesi'ne Türk Topraklarında Demiryolu İmtiyaz Mücadeleleri ve Büyük Güçler", *Tarih Okulu*, Sayı 10, (2011), 157-161.

⁵⁴ Muharrem Dördüncü, "Sadrazam İbrahim Hakkı Paşa'nın Hayatı ve Avrupa Seyahati", *Afyon Kocatepe Üniversitesi Sosyal Bilimler Dergisi*, Cilt. 17, Sayı 1, (2015), 84-85.

⁵⁵ Dördüncü.

that purpose, he arrived to the United States and spent some time there. During this mission, he represented the Ottoman culture on request of the Sultan and he profoundly examined American way of politics, economy, science, and technology.⁵⁶ In addition to him, some of the Young Turk Party leaders were trained in American schools and strived for the empire. Despite of the fact that their identities were unknown, the explanations of Reverend Charles Brown, who was the dean emeritus of the Yale Divinity School, in the course of a sermon at the First Congregational Church about American school trained Ottoman observers and diplomats, supports this situation. In his speech, he explained his pleasure about the American school trained Young Turks, who would increase the American influence among the new authority.⁵⁷ In addition to this information, Ottoman officials continuously underlined the importance of the Ottoman-American cooperation in this era. American officials reported such statements to the State Department in the empire.⁵⁸

Still, the United States' entrance to the Great Powers' League in the eyes of the Ottomans was delayed until the 20th century. Since the 1880's, advancements in technology, state system, big trusts, working fields, and mass production in the United States allowed a great progress of the state, which was difficult to be indifferent by other states. On the other hand, this rapid growth led the United States to seek for markets to sell surpluses or to look for new investment areas, which reached to the highest rates during Taft's presidency.⁵⁹ This growth also affected foreign policy and with the 20th century, the US started to abandon the isolationism policy for the sake of commercial progress. More interaction in the world arena brought a need for more goods to be imported and exported. Therefore, American

⁵⁶ Dördüncü.

⁵⁷ "American Training Helps Young Turk", *The San Francisco Call*, (May 3, 1909), 4.

⁵⁸ See "Records of the Department of State relating to political relations between Turkey and other states, 1910-29" Microfilm Reel 17 for the statements made by Rıfat Pasa and İbrahim Hakkı Pasa to W. H. Anderson and John Carter Ridgely.

⁵⁹ Trani, "Dollar Diplomacy".

businesses began to pour all around the world.⁶⁰ With the more determined presence of the United States in world politics, Huntington-Wilson claimed that the United States would be regarded as one of the great powers and a political stabilizing factor against growing European pressure, for the Ottoman Empire.⁶¹ Eventually, in 1909, there was another great power in the field that Ottomans could cooperate and do business with. This presence might have influenced many of the students trained in American education, to seek American companion in many areas from the economy to diplomacy, when they became officials. After the reopening of the parliament, the American influence on many Ottoman deputies became more distinguishable. In some sessions, the deputies emphasized the similarities between the two states in aspects of their multi-cultural structure or agricultural production, declared their admiration for the American economic or state systems, and suggested adoptions from these systems. On the bilateral relations, American private investments started to be encouraged in the Ottoman lands by inviting businessmen to get concessions. During these invitations, many Ottoman deputies' efforts were quite visible, as well.

On the other hand, the process that started with the excitement of the establishment of the constitutional government in the Ottoman Empire aroused interests in the Taft administration. Close relations of American Consul Generals with pro-American deputies and commercial opportunities in these lands allowed convenient situation for the promotion of the Dollar Diplomacy. The State Department was looking for new partnerships to consolidate a policy all around the world and this new type of empire became one of the important targets of the policy, along with Central American States and China. "With regulations of the professionalization of the State Department in Ottoman regions, the Taft

⁶⁰ William Howard Taft, "Dollar Diplomacy", Teaching American History, accessed March 17, 2015. <http://teachingamericanhistory.org/library/document/william-howard-taft-dollar-diplomacy/>

⁶¹ Huntington-Wilson, *Memoirs of Ex-Diplomat*, 227.

administration had started the Ottoman campaign".⁶² Throughout the four years, American officials supported initiatives in the Ottoman lands, reports informed the State Department about the opportunities, and newspapers published articles to praise commercial expansion in the empire. In the upcoming chapters, specific statements and intentions of Taft, Knox, or Huntington-Wilson about this issue will be revealed in detail. They predicted and confirmed the Ottoman's significant position for the Dollar Diplomacy, during their periods in office. In addition to these statements, changes and developments in the Near East in the early period of this administration proved the prospective transformation.

2.1 The Ottoman Parliament's Aspects towards the United States

Compared to revolutionary attempts of the 19th century based on Ottomanism and Turkism, The Young Turk Revolution aimed the westernization of the empire.⁶³ This revolution represented enlightenment rather than class conflict. After August 1, 1908, the parliament and the political parties were established once and the Parliament came to the fore than the enforcement, the Sultan. With many laws enacted, the Parliament increased its authority and the first democratic institutions were declared on paper.⁶⁴ After the consolidation of power, the parliament looked for the required developments in the country varied from commercial to social areas. Furthermore, one of the main aims of the revolution was the modernization of the country so they started to look for prospective sources and partners to achieve this

⁶² Taft announced his remarks on the Dollar Diplomacy practices in the Ottoman Empire, during his First Presidential Address of December 9, 1909.

⁶³ Hasan Tahsin Fendođlu, *Modernleşme Bağlamında Osmanlı-Amerikan İlişkileri, 1786-1929*, (İstanbul: Beyan, 2002), 388.

⁶⁴ Cem Uzun, *Resmî Tarih Tartışmaları*, İstanbul, Özgür Üniversite Yayınları, 2005.

goal. For that purpose, the Ottoman deputies once more turned to the West to seek for not only loans, credits or investments, but also examples from which they could benefit. In many areas, the Ottoman Empire had already adopted European dynamics, and European advisors had been serving in the empire throughout the two centuries.

On the other hand, in this era, the United States came into prominence as another great power to establish partnership and to be a role model for the Ottoman politics. Many deputies, such as Armen Garo, were pro-America and advocated the American system as being a model for the Ottoman Empire with its constitutional system, multicultural structure and profiting economic-commercial policies. In the Ottoman Parliament Papers, it could be able realized that the terms, above mentioned, voiced during many sessions. Not only for economic partnership, Ottomans were also seeking for adoptions from the American governmental and economic systems. With the reopening of the parliament, the United States became an important cornerstone for Ottoman politics and the promotion of closer relations was emphasized more.

From many social aspects, the United States was the state of freedom while European monarchs started to face many challenges, with the rebel movements. Especially, failed revolutions of 1848 brought millions of people including intellectulas to exile in the United States. Furthermore, Kemal Karpat states that US were hosting millions of the Ottoman citizens migrated there temporarily or permanently, as well.⁶⁵ In the late 19th century to early 20th century, the United States became a homeland for Ottoman workers and exiles. He also underlines that these people were the sufferers of either discrimination or poverty, until the Young Turk

⁶⁵ Kemal Karpat, "The Ottoman Emigration to America, 1860-1914", *International Journal of Middle East Studies*, Vol. 17, No. 2 (1985), 181.

government took place.⁶⁶ Truly, the United States was the land of opportunities for workers since they could get better salaries and could find more jobs to work. In several sessions in the parliament, the deputies discussed the significance of this loss of work force in the empire and they tried to come with solutions.⁶⁷ As one of the most acceptable solutions, the Ottoman deputies supported the idea of sustaining the multicultural structure of the empire and consolidating personal freedoms. Naturally, Ottoman officials were influenced by this idea to turn into a peaceful, harmonized place same as the United States.

In 1909, the Ottoman Empire was still ruling huge territory consisting of various ethnic groups, despite several dichotomies. Keeping these huge territory integrated and ruling more efficiently were the priorities of the parliament.⁶⁸ In fact, multicultural formation of the parliament was a promise for the promotion of a solid ground for that promise. In such quest, the system of the United States and its multicultural structure aroused interest among the Ottoman deputies. When these topics were discussed during the sessions, the Ottoman deputies referred to the similarities of these two countries. From the roots of the Young Turk Revolution, the Ottoman deputies emphasized the "Ottomanism" term, rather "Turkism" in the early period of the second constitution until the rise of Turkism after the Balkan Wars.⁶⁹ As "Ottomanism" was forming a multi-cultural system in the empire, as well, the examples from "American" term were stated in the parliament. Even though the "Ottomanism" term was generally pronounced and supported by the minority ethnic deputies; the Turkish deputies did not protest it.⁷⁰ In fact, the promotion of the

⁶⁶ Karpaz, 176-180.

⁶⁷ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt6, İçtima 3, (May 17, 1911), 610.

⁶⁸ In many Parliamentary Sessions, this topic was discussed especially in the early period of reopen of the Parliament. After the civilian coup of the 1912, these talks were interrupted.

⁶⁹ Niyazi Berkes, *Batıcılık, Ulusçuluk ve Toplumsal Devrimler*, (İstanbul: Cumhuriyet Yayınları, 1997) 51-52.

⁷⁰ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 4, İçtima 1, (June 19, 1909), 476-477.

Ottomanism among the parliament members was a promising development in order to keep the empire's integrity. The similarity between the two terms could create a pro-American attitude among the deputies and promoted significance of the United States in their eyes. In parliamentary talks, Kozan Deputy Hamparsum Muradyan Efendi proposed works to create more integration among the ethnic groups in the empire and consolidate "Ottomanism" by praising integration in the United States.⁷¹ Transnationalism and multilingualism became other important topics to discuss, and in such talks, Erzurum Deputy Ohannes Varteks Efendi praises the multilingual tolerance in the United States. He stated that Armenians living in the United States were dealt with in their language by the American government, as many other nations were dealt with in their languages, which did not create any contradiction for the unification of these nations.⁷² In June 1909, the parliament made the decision that would allow the multilingual laws those would aim the unification of these groups within the empire.⁷³

The discussions of privatization did not start with the reopening of the parliament, but it were intensified during the parliamentary sessions. However, many of the Ottoman monopolies had already controlled by the Europeans in return for the Ottoman debts, which limited the privatization options. On the other hand, the empire was still holding some bonds and institutions such as the concessions of electricity lines.⁷⁴ The United States outnumbered Europe in terms of promotion of private institutions. Rather than many governmental entrepreneurs of Europe, the Taft government allowed and supported private initiatives both in domestic and foreign areas. In many talks about domestic economic policies, the Ottoman deputies

⁷¹ *Meclisi Mebusan Zabıt Ceridesi*, 476-477.

⁷² *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 3, İçtima 3, (February 16, 1911), 49.

⁷³ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 3, İçtima 3, (March 8, 1911), 534.

⁷⁴ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 1, İçtima 2, (December 13, 1909), 275-279.

analyzed promotion of such initiatives, huge corporations, and privatization in the United States, in the name of modernization and development of the country.⁷⁵ From the negotiations of the sessions, it could be deducted that the Ottoman deputies were quite pessimistic about the promotion of privatization in the empire because the institutions were mostly controlled by Europeans so far. Yet, privatization in most areas was not encouraged in the Ottoman Empire; rather it was believed that retaining monopolies in limited services would be the best solution for the state authority. Moreover, many deputies uttered their concerns in various sessions about the trustification of the market in the hands of too powerful companies, with the allowance of privatization and free competition.^{76,77}

Still, the future of these organizations was discussed during many sessions in the parliament. For instance, the profit of US government would obtain from privatization of telephone institutions led the topic of the discussions on April 13, 1911. The privatization of the telephone service in the United States fetched the government without too much effort, and according to several deputies, with private institutions, the government let private companies to deal with customer satisfaction.⁷⁸ With such implementation, the government would not need to spend too much energy on this issue, but would make a good profit. In this session, many Ottoman deputies supported and desired to adopt privatization of the telephone operating system into the empire.

In addition to the privatization of the monopolies, the US government's incentive policies were mentioned in parliament talks. Privatization helped the government to make a profit from the construction of the facilities and from their

⁷⁵ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 4, İçtima 2, (April 25, 1910), 362-363.

⁷⁶ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 4, İçtima 2, (April 25, 1910), 383-385.

⁷⁷ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 7, İçtima 3, (May 31, 1911), 386-387.

⁷⁸ *Meclisi Ayan Zabıt Ceridesi*, Devre I, Cilt 2, İçtima 3, (April 13, 1911), 346.

taxes. For example, as the US government mostly allowed private initiatives and factories; it kept building taxes high compared to the European states. (When Americans kept the percentages 25-28, this percentage in Europe was mostly 12). Deputy of Canikli, Nail Bey uttered the need of the Ottoman Empire to adopt same percentages during the tax collecting negotiations.⁷⁹ Moreover, treasure officer Mihran Efendi states that the American government cleaned up the swamps and parceled out these lands to entrepreneurs in order to build their business.⁸⁰ In such ways, the establishment of more private intuitions would be encouraged and building taxes would be doubled. This approach could help the progress of industrialization and modernization of the country and improve the profit from the taxes.

As they were mentioned above, economic freedoms' place in the American state system were hoped to be adopted by several Ottoman deputies. In the roots of the revolution, achieving a fully independent state system was aimed with its politics, institutions and economy. More independent media and return of the exiles to the country brought liberation movements to the center of the governmental organization in the early period of the parliamentary system.⁸¹ So far, the empire was in great debt, which was pressuring the Ottoman officials to look for solutions. For that matter, economic reforms and progress plans were discussed during many sessions in the parliament. In addition to the economic liberations, new reforms included prospective opportunities for industrial development, better transportation systems and more cultivation discussed. During the negotiations American industrial production capacity and free market system, along with privatization, was referred to many times.

⁷⁹ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 4, İçtima 2, (April 19, 1910), 236.

⁸⁰ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 5, İçtima 2, (May 16, 1910), 227.

⁸¹ Erhan, *Türk Amerikan İlişkilerinin Tarihsel Kökenleri*, 377.

In fact, despite the huge differences in governmental systems, these two countries carried the same economic potential with regards to agriculture and institutionalization. First of all, the American agricultural production economy served as a good example for the Ottoman Empire, who also had huge productive territories to benefit from such practices. Similar to the United States, the Ottoman Empire was an agricultural country, benefited from the exportation of these types of goods in high volumes. However, factories, mass production, and cheap transportation were not developed in the empire. The United States completed its industrial progress back in late the 1800's and progressed to be an importer all around the world in the early of 20th century.⁸² In the early 1910's, American industrial and agricultural products were manufactured in high volumes in the great factories, which both fed the country and exported surpluses to all around the world.⁸³ Besides it strengthened its position in the Ottoman parliament as a consequences of the continuous wars in Europe. Menteşe Deputy Halil Bey emphasized the significance of the adoption of the American system in the Ottoman Empire and needs of such factories during the discussions of June 15, 1909.⁸⁴ In addition to the development of the mass production and manufacturing centers, the need for the improvements in the transportation sometimes was articulated in the parliament. During the session on May 13, 1911, Ibrahim Hakkı Pasha praised the American railroad system and its benefit to country's cultivation and settlements.⁸⁵ So long, the Ottoman Empire imported goods from foreign countries and the burden of the capitulations hampered national manufacturers to compete with foreign prices. Especially, because of the high costs of transportation, the importation of agricultural products covered huge amounts of

⁸² Richard Hume Werking, "Selling the Foreign Service: Bureaucratic Rivalry and Foreign-Trade Promotion, 1903-1912", *Pacific Historical Review*, Vol. 45, No. 2, (1976), 186, 187.

⁸³ In "Raw Materials and Foodstuffs in the Commercial Policies of Nations", Culberston discusses these American exports to the world in detail with statistical data.

⁸⁴ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 4, İçtima 1, (June 15, 1909), 403.

⁸⁵ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt6, İçtima 3, (May 13, 1911), 454-455.

the budgets, as corn import from the United States to the Central Anatolia while this product was cultivated in Trabzon region⁸⁶, in spite of the fruitful cultivation. Lack of profitable transportation routes and huge costs inside the Ottoman territories forced the empire to import cultivated products from other countries. In addition to them, getting help from American investors and businessmen to build such a system was discussed reasonably. For those matters, the First Ottoman Parliament sought for adaptations in the economic area by inviting industrial institutions or the road builder companies to the empire. American enterprises in various areas would be some of them.

In the light of the above information, it would be reasonable to deduct that the Ottoman Parliament was influenced by the American system in various aspects. Despite the fact that these documents did not include any information about William Howard Taft and his policy, nevertheless they evaluated the American presence in world politics in general. With the reopening of the parliament, the multi-cultural structure yielded its tendencies in politics, as well. The United States became quite popular among many Ottoman officials. Many Ottoman officials believed that the United States could be a good partner for the empire, not only in terms of commerce, but also in terms of progress. Furthermore, they believed some parts of American political and economic system could be adopted for the benefit of the empire.

This embracing approach is going to show its benefits while the State Department tried to support American investments in the empire. Therefore, during Taft's presidency, there was a convenient environment for Americans in the empire to improve bilateral relations along with the practices of the Dollar Diplomacy.

⁸⁶ *Meclisi Mebusan Zabıt Ceridesi*, Devre II, Cilt 2, İçtima 1, (July 29, 1912), 503-504.

2.2 American Government's Political Approach towards the Ottoman

Empire

Historians have resolutely refused to rate the Taft presidency as below average, says historian Dr. Richard G. Frederick. However, despite his relative ineffectiveness as the leader of the Republicans in 1909, Taft was the author of several important successes.⁸⁷ Before his presidency had become, Taft experienced in international affairs, during the Roosevelt administration. He had traveled widely from Europe to Asia and succeeded in many missions as Vatican, Panama, Japan, and Cuba as the trouble-shooter of Roosevelt.⁸⁸ When he stepped into the presidential office, he commenced to seek opportunities and practices for more active foreign policy, rather than just focusing on economic initiatives. The Dollar Diplomacy should not be counted as only for promoting American initiatives since it was determined to cover much more than that. As he approached the Ottoman Empire, Taft and his subordinates continuously underlined the place of friendship in political relations. Furthermore, to create commercial partnerships and to increase trade volumes, conducting good relations with the governments became vital. From 1909 to 1913, with rises and falls, American government tried to conduct good political relations with the Ottoman Empire to support each type of relations. In this chapter, the political dimension of the relations is going to be evaluated to comprehend the impact of diplomacy on these interests.

Besides the fact that Taft's Dollar Diplomacy aimed an economic expansion in the world, it also aimed better political relations with the dealt states, as well. In fact, this approach was adopted during the Roosevelt's presidency, at first. Emily

⁸⁷ Richard G. Frederick, *William H. Taft*, (New York: Nova Science Publishers, 2010), 114.

⁸⁸ Joseph Milton Rowe Jr., "William Howard Taft: Diplomatic Trouble-Shooter", (PhD Diss., Texas A&M University, 1977), 4.

Rosenberg states that Dominican Republic became a laboratory to work out financial programs in backward states in 1904.⁸⁹ After that date, the State Department started to send investors and bankers to such regions to promote American influence. To support this promotion, Roosevelt also looked for opportunities to strengthen American Naval Forces with his request for four new battleships in 1908.⁹⁰ However, Taft's Dollar Diplomacy was quite different from Roosevelt's foreign policy. The Dominican Model of Taft put diplomacy as the cornerstone of this foreign policy.⁹¹ Furthermore, it aimed to promote this diplomacy in the orient as well, rather than only focusing on Central America, which created an opposition to Dollar Diplomacy, among the Progressives.⁹²

Taft and Knox held similar beliefs about the need for more professionalization in the foreign service departments. Knox was sent Congress for the required funds for the professionalization process in Taft's early presidency. Knox petitioned Congress for \$100,000 for a sweeping program of reorganization, which was voted in August 1909.⁹³ The State Department commenced to set up geographic divisions, staffed by experienced diplomats and consuls in various fields. It also enlarged the reaching capacity of the United States to local outposts by adding the numbers of commercial bureaus, including the Bureau of Trade Relations, and created such additional positions as counselors and resident diplomatic officers in various regions. According to American historian Richard Hume Werking, the 1909 developments were only the beginning. He referred to the diplomat and Director of the Consular Service of that time, Wilbur Carr's statement about his enthusiasm on

⁸⁹ Emily S. Rosenberg & Norman L. Rosenberg, "From Colonialism to Professionalism: The Public-Private Dynamic in United States Foreign Financial Advising, 1898-1929", *The Journal of American History*, Vol. 74, No.1, (1987), 62-63.

⁹⁰ Leuchtenburg, 489

⁹¹ Rosenberg & Rosenberg, 66-67.

⁹² Leuchtenburg, 490-491.

⁹³ Frederick, 122.

the creation of a sufficient and well-organized foreign service.⁹⁴ The State Department started to encourage businessmen and merchants to visit the Bureau of Trade Relations and the geographic divisions in order to discuss further commercial opportunities with these officers. The chief of the Bureau of Trade Relations and his office's two commercial advisers took the stump themselves, urging businessmen's participation in foreign commerce. Reorganization, with the added funds, brought more depth into the State Department with the establishment of special organizations in areas as the Latin America, China, Europe, and the Near East. A training program for consular officials was developed and a plan called the Division of Information, which would help circulating reports on foreign affairs issues, was approved.⁹⁵ In addition, Secretary of Commerce and Labor Charles Nagel made the Department more accessible for the needs of American businessmen abroad while he also expanded the Bureau of Immigration and Naturalization.⁹⁶ These enlargement processes were launched in the Ottoman lands, as well. Establishment of the commerce bureaus in Beirut and Salonika were coincided that era. Furthermore, the American Chamber of Commerce for the Levant was established in 1911 by the initiatives of the Consul of Istanbul G. B. Ravndal. The head office was established in Istanbul, which followed by other branches. Specifically, the primary goal of the Chamber was to aid American exporters and importers in the region in every possible way.⁹⁷ These institutions and their contribution to Dollar Diplomacy would be provided in upcoming chapters, in detail.

Furthermore, the primary policy focus of the Taft Presidency was replacing the Big Stick Diplomacy of Roosevelt with a less aggressive, but more economic

⁹⁴ Richard Hume Werking, "Selling Foreign Service: Bureaucratic Rivalry and Foreign-Trade Promotion, 1903-1912", *Pacific Historical Review*, Vol. 45, No.2, (May, 1976), 195.

⁹⁵ Huntington-Wilson, chap. xxv.

⁹⁶ Werking, 199.

⁹⁷ Gordon, 58.

cooperation with the rest of the world.⁹⁸ Until 1909, Department officers could not take the burdens of diplomats, who were trying to balance economic cooperation along with the negative outcomes of the battleship diplomacy.⁹⁹ Due to such diplomacy, the relations between the Ottoman Empire and the United States tensed many times during the Roosevelt and McKinley administrations.

Knox told the basic changes in the new foreign policy in House Foreign Affairs Committee with these words: "*when a man representing this country shall simply wear a silk hat and ride around in an automobile. Our representatives now must be men who can help this country in a practical way.*"¹⁰⁰ American officials started to act in this practical manner to help promotion of American business, trade, and initiatives in their place of duties. This policy quickly was coined as the "Dollar Diplomacy" in many societies. Radical authors Nearing and Freeman underline that it might aim the same policy with the European powers, which had always operated business in the smaller countries for the greater good of their own manufacturing, commercial, and shipping interests.¹⁰¹ On the other hand, according to American author Frederick C. Howe, it was the valid policy of the great powers so long, which the United States had just launched.¹⁰² Furthermore, it would increase American influence in these regions in political terms, too

In his address at Baltimore in May 4, 1911, Assistant Secretary defended that policy once more as "*Today diplomacy works for trade.*"¹⁰³ In many speeches, Knox and Huntington-Wilson praised Dollar Diplomacy to their audiences. In these speeches and several articles, they issued the prospective outcomes of this policy.

⁹⁸ Trani, "Dollar Diplomacy".

⁹⁹ Francis M. Huntington-Wilson, "The Relation of Government to Foreign Investment", *Annals of the American Academy of Political and Social Science*, Vol. 68, (1916), 299-301.

¹⁰⁰ Gordon, 195.

¹⁰¹ Nearing & Freeman, xiii.

¹⁰² Howe, 74.

¹⁰³ Frederick, 123.

After the Young Turk Revolution and the reform promises of the Ottoman Parliament, the belief to the advancement of the relations with the Ottoman Empire was high among American officials. Kurat backs the idea that recent developments of 1908 increased the hopes of American officials' about the future of relations.¹⁰⁴ New Ottoman deputies underlined that the reforms would be continuous. Determined steps to clean up the mess in both domestic and foreign policies would be taken, which had strangled the Ottoman Empire so far.¹⁰⁵

On the other hand, the news about the revolution hit the headlines in American media, and many articles published in the leading newspapers as *the New York Tribune*, *Washington Herald*, *the Washington Times* which was praising the increment of freedom and democracy in the Ottoman Empire. For instance, *The Washington Herald* announced the event as "Liberty for Turks", while *the Washington Times* mentioned it as a great change.¹⁰⁶ Moreover, *The New York Tribune* published an article about the events with the expectations of reforms in Turkey.¹⁰⁷ Such promising news were contributing to the progress in relations, by creating positive public opinion towards the empire. Journalist William E. Curtis, who was a traveling correspondent for two Chicago newspapers, published many articles about the future of the American-Ottoman relations. In these articles, the rapid modernization attempts of the new Ottoman government was issued, and some beneficial conclusions for the Americans were derived.^{108, 109}

In addition to these articles, stories about pro-American Ottoman officials or Ottoman officials who were resided in the United States were issued in these

¹⁰⁴ Kurat, 38.

¹⁰⁵ Erhan, *Türk Amerikan İlişkilerinin Tarihsel Kökenleri*, 377.

¹⁰⁶ "Liberty for Turks", *The Washington Herald*, (July 25, 1908), 4; "Grant to Turkey Makes New Nation", *The Washington Times*, (July 26, 1908), 3.

¹⁰⁷ "Reform for Turkey", *The New York Tribune*, (July 25, 1908), 3.

¹⁰⁸ William E. Curtis, "New Field For Trade", *The Star & The Chicago Record-Herald*, (January 9, 1909), 18.

¹⁰⁹ William E. Curtis, "Advance of Turkey", *The Evening Star*, (December 18, 1909), 8.

newspapers, as well. The news about Ibrahim Hakki Pasha published in *the New York Daily Tribune* in December 1910 could be an example of such stories. The article indicated that the new prime minister was believed to be a pro-American who resided there for a while and had Americans friends. Before the reopening of the parliament, he was sent to the United States with 30 other diplomats to Chicago as commissioner general of the Ottoman Empire. His words, verses and background had widespread media coverage in American media from the authors who had known him from his days in the United States.¹¹⁰ From the parliamentary records, it could be deduced that, throughout his premiership, he continuously stated and admired American friendship to the empire.¹¹¹

Hence, the developments in the empire combined with new American foreign policy created a positive atmosphere in American society, as well. The bold statements of the American officials about the prospective economic cooperation with the empire gained support from several journalists. In late 1909, the United States gave the impression of being quite ready to kick start the Ottoman campaign of the Dollar Diplomacy.

2.3 American Political Actors' Contribution to the Dollar Diplomacy

When William Howard Taft came to the office, he shared the same enthusiasm with Leishman about improving the relations with the Ottoman Empire. On the other hand, he waited to show this enthusiasm until his Presidential Address

¹¹⁰ Ex-Attaché, "Turkey's New Premier a Former Resident Here", *New York Daily Tribune*, (June 23, 1910), 5.

¹¹¹ *MeclisiMebusanZabıtCeridesi*, Devre I, Cilt7, İçtima 3, (June 1, 1911), 469-471.

of December 9, when he emphasized his gratitude towards the constitutional government, reforms and public improvements in the empire and their healthy reflections in American schools, universities, and missionaries in the territory. "*There is every reason why we should obtain a greater share of the commerce of the Near East since the conditions are more favorable now than ever before.*"¹¹² In his telegram message to congratulate Mehmed V in April 28, 1909, he emphasized the American satisfaction about the reestablishment of the constitutional government and prospective friendship between the two states.¹¹³ These were the first signals of the new American approach towards the Ottoman Empire. Later on, Huntington-Wilson stated in his memoirs that the president showed more interest to the progress of the relations throughout his presidency.¹¹⁴

As much as President Taft, his subordinates Philander Knox's and Oscar Straus' efforts were valuable, as well. The government led by Knox provided diplomatic support with regional commerce bureaus, while the private institutions brought the capital to invest abroad. Furthermore, for this special mission, Taft decided to assign veteran diplomat, Oscar Straus to Istanbul for the third time, where Straus had no intent to go back.¹¹⁵ It seems that Knox convinced reluctant Straus about Ottoman mission in his letter to him, on April 29, 1909. He defined that it would be a mission with a lots of opportunities in a very important place for the American Government, which would put Straus in a vital position with his experiences there.¹¹⁶ For instance, Secretary Knox instructed Straus to secure the contract for the construction of a railway system in Asiatic Turkey by a responsible American company in late 1909. In this message, he also defined the mission of the

¹¹² *Presidential Addresses and State Papers of William Howard Taft*, Vol. I. (New York: Doubleday, Page & Company, 1910), 454.

¹¹³ <http://history.state.gov/historicaldocuments/frus1909.P0654> (accessed March 15, 2015).

¹¹⁴ Huntington-Wilson, *Memoirs of Ex-Diplomat*, 223.

¹¹⁵ Straus, 272.

¹¹⁶ Straus, 332.

ambassador as convince the Ottoman decision makers throughout the all phases, which would improve the relations between the United States and the Ottoman Empire.¹¹⁷ When Straus quit the job in late 1910, the State Department replaced him with William W. Rockhill, who had a remarkable diplomatic career as well. He was the architect of the American economic penetration in China until he was sent to the Petersburg post. After 1910, he was appointed to Istanbul by Knox with high expectations.¹¹⁸ In the empire, he strived to get concessions for Chester after Straus' absence and he worked to bring peace between the Ottoman Empire and Italy in 1911.¹¹⁹

Until September 1911, the State Department gave clear political support to practices of Dollar Diplomacy in the empire. However, when the Italo-Turkish War broke out, positive outcomes of the relations might have lost their acceleration. First of all, it must be underlined that during the War, despite many US officials asked for America's intervention, the US government decided to be neutral to the War. As soon as the Italian aggression occurred, the Ottoman Government appealed to the great powers for the solution of the problem in humanitarian and peaceful ways, and the United States was among these powers. She was asked for a mediator role by the Ottoman and US officials to take responsibility for the Ottoman subjects in Italy.¹²⁰ In late September 1911, former ambassador Straus sent a telegram to the State Department urging the importance of the mediator role of the United States in this dispute to keep its good position and investments in the Ottoman Empire.¹²¹ On September 30, 1911, this time the Ottoman Government sent telegrams to the capitals

¹¹⁷ <http://history.state.gov/historicaldocuments/frus1909.p667p668> (accessed March 15, 2015).

¹¹⁸ Ex-Attaché, "Strategic Position Held by Six Men at Stamboul", *New York Tribune*, (November 10, 1912), 1.

¹¹⁹ "Turkey Crying Anew for Peace; Taft a Factor", *The Washington Herald*, (October 9, 1911), 1.

¹²⁰ "Italy Forcing the Fight on Both Land and Sea Against Turkey Seriously", *The Evening Times*, (September 30, 1911), 1.

¹²¹ "Wants United States to Act", *The Omaha Bee*, (September 30, 1911), 2.

of the world to invite them to act against this aggression. The United States received another telegram from Ziya Pasha, the Ottoman Ambassador in Washington, which emphasized the importance of further explanations from the United States about Italy's unjust demands.¹²²In response to these calls, it was stated that President Taft charged Rockhill to bring peace to the situation immediately. In early October 1911, Rockhill was sent to discuss the situation with new Prime Minister Said Pasha, and he would have worked on the peace options with Russian and Ottoman officials.¹²³

There could be several reasons why the United States left the calls of the empire unanswered. Mainly, Dr. Richard Frederick states that the State Department supported commercial interests in the Ottoman Empire, but it was never among the primary areas of interest.¹²⁴ The Far East, especially China and Central American countries were the main targets of Dollar Diplomacy. Secondly, both Italy and the Ottoman Empire were United States' economic partners, which naturally put US government into such neutral position. Furthermore, in early November 1911, when the Ottoman government asked for the US intervention and mediation to protect the Ottomans in Tripoli, both President Taft and Knox were on a leave of absence, the State Department could not take such important decision on this request. Still, the State Department sent the scout cruiser called Chester to Malta to observe the situation in Tripoli after it received the Ottoman government's formal request¹²⁵ Possibly, the neutrality of the United States in this case might have damaged US political reliability in the eyes of the Ottomans. While this action did not meet the demands of the Ottoman side, the US government followed its traditional policy, avoiding entanglement, in the political quarrels of Europe. Lastly, since the Italo-

¹²² "Turkey Appeals to Parliaments of World", *The Albuquerque Morning Journal*, (October 7, 1911), 4.

¹²³ "Turkey Crying Anew for Peace; Taft a Factor"

¹²⁴ Frederick, 124.

¹²⁵ "Ottoman Plea Embarrasses U.S.", *The San Francisco Call*, (November 7, 1911), 1.

Turkish War broke out, the State Department's priority became the security of the American citizens in Istanbul and other regions of the empire rather than economic progress and advancements in bilateral relations. While American officials in Beirut asked for the issue of protest from the State Department about war's negative consequences to Beirut, US officials only sent a cruiser to the border of this city to evacuate Americans. Then, especially after the fall of Adrianople during the Balkan Wars and Bulgarian advance to Istanbul, the Consul of Istanbul was instructed to protect American citizens while Ottoman calls for peace remained unanswered, by the State Department.¹²⁶

Still, throughout the war, the Ottoman Empire received support from local administrators and several sections of the United States' society. After Italy declared war on the Ottoman Empire, Stanley Hollis, who was Beirut Consulate of the United States, issued a protest against Italian hostile actions.^{127, 128} In addition to these official calls, academicians, such as president Emeritus of the University of Michigan James B. Angell, propagated in favor of the Ottomans in the United States.¹²⁹

In addition to these governmental and non-governmental actors, the empire benefited from the American political friendship with its social reliefs and helps during these wars. In various cases the Red Crescent and American Red Cross worked together to help injured people during wars and other natural disasters. At such times, the American Red Cross provided both additional funds to the Red Crescent such as providing doctors or medical drugs. Especially during the Balkan

¹²⁶ <http://history.state.gov/historicaldocuments/frus1912.i0036> (accessed March 15, 2015).

¹²⁷ İtalyanlar tarafından Beyrut'a yapılan bombardıman saldırısının protesto ettirilmesine dair Beyrut Amerikan Konsolosluğu'nun müracaatı hakkında Beyrut Vilayeti'nden gelen telgraf (The telegraph from Beirut province about American Consulate in Beirut's demand for protest Italian bombardment from the State Department) **Başbakanlık Osmanlı Arşivi (BOA)**, HR.SYS., 1549/83; 02/26/1912.

¹²⁸ İtalyanlar tarafından Beyrut'a yapılan bombardıman saldırısının protesto ettirilmesine dair Beyrut Amerikan Konsolosluğu'nun müracaatı hakkında Beyrut Vilayeti'nden gelen telgraf hakkında Sadaret'in tezkiresi (Reply of the Sublime Porte about the illustrated telegraph) **Başbakanlık Osmanlı Arşivi (BOA)**, HR.SYS., 1549/84; 02/27/1912.

¹²⁹ "Angell Sides with Turkey", *The Sun*, (October 1, 1911), 4.

Wars, Americans launched an initiative to set up an American Constantinople Relief Fund to aid the sick and needy people of war sufferers.¹³⁰In early 1913, Ambassador Rockhill and Robert College President Dr. Caleb F. Gates sent a message to Washington about the need of such fund. It would cover the expenses for not only the wounded in the war, but also the people who were non-combatants, especially women and children refugees.¹³¹ To establish that fund, several American officials and citizens sent their contributions from the empire and the United States, as former Ambassador to the Ottoman Empire Oscar Straus. After he quit his job in Istanbul, Straus continued to conduct campaigns for the Ottomans in Italo-Turkish War and Balkan Wars with the Red Crescent branch in New York to protect the injured ones. On November 22, 1912, the Ottoman Foreign Affairs Ministry sent an official note to thank for his efforts.¹³²

On the other hand, other powers besides Germany were uninterested in the Ottoman calls for peace and did not show effort to bind up the wounds, Italo-Turkish War and Balkan Wars. European powers showed sympathy specifically towards the hostile Balkan states despite their long political and huge trade relations with the Ottoman Empire.¹³³ Furthermore, the American government never perceived these requests seriously and never intended to intervene this situation because there was a strong belief that European powers would have solved such conflicts.¹³⁴ On the other hand, Taft was struggling against the leaders in Congress, who were concerned about the budgeting process of the foreign policy.¹³⁵

¹³⁰ "Relief Needed in Balkans", *Willmar Tribune*, (December 26, 1912), 3.

¹³¹ "Red Cross Appeals for Funds", *TheMissoulian*, (January 29, 1913), 7.

¹³² Yaralı ve Muhacirler için yardım toplayan New York Hilal-i Ahmer Cemiyeti'ne yardımda bulunan Dersaadet sabık AmerikaSefiri Oscar Straus'e teşekkür edilmesi (Acknowledgment for former American Ambassador in Istanbul, Oscar Straus, about his helps to Red Crescent in New York for refuges and injured people.) **BaşbakanlıkOsmanlıArşivi (BOA)**, BEO, 4116/308639; 12/Z/1330.

¹³³ Phillip Everett, "British Statesmen Dare Not Aid Turks", *The Salt Lake Tribune*, (June 23, 1912), 1.

¹³⁴ Everett.

¹³⁵ Frederick, 115.

Both the State Department's reluctance and the empire's entangled situation damaged the advancement of the relations and practices of the Dollar Diplomacy. Furthermore, Taft had to return domestic politics with the approach of the next elections. Theodore Roosevelt decided to run for Presidency against Taft, with the Progressive Party in elections of 1912. They both lost to Woodrow Wilson. With his step down from presidency, Taft's Dollar Diplomacy policy ended. Woodrow Wilson decided to remove governmental support for American businesses operating in the various regions in the world. In fact, has was an intense critic of imperialism and his goal was to reverse both Roosevelt's "big stick" policies and Taft's "dollar diplomacy."¹³⁶

¹³⁶ "Taft and Wilson"

CHAPTER III

OTTOMAN-AMERICAN COMMERCIAL AND ECONOMIC RELATIONS AND TRADE

From the beginning of Taft's administration to the Italo-Turkish War of 1911, American business interests were encouraged by the State Department smoothly; however, after that date economic concerns were replaced with the protection American lives in the Ottoman Empire because of continuous wars that the Ottomans engaged. In addition to the wars with Italy and the Balkan States, the economic penetration of European rivals stood as another challenging factor to these relations eventually. With the increase of American economic activities in the region, European political pressure started to challenge American projects and initiatives in the empire. The Ottomans had political economic relations with the Europeans more than six hundred years. Therefore, compared to the United States, their commercial positions in the Ottoman Empire was distinguishably stronger than the United States. Especially, during the negotiations of the Chester Project, these challenges were perceived intensely. It would be fair to say that after 1912, the United States could not compete with these challenges actively to keep pursue Dollar Diplomacy.

On the other hand, despite such challenges, in the four-year process, Americans conducted many businesses, took several concessions, and increased the trade volumes with the help of the State Department. The professionalization of the Commerce and Labor Department continued its progress in the empire. All of these activities could be regarded as the outcomes of the economic expansion of the United States in the Ottoman Empire. To support these initiatives, the State Department used power of attraction in some cases. While it could not reach out any development that occurred in every corner of the Ottoman Empire, American officials in several regions took charge. With such direct and indirect acts, throughout four years, the United States conducted an active policy in the empire. In this chapter, this policy's reflections on economy, commerce, and trade are going to be provided.

3.1 Economic Relations

Taft stepped into the presidential office in March 4, 1909, but it took several months for initiate his Dollar Diplomacy campaign in the Near East. In August 1909, after he got the grant and approval from the Congress, American economic expansion on the Ottoman lands appeared to be a likely development. The State Department was ready to involve in American entrepreneurs efforts' to obtain concession in the Ottoman Empire by providing a considerable amount of capital for the investments, in addition to diplomatic support was going to be given by its officials. More liberal and open government was a promise of the empire, and industrial weaknesses were creating a real invitation. In this era, industrious goods' place in trade was growing, while the United States was increased its raw material import from the Ottoman Empire, number of American machinery and tools in the empire was also increased.

The lack of the adequate facilities of communication, transportation, city lightning, and irrigation were reported to the State Department by the consuls. In fact, most of these concessions were already obtained by Europeans, however, in this period the American entrepreneurs joined the race, as well. To practice Dollar Diplomacy in these lands, the United States would not miss any chance of economic intercourse with the empire in the upcoming years.

As it is indicated before, the new Ottoman state system and open-minded individuals among the officials made this intercourse possible. For instance, the new Minister of Finance of the Ottoman Empire Cavid Bey was one of the names who supported the American investment in the empire. Despite the rise of Ottomanism and Turkism among the members of new government, the cabinet was full of deputies like Cavid Bey, who was a man of talent in finance and supporting privatization in the country.¹³⁷ He was known with his sympathy towards the foreign investment, because he advocated that foreign investment is a vital tool for the constitution of national capital.¹³⁸

The US Congress began its economic initiatives with the ratification of the budget, in August 1909. Newspapers released articles about the financial resources budget spent in the Ottoman lands, and it was stated that the government would provide expenditures of the projects more than \$100.000.000.¹³⁹ The new commercial foreign policy was promising political support to be given American enterprises to stand a favorable footing in comparison with the other powers.

Financial status of the empire was quite insecure in the late 1909, which was creating a convenient status for the practices of Dollar Diplomacy in economically

¹³⁷ "Americans Plan Commercial Invasion of Turkish Empire", *The Rock and Argus*, (August 18, 1909), 1.

¹³⁸ Polat Tuncer, "İttihadçı Cavid Bey", *Liberal Düşünce*, (2004), 8-9.

¹³⁹ "Americans Plan Commercial Invasion of Turkish Empire", 1.

backward regions. The Ottoman government expanded new investment areas for the foreigners, to cover previous debts Ottoman debts and to set a budget for modernization. That insecurity of the new system pushed the Ottoman officials to look for sources, for saving economy desperately and to keep their authority.¹⁴⁰ At such times, American investors benefited from these areas one by one by holding stronger positions as much as other investors from Europe did. Even in some cases, they received invitations from the Ottoman government to make investments. For instance, to attract American investors, the Ottoman government directly invited bids for the new Ottoman bonds, which valued \$30.800.000.¹⁴¹ In October 1909, during the Hudson-Fulton celebration for the 300th anniversary of Henry Hudson's discovery of the Hudson River and the 100th anniversary of Robert Fulton's first successful commercial application of the paddle steamer, Ambassador Ziya Pasha stated that American-Ottoman investment relations were highly favored.¹⁴² Especially, Americans got invitations to the lands where American businessmen densely conducted business there. The United States had already opened a consulate in this region and had been a great customer of Ottoman cotton. To these lands, many American company opened branches to obtain local concessions, to mechanize cotton cultivation.

In addition to the governmental invitations, American media and Consul Generals in the empire also started to promote important business news from their regions to attract American investors. Moreover, in the Daily Consular and Trade Reports, these invitations, opportunities, and statistical data were provided. These reports were the official publications of the Department of Commerce and Labor,

¹⁴⁰ Zafer Toprak, *Türkiye'de Ekonomi ve Toplum, 1908-1950: Milli İktisat-Milli Burjuvazi*, (İstanbul: Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 1995), 64-66.

¹⁴¹ "New Ottoman Bonds", *The New York Daily Tribune*, (September 8, 1909), 3.

¹⁴² "American Money Wanted in Turkey", *Los Angeles Herald* (October 9, 1909), 3.

which were published weekly. Furthermore, these reports and opportunities were shared with specific journalists to create public interest. For instance, in his letter to journalist William Eleroy Curtis, American General Consul in Izmir, Ernest S. Harris, underlined the urgent necessity of American firms to enter the Ottoman market and seek for concessions of power administration. "*There is not a single agency in that progressive city of 400.000 inhabitants for the sale of American electrical machinery or suppliers,*" he said.¹⁴³ He also emphasized that the German companies had started to establish their bases in Izmir already, and United States companies should join the race as soon as possible.¹⁴⁴ Such reports helped to draw attention to developments in the empire. Every day, in addition to the advertisements of the Ottoman products¹⁴⁵ (Ottoman clothing and tobacco were the leading ones) there were plenty of such news for the American readers and possible investors.

The State Department had already started to encourage American investors who would like to conduct business in the Ottoman lands and was pleased with the small concession and investment invitations, but state-level economic approaches were announced officially by Taft in his First Inaugural Address. Still, before the Address, American media had already been publishing prospective the plans of the new government. Knox mentioned a number of tendencies towards commercial politics and stated that careful attention to these business operations would be given as well as diplomatic approach, in November 1909. *The Hartford Republican* placed some parts of Knox's statement about the plan in the president's mind, as the following; "*his chief work, aside from using the vast influence of the United States preserve peace and harmony among the nations, will be the expansion of American trade not only in the Far East but in South and Central America and in the Ottoman*

¹⁴³ "American Money Wanted in Turkey", *Los Angeles Herald* (October 9, 1909), 3.

¹⁴⁴ "American Money Wanted in Turkey", *Los Angeles Herald*, (October 9, 1909), 3.

¹⁴⁵ See, <http://chroniclingamerica.loc.gov/> for digitized versions of the newspapers and advertisements

Empire." ¹⁴⁶ Business enlargement was being drawn up for these two states. Government stated that fair opportunities would be given to American investors who would like to help the progress of Dollar Diplomacy in the Ottoman Empire.

In his message to the Congress, on December 4, 1909, President Taft specifically called attention to the significance of the Ottoman Empire and its open investment position. He underlined that this change would create opportunities for to conduct more business.¹⁴⁷

In fact, Taft's confident statement might have been based upon the reports of the American officials and residents in the Ottoman Empire, who had observed the opportunities of introducing American merchandise or obtaining concessions. For example, during Abdul Hamid II's regime, even the city lighting with electricity was discredited in Istanbul.¹⁴⁸ Since he left the throne, there had been a clamor from all parts of the empire for modern improvements, which turned the eyes of the world to these lands. With such developments, the Ottoman officials were aiming to attract foreign investors, in there more liberal and more secure lands. The Ottoman government was granting concessions for railways, harbors, telephones, electric line plants, streetcar lines and numerous public improvements to the highest bidders. Early period of Taft's presidency started with hopes, gestures, and promises to Dollar Diplomacy in the Ottoman lands. Still, the European dominance in various fields challenged Americans many times.

The expectations of the State Department about the enhancement of economic relations with the Ottoman Empire might have been the highest in the beginning of 1910. Mutual expectations in economic cooperation were declared many times and

¹⁴⁶ "More Work For Congress", *The Hartford Republican*, (November 26, 1909), 1.

¹⁴⁷ *Presidential Addresses and State Papers of William Howard Taft*, 453-454.

¹⁴⁸ Halil Sarı, "Osmanlı Payitahtında Elektriğin Kısa Öyküsü", *Enerji Günlüğü*, accessed April 15, 2015, http://enerjigunlugu.net/osmanli-payitahtinda-elektrigin-kisa-oykusu_6213.html#.VdToR_ntmko.

negotiations on several issues were launched.¹⁴⁹ Under the favor of offers from the Ottoman Government and with the State Department's encouragement, American businessmen continued to pour into the Ottoman lands to chase concessions in various areas and for deals of trading goods in 1910. Secretary Knox repeated the significance of commercial relations with the Ottoman Empire as far as he got a chance to commend on the American businessmen who engaged in the Near East. "*I presume there is no section of the world where there is greater immediate opportunity American commerce than in the Near East, especially in Turkey in Asia. We are now diplomatically supporting the expansion of American commerce and enterprise in the Ottoman Empire.*"¹⁵⁰ he stated in March 1910.

In mid-1910, American enterprises intensified establishing and conducting businesses in various parts of the empire. *The Omaha Daily Bee* published an informative article about the march of American capital in the Ottoman Empire, on March 24, 1910. American manufactured products were spread to these lands along with the individual enterprises that were encouraged and assisted by the State Department.¹⁵¹ In the Near East, Americans were chasing additional concessions to the Chester Project while the State Department was receiving notifications from the American officials all around the empire.

Vice Consul General Lucien Memminger sent a detailed memorandum to the both State and Commerce Departments about the situation of the phosphate concessions, requirements, prospective profits in Syria region, in July 1910.¹⁵² Milo Jewett remarked the concession interests of the Europeans in the field of mines, in

¹⁴⁹ See Records of the Department of State relating to political relations between Turkey and other states, 1910-29" Microfilm Reel 17.

¹⁵⁰ "Washington Life", *The Omaha Bee*, (March 24, 1910), 11.

¹⁵¹ "Washington Life".

¹⁵² *Daily Consular and Trade Reports*, No. 16, (July 22, 1910), 214.

the Trebizond region.¹⁵³ In addition to him, Mersin Consul Edward I. Nathan reported the need of American electric plant, road building, and agricultural machinery firms to get several concessions in the Adana and Mersin regions in August.¹⁵⁴ In the same way, Consul General of Salonika, George Horton was inviting furniture-manufacturing firms to monopolize the region.¹⁵⁵ In addition to these events, many other reports required minor news about the local concessions and economic developments.

In the light of these reports, American initiatives started to get some significant concessions and they started to take place in Ottoman commerce with the expansion of local branches. For example, in October, an agent in charge of the American Tobacco Company visited Samsun region for modern agricultural implements in tobacco plantations. Even though the county around Samsun had some of the richest soil in the world for the cultivation of tobacco, it had been cultivated with the most primitive ways. This company concluded a deal about providing American machinery in the area with plantation of a water mill.¹⁵⁶ Furthermore, an American company obtained the lighting systems installation in Jerusalem with two Swedish companies.¹⁵⁷ An American firm conducted building highways in Tripoli, as well. Furthermore, in 1911, an American-British company called Abbott Emery Mines Ltd. went into action in Western Anatolia.¹⁵⁸

Although the political environment was doubtful in 1911, the Consul Generals in the Ottoman Empire started campaigns to arrange local meetings with the leading business houses and representatives in several regions. To popularize

¹⁵³ *Daily Consular and Trade Reports*, No. 21, (July 28, 1910), 283.

¹⁵⁴ *Daily Consular and Trade Reports*, No. 50, (August 31, 1910), 662.

¹⁵⁵ *Daily Consular and Trade Reports*, No. 26, (August 3, 1910), 347.

¹⁵⁶ *Daily Consular and Trade Reports*, No. 80, (October 6, 1910), 70-71.

¹⁵⁷ *Daily Consular and Trade Reports*, No. 32, (February 8, 1911), 525.

¹⁵⁸ Necla V. Geyikdağı, *Osmanlı Devleti'nde Yabancı Sermaye: 1854-1914*, (Istanbul: Hil Yayın, 2008), 179.

American products and businesses, creating direct trade outposts came to the fore. To serve this purpose, especially Salonika's transformation to the center of American business and distribution point for the American goods was completed, and it helped an incredible progress of trade volumes in the region. Salonika was the Ottoman port that opened the empire to the global trade and commerce. It was also the distribution point for the Ottoman products, connected to various other port cities. Numbers of firms in the region promoted the distribution of American goods, which made the "American" name familiar.¹⁵⁹ In 1911, tons of various goods were imported by the United States from this region. The exports of this district showed a steady increase and it was declared that the value of exports from there to the United States risen from approximately \$1.600.000 in 1906 to \$5.800.000 in 1911.¹⁶⁰ After this progress in Salonika, the American Consul arranged more meetings to keep that region interested and to conduct more business. On May 13, 1911, another meeting was arranged in Salonika by Horton to discuss Ottoman-American cooperation in the region. After the meeting the foundations of new direct shipping lines laid, credit loans were added to the agenda, the reasons why Salonika left far behind compared to trade to Istanbul discussed.¹⁶¹ These Consuls acted in these regions as the branches of the State and Commerce Departments, naturally.

Furthermore, the United States increased its petroleum activities in the Ottoman Empire, in this era despite the European dominance in this field. Obviously, neither the American government nor any companies could obtain concessions to promote petroleum companies in Mesopotamia, compared to the British, German and French activities. John DeNovo and Edward M. Earle state that Americans could get relatively smaller shares from the Ottoman petroleum compared to other

¹⁵⁹ *Daily Consular and Trade Reports*, No. 6, (January 9, 1911), 89.

¹⁶⁰ *Daily Consular Trade Reports*, No. 240, (October 11, 1912), 197.

¹⁶¹ *Daily Consular and Trade Reports*, No. 138, (June 14, 1911), 1164-66.

entrepreneurs.¹⁶² Still, initiatives of the Standard Oil in the empire were promising. The Standard Oil launched a campaign to establish importing-exporting branches in various parts of the country, from Salonika to Beirut. The Ottoman Government had granted official permissions to this company and its sub companies for their activities in the empire in 1910 with the help of the American Embassy in Istanbul.¹⁶³¹⁶⁴ In addition to that, The Vacuum Oil Company, what was a sub branch of the Standard Oil Company, established agencies in the empire and started to undersell Russian petrol prices.¹⁶⁵ Moreover, the Standard Oil aimed to establish its own petroleum facilities in the related regions in the empire. Therefore, Standard Oil bought a plate of ground in Salonika for tanks and factories in April 1911. Plantation within the next five years, this company's factories and facilities would surround this region.¹⁶⁶ Furthermore, it was going to obtain licenses to build petroleum tanks and warehouses in the empire, in 1912.¹⁶⁷

In 1909, another significant obstruction in the American-Ottoman commerce relationship was tried to be overcome. So far, Britain's maritime companies had transported American-Ottoman trade goods. English companies surpassed the initiatives of American shipping companies' direct service of the Ottoman Empire. Despite the reports of consuls that regularly emphasized the need of such service, English monopoly could not have been broken. In addition to this, Italians and

¹⁶² DeNovo, 655, Earle, 265-268.

¹⁶³ Amerikan petrol şirketlerinin ithal edecekleri petrolü satmak için çeşitli yerlerde bayilikler açılması ve ödeyecekleri belediye vergileri, (American petroleum companies' opening of dealerships in various regions for selling their imported petrol and their pay taxes to municipalities). **Başbakanlık Osmanlı Arşivi (BOA)**, HR.HMŞ.İŞO.56/29; 26/H/1328.

¹⁶⁴ Amerikan petrol şirketlerinin ithal edecekleri petrolü satmak için çeşitli yerlerde bayilikler açılması ve ödeyecekleri belediye vergileri, (American petroleum companies' opening of dealerships in various regions for selling their imported petrol and their pay taxes to municipalities) **Başbakanlık Osmanlı Arşivi (BOA)**, HR.HMŞ.İŞO.56/30; 07/T/1328.

¹⁶⁵ *Daily Consular and Trade Reports*, No. 15, (January 19, 1911), 233.

¹⁶⁶ *Daily Consular and Trade Reports*, No. 99, (April 28, 1911), 431.

¹⁶⁷ Standard Oil Kumpanyası'na petrol depo ve havuz inşası için ruhsat verilmesi (Grant for to build warehouse and pool for Standard Oil Company) **Başbakanlık Osmanlı Arşivi (BOA)**, MV. 172/12; 05/M/1331.

Germans were also joined the competition of building shipment lines in the early 20th century, which put American's position in this field into a much more challenging situation.¹⁶⁸ With the increase in commerce volumes, direct line establishment became the prior topic of the Consuls in the empire. Number of reports and messages arrived to the State Department about the urgency of that topic. In the end, the Hellenic Transatlantic Steam (TS) Navigation Company, which established in August 1909, became the first direct commercial agent of the United States in the Ottoman Empire and Greece with its direct line between New York and Ottoman-Greek ports.¹⁶⁹ The direct service of this company lasted until the Balkan Wars, when several ships were taken over by the Greek government for military transport.¹⁷⁰

In late 1911, the most urgent need of the situation consisted of the concerns of American trade with the Ottomans and the lack of progress of the direct steamship facilities. The consuls were still underlining the inadequacy of the only one company.¹⁷¹ Hellenistic TS Company's struggle among other companies was not adequate to overcome delays, and the delays were damaging trade and creating discontent. Consul General Gabriel Bie Ravndal stated that the establishment of another direct line in the empire would improve and protect American business in the Ottoman Empire.¹⁷² After these statements, Ravndal initiated negotiations with foreign steamship companies these were represented in Istanbul with a view to obtain a direct monthly service between New York and many ports of the empire. Undoubtedly, the American Chamber of Commerce for Turkey in Istanbul helped the successful consummation of such plans.¹⁷³

¹⁶⁸ "Attached Liner to Sail", *The Sun*, (August 28, 1909), 8

¹⁶⁹ "Attached Liner to Sail", *The Sun*, (August 28, 1909), 8

¹⁷⁰ Titanic Inquiry Project, accessed April 15, 2015, <http://www.titanicinquiry.org/ships/athinai.php>

¹⁷¹ *Daily Consular Trade Reports*, No. 300, (December 23, 1911), 1501.

¹⁷² "No American Boats", *Ottumwa Courier*, (August 3, 1911), 3.

¹⁷³ "American Chamber of Commerce in Turkey", *The San Francisco Call*, (September 13, 1911), 11.

In 1912, in addition to the Hellenistic TS Company, an American licorice root-importing firm name MacAndrews and Forbes sponsored a new line. Besides these direct lines, many other American initiators sponsored several British shipping companies to carry American and Ottoman cargoes every states' ports.¹⁷⁴ The American government and its related departments supported these companies and initiatives. Encouragingly, in early 1912, Consul General Ravndal published a report that explained the increase in shipping activities and shipments between these two countries. He illustrated a list of the districts and the comparison of the trade volumes of 1910 and 1911 to emphasize the progress.¹⁷⁵ However, the American exports which were shipped to the Ottoman Empire with direct lines were still smaller compared to the indirect ones, despite the promising initiatives. Still, American advance in shipping services increased with the volumes of exports, and continued to expand in time.

Even though the Taft administration supported the enhancement of the American economic presence in the empire in various fields, an American bank was not opened in this era. There were several banks in the empire, which had already been owned and operated by the Europeans; yet the United States could not find a solution to compete with them until 1920. The absence of an American Bank in the Ottoman Empire created a serious handicap for the efforts of the exporters to enter the Ottoman commercial field. While others enjoyed the financial advantage of their native banks, Americans conducted banking transactions in these banks. For many years, American consuls and businessmen in the empire urged the desirability and the necessity of American banks in the country. During Taft's presidency, the reports from the empire underlined that the reasons for the failures of obtaining concessions

¹⁷⁴ Gordon, 122.

¹⁷⁵ *Daily Consular Trade Reports*, No. 55, (March 6, 1912), 956-957.

and temporary business of the Americans were related to the absence of American banks.¹⁷⁶ In addition to the consuls, American media joined the call of the encouragements of banking business in the empire. For instance, *The New York Daily Tribune* published the list of foreign directed banks in the Ottoman Empire, and their contribution to trade volumes.¹⁷⁷

3.1.1 Establishment of the Mutual Chambers of Commerce

Even though European dominance was growing, neither the Ottoman officials nor the American government closed the door to each other in terms of economic cooperation. Several Ottoman officials were looking for American cooperation in economy rather than trusting European powers. Some of them were pro-America because their ties with the United States and some other were Euro-skeptic who were looking for another balancing power to break European dominance. As much as American commercial agents and institutions settled in the empire, their influence over Ottoman economic and commercial institutions continued. To carry these relations further, the Ottoman parliament also decided to encourage the Ottoman businessmen to conduct business in the United States to adopt initiative policies and to educate these businessmen in American style. Therefore, the Ottoman Chamber of Commerce was founded in the United States in late October 1910. Four hundred Ottoman businessmen, including famous businessmen such as Calouste Gulbenkian, who was in petroleum business, and Arshag Karaghensian, who was a rug manufacturer, gathered in the establishment of the Chamber which was initiated by

¹⁷⁶ *Daily Consular Trade Reports*, No. 174, (July 27, 1911), 401-410.

¹⁷⁷ "Brief Notes of Finance", *New York Tribune*, (October 17, 1912), 15.

Ambassador Ziya Pasha. Along with the Minister of Commerce, many Ottoman businessmen who had been conducted business with the United States so far, were guests in the opening.¹⁷⁸ The Chamber proposed to establish a bureau for the publication of the pamphlets and statistics which would include periodical meetings and lectures, and would promote policies for the promotion of commercial relations between the United States and the Ottoman Empire. In time, the businessmen who were sent to the United States studied American economic system, and learned how to conduct business and practice it in American way. They also served as economic attachés to expand commercial relations.¹⁷⁹ A month later, Ziya Pasha made a statement to the journalist Ralph Johnson about the Chamber and its further purposes, in New York. He stated that, "*the Chamber would help to increase the prestige of the Ottoman commerce in the United States, which would allow adaptation of the scientific approaches of commerce, trade and labor conditions and would diverse the Ottoman elements in the United States.*"¹⁸⁰ After that date, various Ottoman businessmen were sent to the United States for the business education and cultivation techniques or attending fairs.^{181 182 183} Furthermore, the Ottoman officials in the United States started to attend more to exhibition openings and trade or agriculture conventions.^{184 185}

¹⁷⁸ "Zia Pasha an Organizer", *New York Tribune*, (October 25, 1910), 14.

¹⁷⁹ "Zia Pasha an Organizer", 14.

¹⁸⁰ Ralph Johnson, "New York Surely Cosmopolitan", *The Salt Lake Tribune*, (November 6, 1910), 4.

¹⁸¹ Kendi hesabına Amerika'da elektrik ilmi tahsil etmek isteyen Salih Feyzullah Efendi'ye gereken kolaylığın sağlanması için Amerika Sefareti'ne gerekli tebligatın yapılması, (Application to the American Embassy in Istanbul to provide convenience to Salih Feyzullah Efendi who would like to get electrical education for himself) **Başbakanlık Osmanlı Arşivi (BOA)**, MF.MKT.1165/45; 11/M/1329.

¹⁸² Haldun Bey'in Amerika'da Ziraat tahsili yapma talebinde bulunduğu, (Haldun Bey's request for getting agricultural education in the United States) **Başbakanlık Osmanlı Arşivi (BOA)**, MF.MKT.1169/24; 03/R/1329.

¹⁸³ Meclisi Mebusan Zabıt Ceridesi, Devre I, Cilt 6, İçtima 3, (May 1, 1911), 54-55.

¹⁸⁴ Amerika Birleşik Devletleri tarafından 1915 senesinde San Fransisko şehrinde kürşad olunacak sergiye Hükümet-i Seniyye'nin de iştiraki lüzumu, (Importance of the governmental representation of the Ottoman Empire, in an exhibition in San Francisco, in 1915). **Başbakanlık Osmanlı Arşivi (BOA)**, BEO 4097/307271; 02/ZA/1330.

As a consequence of the Ottoman Chamber of Commerce's establishment in the United States, the impetus of American government's interest in the Ottoman Empire increased. In 1911, the budget law provided annual allocations for purchasing, building, repairing and furnishing diplomatic and consular establishments in Istanbul.¹⁸⁶ Furthermore, in the light of these initiation and reports from the empire, the State Department decided to expand its professional institutions in this country. In April 1911, the American Chamber of the Commerce in Turkey was founded. Gordon states that the commercial importance attached to the Ottoman Empire at that time was evidenced by the fact that the Ottoman Chamber became the second organization of its kind, preceded the one in Paris.¹⁸⁷ General Consul Ravndal sent the description of the initial meeting to the newspapers. The meeting was held with sixty-two American merchants who resided in Istanbul, at the American Consulate General. Many other merchants who resided in Trebizond, Salonika, Smyrna, Mersin, Aleppo, Beirut, Jerusalem and Baghdad sent their assurances to the organization about their support and cooperation. In addition to them, many other nonresidents' - who would like to conduct business in the empire - membership was expected from the United States.¹⁸⁸ General Consul Ravndal addressed to attendees that the United States had been one of the best customers of the Ottoman products and the trade would continue to grow larger.¹⁸⁹ In fact, expectations met the demand. In January 1913, during the first annual meeting of the Chamber of the Commerce of the United States, it was stated that this institution now had constituent members in

¹⁸⁵ Efrenci Eylül'ün yirmi dördünde Amerika'nın Boston şehrinde kürşadı mukarrer olan ve Hükümet-i Seniye'ce delegelerizamile resmen iştirak edilmesi Amerika Sefareti'nden iltimas olunduğu bildirilen beynelmilel ticaret odaları kongresi hakkında vaki olacak mütalaanın işarı, (Remark of the Ottoman government about the international chambers of trade organization in September 24, in Boston) **BaşbakanlıkOsmanlıArşivi (BOA)**, BEO 4044/303248; 09/C/1330.

¹⁸⁶ Ruth Kark, *American Consuls in the Holy Land, 1832-1914*, (Jerusalem: The Magnes Press, 1994), 54.

¹⁸⁷ Gordon, p. 155.

¹⁸⁸ *Daily Consular and Trade Reports*, No. 93, (April 21, 1911), 311.

¹⁸⁹ *Daily Consular and Trade Reports*, No. 93.

forty-three states and territories and in one foreign country, the Ottoman Empire.¹⁹⁰ In less than two years, the members of this organization reached 429. In 1913, the Chamber was quite settled in the Ottoman Empire, serving as a mercantile agency and an arbitration committee for disputes. In addition to these services, the Chamber maintained several progressive projects as establishment of direct shipping services, works to establish American banks in the empire. It also provided exchange opportunities for the Ottoman students, and invited a number of successful students to the United States in years.¹⁹¹

Just after the establishment of the Chamber in Istanbul, the American-Syrian Chamber of Commerce in Beirut established. The growing importance of Beirut for the Americans and the lack of local commercial institutions in the region turned the Commerce Department's attention to that city. Primary goals were about increasing the circulation of American goods in the region and overcoming problems and challenges those the American manufacturers faced in the region.¹⁹² In fact, in 1910, Beirut yielded a good improvement in aspects of becoming important American commercial posts. Americans enjoyed importation of raw materials and agricultural goods from this region. In addition to them, American machinery's presence in the region increased along with the establishment of the American Agricultural School.¹⁹³

In fact, the new American agricultural and industrial schools' establishment were not unique to Beirut, but to the whole empire. In late 1911, the Robert College's engineering school opened. This school would help the empire's industrial development with American type of education. In addition to this school, many other

¹⁹⁰ *Daily Consular and Trade Reports*, No. 93.

¹⁹¹ "U.S. Recognized Educational Center", *Times-Republican*, (September 2, 1911), 10.

¹⁹² *Daily Consular and Trade Report*, No. 137, (June 13, 1911), 1146.

¹⁹³ *Daily Consular and Trade Report*, No. 15, (January 19, 1911), 233.

industrial schools were established in various cities of the empire like Urfa, Maras, Antep, Sidon and Salonika.¹⁹⁴¹⁹⁵ These schools also contributed to the settling of American activities in the region and helped the Americanized systems to be adopted by the local population. To teach in these schools and conduct studies, many famous American academicians as Semitic Richard Gottheil or physician Dr. Mary Pierson Eddy visited the empire for various studies.¹⁹⁶

3.1.2 Challenges to the Economic Relations' Progress: European Intervention and Continuous Wars

The year of 1911 was the beginning of the continuous troubles in domestic and foreign policies of the Ottoman Empire. Dissident deputies started to emerge in the government, who created new parties in the parliament. The Freedom and Accord Party won by-election, but the elections were cancelled by the Progress and Union Party. Continuous riots and change of government followed this incident, throughout 1911-1912. On the other hand, Italy declared war on the Ottoman Empire, which became the beginning of never-ending war series for the Ottoman Empire. Troubles in the country slowed the commercial progress between the two states, yet several projects continued to take place.

Unfortunately, the late 1911 and 1912 became problematic years between the Ottoman Empire and the United States. Continuous wars decreased the economic activities and created concerns for the investors. In addition to this, the Ottoman

¹⁹⁴ *Daily Consular Trade Reports*, No. 236, (October 9, 1911), 143.

¹⁹⁵ *Daily Consular Trade Reports*, No. 6, (January 9, 1911), 94.

¹⁹⁶ Richard Gottheil, "Progress in Turkey", *The Sun*, (December 10, 1909), 8; "An American Woman in Syria", *The Sun*, (June 12, 1910), 6.

Empire had withdrawn from several regions such as Tripoli, where American investors looked to get concessions. In late 1912, the American Consuls in the empire issued new statistical results of the Ottoman cities, their new populations, and their capacities, to deal with them accurately.¹⁹⁷ Dollar diplomacy and its practices became the secondary importance of the State Department with the break out of the Balkan Wars. While the Bulgarians advanced to Istanbul, the protection of the American citizens in the Ottoman lands became the priority of American foreign policy.

First of all, in the first years of the 20th century, Americans were still conducting their businesses from the agencies in Istanbul or European cities, rather than directly communicating with local administrations. The establishment of local administrations in the empire, during Taft's presidency, aimed to solve such problems. Furthermore, the grant of traveling permission from one place to another in the empire without local passports after the two states' negotiations, helped American investors' penetration.¹⁹⁸ On the other hand, there was no direct shipment line between the two states' businesses. It was causing delays, miscommunication, and long transportation hours among the dealers. Furthermore, this situation was creating additional costs and limits for the products, which decreased the trade volume between the two states. The establishments of two steam lines in this era would help to increase volumes commercial products. In addition to these progresses, the improvement suggestions kept reaching to the State Department from consuls. For instance, in August 1910, Horton sent a detailed telegram about the reasons of failures and lack of the American presence in the Ottoman Empire, plus tips in the

¹⁹⁷ *Daily Consular Trade Reports*, No. 250, (October 23, 1912), 426-427.

¹⁹⁸ *Daily Consular and Trade Reports*, No. 142, (December 19, 1910), 1077.

regions and open businesses.¹⁹⁹ However, when each challenge was overcome by the State Department, new ones appeared.

Excitement in the political progress started to receive blows with the European interventions to the American concessions. Besides the Chester Project, Americans had to compete with the Europeans in each concession they wanted to obtain. For instance, when the Ottoman officials signed a contract with British contractors for the naval increase without giving the American shipbuilders an opportunity for the counterbid, it created a concern in the State Department, normally.²⁰⁰ It was a huge concession in the naval program of the Ottoman Empire, and the State Department made a special effort to escalate the issue to the Ottoman Government to reconsider, after the news arrived. After such negotiations, the Ottoman officials announced that they were going to postpone the deal that had been made by the British contractors, and they were going to provide a chance to American shipbuilders for the counterbid.²⁰¹ Eventually, Americans did not get the concessions on this issue.

Furthermore, the Ottoman government had already committed to all sorts of costly reforms at home with the foreign debts, which imposed heavier duties on foreign interests in the empire. Furthermore, the empire was desperately looking for any additional income besides increasing the taxes. The Ottomans enjoyed foreign investments and foreign attention in its lands, which became a traditional economic policy for the Ottoman Empire. Commercial interests in the region would set a budget, which could be used to consolidate the parliamentary system and government. Besides the debts, the Europeans had been great customers who had always brought money. Therefore, to attract a new customer, it would be risky to

¹⁹⁹ *Daily Consular and Trade Reports*, No. 27, (August 4, 1910), 358-359.

²⁰⁰ "Dollar Diplomacy Fails", *New York Daily Tribune*, (March 18, 1910), 4.

²⁰¹ "Dollar Diplomacy Fails"

challenge the prior clients. On the other hand, Dollar Diplomacy's progress could be perceived in some parts of the empire with remark to the establishment of professional local commercial administrations or obtaining of small concessions. Furthermore, American investors and companies were in a safer position to push their business into the empire's lands under the protection and encouragement of their government. However, the problem was that European businessmen had long been in this political position and had such political privileges for so long. In fact, European states were financiers of the Ottoman Empire with their loans and investors of important concessions. For example, it can be deducted from the Geyikdağı's book *Osmanlı Devleti'nde Yabancı Sermaye: 1854-1914* that, compared to French, British and German investments in the Ottoman Empire, the others were negligible.²⁰² Naturally, when Americans were challenged by another financier, the Ottoman officials mostly had to sided with the Europeans, especially with Germany. In fact, Germany became the most important financier of the Ottoman Empire with its loans and increasing investments in the late 19th century. For instance, in late 1910, Germany consolidated its strong position with its friendship as an unrestricted provider of financial aids to the empire. After the failure of the negotiations with Britain and France, the Deutsche Bank secured \$31.500.000 loan to the empire when it was needed in November 1910. While other states expected the investment plans of their loans, Germany seemed not to care. In this case, the loans were secured by Germany, rather than other countries because the Ottoman government's intention was to use the funds in the purchase of war materials.²⁰³

Such chance came to the United States financiers to loan money to the empire. The news about the Ottoman demands for the war sinew reached the United States in

²⁰² Geyikdağı, 96.

²⁰³ "Germany Aids Turkey", *Evening Times-Republican*, (November 10, 1910), 1.

late 1910. British merchant banker Sir Ernest Cassel arrived in New York to arrange meetings with American billionaire, at that time. *The Spanish Fork Press* published a detailed information about Cassel's arrival and the situation about the empire's needs, on December 1, 1910. According to the news, after the loan rejections of Britain and France, the Ottoman government bought war sinews from Germany. Cassel, who failed in borrowing from Europe for the Ottoman Empire, was trying to get demanded loans from the United States.²⁰⁴ Cassel met several businessmen and American officials to clarify the importance of the condition and its prospective returns to the commercial relations. However, in the end, this attempt remained inconclusive. American officials preferred to stay out of any complicated relations with any state, including the Ottoman Empire. Unfortunately, only conducting business without providing political support would limit the American economic actions in the empire, especially with the outbreak of the Italo-Turkish War.

After these incidents, American investments in the Ottoman Empire were withdrawn. In fact, these investments were quite negligible compared to Central American investments.²⁰⁵ During Taft's presidency, several American companies as American Tobacco Company, McAndrews and Forbes, Standard Oil Company, and Singer sewing machines established branches in the Ottoman lands. In addition to them, Americans got city lightning concession.

²⁰⁴ "Needs War Sinews", *The Spanish Fork Press*, (December 1, 1910), 1.

²⁰⁵ Geyikdağı, 120.

3.2 Dollar Diplomacy's Reflections on the Trade

3.2.1 Imports of the United States from the Ottoman Empire

When the statistical results of the American-Ottoman commerce in the early 20th century considered, it would be clearly seen that there was a general exponential increase in the imports and exports between the two countries²⁰⁶ (Appendix A). Despite several fluctuations in the pre-1908 period, between the 1908 and 1912, the results in import, export, and total trade showed a certain increment in the whole economic cooperation in 4 years. Statistical analysis of the table also puts forward the increase in the imports of the United States from the Ottoman Empire, while exports to the Ottoman Empire were relatively higher than the imports. Surely, the positive reflections of the results could be related to the new government type in the Ottoman Empire and government's lean towards progress in commercial relations with the foreigners. Furthermore, historian Ruth Kark quotes that the Ottoman Empire gained particular importance in the eyes of the leading industrial nations and became outlets for their manufactured goods.²⁰⁷ On the other hand, the negative results of World War I and Ottoman belligerency in 1914 could not be ruled out. During that era, the Consuls in the empire informed the State Department about business opportunities and open concession. In addition to these, the Consuls also provided the information of trading goods, cultivation statistics, needs of the regions and prospective volumes of imports and exports of the American government from various regions, as well.²⁰⁸

²⁰⁶ *Statistical Abstract*, 428.

²⁰⁷ Kark, 72.

²⁰⁸ See, Daily Consular and Trade Reports' issues between 1909 and 1913 for the detailed information.

American elementary import, from the empire, were the goods, which had always been in on the top of the list throughout history. These goods were mostly agricultural, with several other additions such as machinery or raw materials. In fact, there was particularly no industry in the Ottoman Empire, nor change in the outdated production techniques.²⁰⁹ However, vast territory of the empire was home to various agricultural products. The United States, with the help of local commercial administrators, increased its import of such products in this era. The reports issued arrived the State Department to help it to buy certain goods in relatively cheaper prices. They also send information about cultivation statistics in years and demands of suppliers' in the regional markets. Along with fruits, nuts and tobacco, the United States also imported raw materials as cotton and wool from the Ottoman Empire.

Certainly, among many imported goods the leading one was tobacco with its huge share in commercial relations. During Taft's presidency, the importation of tobacco reached the volumes of seven times greater than early the 1900's²¹⁰ (Appendix B). Tobacco was the most important import product of the Ottoman Empire, which have been at a premium by Europeans and Americans so far. So much so that, the tobacco which was cultivated in Adrianople was accepted as the top quality in tobacco, and had a huge fame all around the world.²¹¹ During the Balkan Wars, when Bulgaria captured Adrianople and the tobacco fields in the area, businessmen became concerned about the future of the tobacco market and hoped that issues between the Ottoman Empire and Bulgaria would be solved before possible recession in the tobacco market.²¹² In this news, it was also added that tobacco was the top imported good of the United States from the Ottoman Empire,

²⁰⁹ Murat Çiftçi& Recep Seymen, "Osmanlı Endüstriyel Üretim Yapısının (1913-15) Emek-Sermaye Bileşeninde İncelenmesi", *Uluslararası İnsan Bilimleri Dergisi*, Cilt. 8, Sayı. 2, (2011), 1092-1093.

²¹⁰ Gordon, 65, (Table 8).

²¹¹ Captured Turkish Tobacco, *The Bennington Evening Banner*, (March 8, 1913), 6.

²¹² Captured Turkish Tobacco.

which would be hard to obtain from somewhere else. Tobacco producers and cigarette companies in the United States continuously asked the government's help for the cultivation and importation of more Turkish tobacco to meet their demands.²¹³ On the other hand, throughout the four years, Turkish tobacco culture and import of the seeds in the United States expanded from Kentucky to California.²¹⁴ That situation pressurized the American government to import more Turkish tobacco when it could not meet the demand, which increased the price five times per pound greater than before crowded out light tobacco production in Virginia and North Carolina.²¹⁵ Furthermore, Turkish tobacco commerce was one of the leading advertisements in the American media, along with Turkish cotton and silk, which increased the demand for that good.²¹⁶ The State Department overcame such demand with charging representatives of tobacco companies about the importation of the tobacco by supporting them with the hands of the Department of Commerce and Labor in the Ottoman Empire.²¹⁷

In addition to tobacco, the United States continued to import cotton, wool, rugs, and carpets from the empire, especially from Adana and Mersin regions. According to the report of Consul General Ernest L. Harris, cotton was continued to be exported from the Smyrna port to the United States at most along with Britain.²¹⁸ In terms of the agricultural activities in the region, the volume of the export was changing. In addition to Izmir, the United States was importing cotton directly from Adana region, as well. Adana and Mersin regions were also known for their wool market in the United States. The statistical results verified that the United States was

²¹³ "Turkish Tobacco", *Hopkinsville Kentuckian*, (January 5, 1909), 1.

²¹⁴ "Democrats Hot Protectionists" *The Hartford Republican*, (March 26, 1909), 2.

²¹⁵ "Democrats Hot Protectionists"

²¹⁶ *The Arizona Republican*, (December 5, 1913), 8; See, <http://chroniclingamerica.loc.gov/> for more advertisements.

²¹⁷ "Omaha to Have Turkish Consulate in the Future", *The Omaha Sunday Bee*, (October 16, 1910), 1.

²¹⁸ *Daily Consular Trade Reports*, No. 2, (July 6, 1910), 21.

importing 160 tons of wool from the Adana region annually, as the best buyer in the region.²¹⁹ Furthermore, the import expenses of wool were tripled between 1908 and at the end of 1909, with the establishment of regional commercial outposts in the Ottoman Empire.²²⁰ In addition to raw materials, rugs and carpets became other imported goods to the United States.²²¹ The United States also continued importing fruits and nuts, oil seeds, sesame, hides, licorice roots, wines from various regions of the Ottoman Empire. These products kept their increment in aspects of volumes throughout years. Despite the arithmetical increase of trade volumes would be seen throughout 1908 to 1912, the exponential increase between 1901 to 1912 would explain the advance of trade between these two states during the Taft administration (See Appendices A and B).

3.2.2 Exports of the United States to the Ottoman Empire

Despite imports were generally based on several specific goods from the Ottoman Empire, the United States exports to the empire varied greatly. The main reason was a rapid expansion of the American industry developed in the late 19th century, which started to be exported to the world in the 20th century.²²² American production of machinery and manufactured goods, which was combined with the extreme lack of industrial development of the Ottoman Empire, became a great potential market for the United States. On the other hand, the United States was also exporting agricultural goods to the empire even the same products were cultivated in

²¹⁹ *Daily Consular Trade Reports*, No. 110, (May 11, 1911), 631.

²²⁰ *Daily Consular Trade Reports*, No. 173, (July 26, 1911), 388.

²²¹ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 2, İçtima 2, (February 5, 1910), 142.

²²² Trani, "Dollar Diplomacy".

the Ottoman lands because of the transportation weakness inside the country. For instance, during the parliamentary discussions of July 29, 1912, Çamlık Deputy Mehmet Şahin Bey ironically complained about the corn import from the United States, despite it was well cultivated in the Trabzon region. This was one of the examples provide the information that the United States was benefiting from such inadequate situation. Villages and towns were 8-9 hours away from this region; they imported corn from the United States, who had cheaper transportation offers.²²³

Cotton and its derivatives had the highest share as exported goods of the empire. For instance, the reports of the August 1911 showed that the imports of American cottonseed oil to the Ottoman Empire amounted to more than 36,000 barrels, as against 11,000 during the previous year.²²⁴ In fact, this increase could be seen in the trade reports; however, it could be highly related with a fire disaster occurred in Adana and Mersin regions of the empire in 1911. In the presence of such disaster, the reports verified the decline of cotton production in the region and the Ottoman need of these types of products was secured by the Bureau of Manufacturers.²²⁵ Secondly, the export volume of cotton between the empire and the United States rose after the Italo-Turkish war. In October 1911, when Italy was out of the market, United States started to increase its cotton exports to the Ottoman Empire. Vice Consul of Salonika, John L. Binda, sent a message to the Commerce Department about the troubles in trade between the Ottoman Empire and Italy, and advised that an organization of American manufacturers and businessmen should be prepared to take the Italian share in trade.²²⁶ Indeed, exports of cotton from the United States boomed after 1911, consequently.

²²³ *Meclis-i Mebusan Zabıt Ceridesi*, Devre II, Cilt 2, İçtima 1, (July 29, 1912), 503-504.

²²⁴ *Daily Consular and Trade Reports*, No. 260, (November 6, 1911), 654.

²²⁵ *Daily Consular and Trade Reports*, No. 260.

²²⁶ *Daily Consular and Trade Reports*, No. 279, (November 28, 1911), 1055.

Second of all, when Taft enabled Dollar Diplomacy, the American industry also provided a gradual increase in exports to the empire. The reports, which came from the Ottoman Empire, provided the information that, some of the greatest parts of the American export to the empire were petroleum, machine oil, galvanized iron, machinery in several areas.²²⁷ However, there were several drawbacks. American producers and exporters in the Ottoman Empire generally relied on foreign agencies; they were not in a suitable position to deal with local businessmen directly. Several American firms were established in various regions of the empire by the encouragement of the State Department in order to compete with the Europeans. These were sub branches of industrial companies or tool producing factories of the brands.²²⁸

Still the greatest challenge was the formidable resistance of the European industrialists and their efforts to shut the commerce door to the newcomers. European industrious businessmen settled their businesses in each part of the Ottoman Empire. Furthermore, European firms easily extended long-term credits from their banks. That situation led not only commercial rivalry and sharp competitive methods, but also the political rivalry and diplomatic challenges. Still, the development of American large-scale production of machines, manufactured goods with low costs eventually won the favor of the Ottoman buyers and made the United States one of the most industrial equipment exports. The reports from Salonika to Beirut underlined that American small engines for manufacturing, industrial or agricultural goods were sold to local businesses by outbidding other providers.²²⁹ Furthermore, the modernization policies with the usage of machinery in the Ottoman Empire were reflected in the consular reports, proving that American machinery in the region was

²²⁷ *Daily Consular and Trade Reports*, No. 89, (April 17, 1911), 254.

²²⁸ *Daily Consular and Trade Reports*, No. 89.

²²⁹ *Daily Consular and Trade Reports*, No. 13, (January 17, 1911), 205.

popularized.²³⁰ A report from 26 July 1911 verified that American machinery in the empire started to take over the European position in the Ottoman markets. Especially, American agricultural machinery became common in every corner of the empire, which came with easy instructions and repair offers.²³¹ American machinery would continue to be widespread in the next years with the support of the State Department that established local engineering schools and commercial posts mostly in southern Anatolia region.

Furthermore, American metal tools improved their volumes in total trade share, as well. Especially in new established facilities and factories, American machines were purchased despite their European owners.²³² Lastly, active road building in the Ottoman Empire opened a new field for the sale of American automobiles. Furthermore, American automobilists and motorists were already showing a desire to settle in Istanbul and asking for political support of the State Department.²³³ Throughout this process, first American cars were driven from Istanbul to Tripoli. Despite its small contribution to exports, the automobile industry had just entered the list as a promising export product for the future. Gordon gives the credit to the revolution that removed the restrictions over modern improvements and devices.²³⁴ In addition to American machinery, industrial, and agricultural products, the Ottoman Empire continued to import leather, rubber, metals, and chemicals from the United States, in this era ²³⁵ (Appendix C).

Compared to American investments, trade volumes between these two states showed greater increment during Taft's presidency. Especially, exponential increase of U.S exports to Turkey explains the widespread American products in the Ottoman

²³⁰ *Daily Consular and Trade Reports*, No. 13.

²³¹ *Daily Consular Trade Reports*, No. 173, (July 26, 1911), 396.

²³² *Daily Consular Trade Reports*, No. 149, (December 28, 1910), 1184.

²³³ "Autoing Through Turkey", *The Lexington Intelligencer*, (January 9, 1909), 7.

²³⁴ Gordon, 105.

²³⁵ Gordon, 66.(Table 9).

Empire.²³⁶ As promotion of trade was another goal of Dollar Diplomacy, this consequence is quite important.

3.3 The Chester Project during the Taft's Presidency

Historian Sukan-Yavuz states that construction of railroads were an important branch of the Dollar Diplomacy, which the United States aimed to get concessions in various regions, especially after 1908.²³⁷ Historian Suhnaz Yılmaz supports Sukan-Yavuz's claim, with three more important reasons about such investments. She states that controlling over railroads would not only constitute a great advantage for enhancement of trade and extracting the minerals, especially oil, but also it would administrate strategic transportation routes.²³⁸ Therefore, when Admiral Colby Chester visited the Ottoman Empire, he had attracted with such opportunities in these lands. He began his initiatives in the Ottoman Empire to obtain a railroad construction project in Eastern Anatolia, in 1908.

When Taft was elected as the president, Admiral Colby Chester was still in Istanbul, looking forward to get concessions from the new Ottoman government, for his railroad project that would cover Eastern Anatolia. However, in this time, neither Europeans nor the Ottoman governments were challenging to him. Dr. Glaskow was another American who looked forward to get railroad concessions on the same line with Colby Chester. He was representing J. G. White and Company of New York and London, a friend of the Ottoman deputy Armen Garo, who was a pro-American

²³⁶ Suhnaz Yılmaz, *Turkish-American Relations, 1800-1952: Between the Stars, Stripes and the Crescent*, (New York: Routledge, 2015), 27.

²³⁷ Sukan-Yavuz, 529.

²³⁸ Yılmaz,, 24.

deputy of Erzurum from the Armenian Revolutionary Federation Party. Throughout his deputyship, he was one of the most ardent supporters of Dr. Glaskow's and later on, the Chester's Project. In the tense times, Garo tried to act as a mediator between the American side and the Ottoman Government.

In fact, Dr. Glaskow and his friends were about to get concessions before Chester's intervention. The Ottoman parliament put to the vote his project in the session on August 4, 1909. The deal was not only about building railroads in stated areas, but also getting the rights to exploit the mines in 20 km diameter of the railroad area.²³⁹ Still, the negotiations and approval were delayed until the date of August 20. On that date, the main topic during the parliamentary session was the future of the concessions, which would about be given to Dr. Glaskow and his company. Despite some supporters, many of the deputies approached voting skeptically, especially the ones who worried about the exploitation of the mines. Eventually, the parliament agreed to approve the project with the privileges but the decision was stalled, until the following year. Then, the parliament concluded its works and prorogued.²⁴⁰

The first time he approached the new American Government, Chester's initiations in the Ottoman lands were welcomed with sympathy by some certain American officials, including Consul General of Constantinople Charles Dickinson, and was perceived as a part of the United States' new commercial policy towards the Ottoman Empire.²⁴¹

With the reopen of the parliament, unabated concerns and criticisms on Glaskow's offer continued. In December, the parliament delayed the final decision on

²³⁹ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 6, İçtima 1, (August 4, 1909), 99.

²⁴⁰ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 6, İçtima 1, (August, 20, 1909), 594-605.

²⁴¹ Russell Yates Smith, "James Wood Colt and the Chester Project, 1908-1914", (MA Thesis, The Ohio State University, 1967), 8

the project once again, which decreased the motivation of the company, and unofficially cancelled the previous deals.²⁴² In fact, the American government had already supported Dr. Glaskow until it was certain that this project would not obtain the concessions. Within this period, first, Chester outbid Glaskow's company by spending useful time, while the parliament was close, by shuttling back and forth between the Ottoman Empire and contractors in the United States. Then, he showed his eagerness on the project to the Ottoman officials and won the favor of the Ottoman Parliament. He accepted the Parliament's several demands and reassured them about the future of the project while other contractors turned them down. He also provided all the certificates from American banks, government, and embassy.

On the other hand, news from the empire were confirming the positive attitude of the Ottoman Parliament towards this project. From the American Consuls of Trabzon and Izmir, optimistic messages were sent to the government about the future of the project. So far, in these regions, the Europeans already exploited many projects such as the electric lines or port construction concessions. However, the new parliament included some nationalists who aimed to save the future of the state from European exploiters and pro-Americans who both admired American investments and looked for a balancing power to break the European pressure. For instance, Milo Jewett, who was the Consul to Trabzon, corroborated those claims by stating that the Ottomans were skeptic about European investments in these projects. Therefore, American investments became a possible counterweight for European political ambitions.²⁴³ In addition to them, Knox stated that as long as American expansion in

²⁴² *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 1, İçtima 2, (December 13, 1909), 275-279.

²⁴³ DeNovo, "A Railroad to Turkey", 304.

trade and investment continued, the government would support exporters.²⁴⁴ It was a boost for Chester.

For this important project, President Taft assigned a veteran diplomat, Oscar Straus once again. In his previous terms in the empire, Oscar Straus became one of the most prominent figures of Ottoman the society. He made notable friends among the Ottoman officials, such as War Minister MahmutSevket Pasha. In *Under Four Administrations*, he referred to this friendship and uttered his sorrow when the Pasha was murdered in several chapters. In his third mission, experienced diplomat arrived in İstanbul, in October 1909. The Sultan received him in October 4, with a greater ceremony that he was received before.²⁴⁵ During this visit, Straus explained the desire of the president of United States to cultivate existing friendship between the two countries.²⁴⁶ On the other hand, he mentioned that this brilliant welcome did not attract him. He wrote in his memoir that the Sultan was no more than an image that was surely irrelevant to being a decision maker.²⁴⁷ Straus knew that obtaining the concession would need more than the warmest welcome of the Sultan. With the full support of the State Department, he intensified the official visits to the related Ottoman officials and parliament members to obtain the concessions for Chester.

On the other hand, historian Naomi Cohen deducts that Straus believed in the promotion of capital investment in Turkey, and concessions acquired would lead America into most complicated commercial wars of Europe.²⁴⁸ In many parts of his book, Straus mentioned his pessimism about the future of this project and the

²⁴⁴ Henry Pringle, *The Life and Times of William Howard Taft, A Biography*, Vol. II. (first published in 1939), (New York: American Political Biography Press, 1998), 678-699.

²⁴⁵ Straus, 325.

²⁴⁶ "Sultan Receives Straus", *The Citizen*, (October 9, 1909), 1.

²⁴⁷ Straus, 277.

²⁴⁸ Naomi W. Cohen, "Ambassador Straus in Turkey, 1909-1910: A Note on Dollar Diplomacy," *The Mississippi Valley Historical Review*, (1959), 633.

immediate cultivation of friendship between two states in the short term.²⁴⁹ The obstacles to the project were great; especially Russia and Germany had been looking to have the same privileges in Eastern Anatolia for so long. In addition to that, Straus issued that the British, French and other Europeans' had already settled commercial activities within the Ottoman Empire, which would put American initiatives into entangled situation.²⁵⁰ For many times conflicts of interests between Chester's company and the European investors would restrain the project in the following years.

In September 1909, Chester got the relevant instructions from the parliament to start the railroad construction project and went back to the United States. In November, the Ottoman-American Development Company (OADC) was founded. James L. Laidlaw, who was a New York banker, signed the contract as the president of the company. This company would have held all rights and benefits of the project and would have conducted the business with the Ottoman government, in upcoming years. After the first negotiations, Laidlaw assured Secretary Knox that the Ottoman government was desirous about the American investment in Turkey.²⁵¹ Knox replied that the administration would have encouraged the OADC and their enterprises in the Ottoman Empire and Ambassador Straus would arrange meetings of negotiations between the representatives of the OADC and the Ottoman Government.²⁵² In late November, the OADC officials arrived in Istanbul once more with the recommendation letters from various important New York financiers.

Despite the reliability of Chester in the eyes of many Ottoman officials, these Americans were still strangers who aimed to get a very important concession of

²⁴⁹ Straus, 279.

²⁵⁰ Straus, 79.

²⁵¹ Smith, 17.

²⁵² Smith.

railroads what was more than 1000 miles long. The Ottoman charge d'affaires Washington, Ahmed Rustem Bilinski shared the same concerns with the deputies; therefore he sent a message to Knox, indicating his concerns about the credibility of the Chester Project. In March 1910, this message was replaced by the address of trust of Secretary Knox. He stated that the US Government attached a great importance to this project which would be regarded as the evidence of a sincere desire for the extension of commercial relations between these two countries.²⁵³

In March 1910, the OADC representatives successfully concluded the negotiations with the Ottoman Government. A preliminary contract was signed with the Ministry of Public Works. Gordon underlines that Knox's statements paved the way of getting this approval from the Ottoman authorities.²⁵⁴

News from the empire caused a stir in the American media. Several newspapers of the United States gave place to the successful negotiations in the empire with sensational headlines. While *The New York Daily Tribune* saw progress as new lines that would be planned,²⁵⁵ *The Omaha Daily* announced that Americans were after the Turks to secure railroad construction in the Ottoman regions.²⁵⁶ In *The Salt Lake Tribune*, these negotiations were explained as the American spirit of enterprise to aid the development of the empire and the project would exploit mines on the way.²⁵⁷ According to the plan, this project would contemplate the construction of the railroads through Sivas, Bitlis, Mus, Van, Diyarbakir, Kirkuk, and Suleimanish, which would be approximately 1250 miles long. The following week after the contract; *The Spokane Press* released an article which supported the commercial policy that Taft practiced in the Ottoman regions. Article defined the Ottoman

²⁵³ Gordon, 259-260.

²⁵⁴ Gordon.

²⁵⁵ "Railways in Turkey," *New York Daily Tribune*, (March 28, 1910), 4.

²⁵⁶ "Americans after Turks," *The Omaha Daily Bee*, (March 28, 1910), 1.

²⁵⁷ "Americans Seek Turkish Foothold," *The Salt Lake Tribune*, (March 28, 1910), 2.

Empire's position as pivotal and continued by stating that the empire could be one of the most important fields of commercial investments. Firstly the deposed Sultan Abdul Hamid's despotic regime was referred, it was announced that the new chapters would be opened in aspects of building railways and telegraph lines with the new modernist Young Turk's governance. Secondly, it was told that the United States' merchants would be more involved in the business opportunities in the Ottoman lands. The article was concluded with the news about OADC, who was about to conclude a contract of \$100.000.000 for building a railroad.²⁵⁸

In fact, the news from the empire excited American investors of the OADC about the future of the project and its further outcomes. It was underlined that the project would open up a modern development for the rich mineral lands, and the oil fields in the Kurdish regions.²⁵⁹ On the other hand, during the discussions of the concessions on March 29, 1910, several deputies gave their full support to this project. The statements made by the Deputy of Izmir Seyyit Bey, Deputy of Dersim Lutfi Fikri Bey and Mentese Deputy Halil Bey praised the promising works of Colby Chester and the projects' possible valuable outcomes to the empire.²⁶⁰

While the preliminary contract's accords were discussed, the Ottoman government came up with several other political issues to get benefit from the situation. The parliament was after an increment in the custom duties, getting the rights of trials of the American citizens in the empire and discussion about the future of capitulations. The Department of State accepted to discuss these terms to ensure the grant for concession. For this mission, Huntington-Wilson was sent to Istanbul to make a deal with the Ottoman government. The American side came forward with

²⁵⁸ "United States Sees Need for New World Markets for Manufactured Goods," *The Spokane Press*, (March 27, 1910), 20.

²⁵⁹ "To Lay Rails Near Eden," *New York Daily Tribune*, (August 14, 1910), 3.

²⁶⁰ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 3, İctima 2, (March 29, 1910), 434-439.

proposals like increasing Turkish customs duties from seven to eleven per cent, approving the warship purchase of the Ottoman Empire from the United States, waiving some capitulatory privileges, and giving easy loans to the empire for the urgent financial needs.²⁶¹ Despite Huntington-Wilson assured that the proposed accords would be enforced as soon as the concession was granted, still several Ottoman officials were skeptic to sign the final contract.

First of all the all obstacles about the future of the project were not overcome between the Ottoman officials and the OADC members. In the following years, Muhtar Bey, who was an engineer in the project, and later a deputy in the First Turkish National Assembly, explained the challenges to the project at that time. There were deadlock about the construction on challenging parts of the territory, disagreements about high construction costs, and possible reduction or compensation demands of the contractors to the Ottoman Government.²⁶² As it happened Glaskow's Project, only preliminary contract was signed with the OADC in 1910, however, approval of the Council of Ministers and parliament's final confirmation was delayed to the upcoming year's sessions.

Secondly, in Naomi Cohen's *Ambassador Straus in Turkey, 1909-1910: A Note on Dollar Diplomacy*, it is mentioned that the Ottoman officials were under a great pressure about taking responsibility in such conditions and each department tended to pass responsibility one to another.²⁶³ In some pages, Straus underlined the German influence, which dominated some of the Young Turk deputies including the Grand Vizier Ibrahim Hakki Pasha. These deputies were in a difficult position to satisfy and preserve German friendship all the time.²⁶⁴ Furthermore, compared to

²⁶¹ DeNovo, "A Railroad to Turkey," 309.

²⁶² *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt7, İçtima 3, (May 27, 1911), 229-253.

²⁶³ Cohen, 635.

²⁶⁴ Straus, 279.

other Europeans, Germany's friendly policies towards the Ottoman Empire were invaluable. Turkish historian Fahir Armaoğlu states Germany appeared as a friend to the Ottomans, who clearly indicated that it had no disintegrating intentions over the Ottoman territories but looked for more cooperation.²⁶⁵

When the German block to the concession became clearer, Straus suggested a very discreet but a very strong oral representation to be made to the German Government.²⁶⁶ Both the State Department and American media took the warnings of Straus seriously. On June 22, *The Washington Herald* confirmed that Germany was trying to create obstacles to the OADC-Ottoman contract. German claim was about the prospective troubles of the concessions which would violate the mining law that was agreed by the Turkish government and the German government.²⁶⁷ On the other hand, according to *The New York Daily Tribune*, German opposition to the Chester Project surprised officers of the State Department. News pointed out that the United States' German advocacy in Morocco, Persia or Far East and recent American-German cooperation about the Chinese loan which was seen as a goodwill gesture between two states, could be in danger.²⁶⁸ Under these circumstances, Secretary Knox stepped in to overcome the German opposition for the Chester Project, and asked the American Ambassadors in many European capitals to receive opinions from these governments. The foreign offices in Paris, London and Moscow responded to the future of the project favorably, while Rome refused to make a comment.²⁶⁹ To react against the German opposition, Knox instructed David Hill, Ambassador to Germany, to make a request from the German foreign office to reconsider their approach relying on these responds of other powers. In the upcoming

²⁶⁵ Armaoglu, 434-446,

²⁶⁶ Gordon, 260.

²⁶⁷ "Knox Takes Hand," *The Washington Herald*, (June 22, 1910), 1.

²⁶⁸ "Germany May Yield," *New York Daily Tribune*, (June 27, 1910), 4.

²⁶⁹ Gordon, 261.

days, German foreign office replied Knox's question with assurance, which stated that as long as the German interests were not harmed, there would be no German objection to the American concessions in the region.

However, Ambassador Straus stated in his book that the problem between the United States and Germany on this issue was not solved behind the scenes. The leaders of the Committee and Union Party in the parliament did not favor the American concession, especially Prime Minister Ibrahim Hakki Pasha was under great pressure, and he had to refuse to send the issue to the parliament for voting.²⁷⁰ Germany had threatened the Ottoman government with the withdrawal of German consent to the proposed customs increase and promised support to the Turkish sovereignty in Crete, which could put Ibrahim Hakki Pasha and his government into trouble.²⁷¹

The OADC decided to use this period of uncertainty for an improved preparation and to search for a ground to attempt to obtain the concession. The State Department was called for aid by Chester to put political pressure on the parliament as soon as it opened once more. Just after a month Ibrahim Hakki Pasha's delay, Oscar Straus sent a message with promising news to the United States officials on August 9, 1910. He reported that the Ottoman Minister of Public Works Gabriel Noradunkyan had informed him that the Ottoman Government would pursue the OADC for the railroad project in the designated territories.²⁷² Furthermore, Straus stated to *the New York Daily Tribune* that official declaration would be announced in late September.²⁷³ The newspaper informed its readers that Ambassador Straus publicized that concession agreement which was already signed between the OADC,

²⁷⁰ Straus, 293-295.

²⁷¹ Straus.

²⁷² Cohen, 637.

²⁷³ "Oscar S. Straus in London," *New York Daily Tribune*, (September 29, 1910), 8.

and the Ottoman Minister of Public Works would probably confirm in the next session of Parliament.²⁷⁴

On the other hand, the future of the concession became one of the leading topics discussed in many sessions with the reopening of the parliament. On November 26, 1910, the Prime Minister Ibrahim Hakkı Pasha was on the platform to respond questions from the deputies. Voices of protests rose to Ibrahim Hakki Pasha and his government because of the delays of the project. The Prime Minister tried to appease the concerned deputies by stating that the project was too huge and comprehensive to approve easily and immediately.²⁷⁵ So far, the Ottoman Government had been dealing with many other projects, concessions of railroads, trade posts and ports. In every corner of the state, a project was waiting for the inspection and approval. The Consul Generals in the empire reported these to the State Department. On the other hand, the Chester Project's possible conflict with the Baghdad Company's concessions was still disturbing the Germans and pressuring Ibrahim Hakkı Pasha. After the Prime Minister underlined the problems and concerns in his mind about the project, he concluded his words with the promise of equal treatment to this project with others, and wished to see it would have done smoothly in the future.²⁷⁶ However, the project could not receive the significant attention of the parliament after this session and progress was stopped, when it came to the 1911.

Oscar Straus left his mark in early 1911 with resignation from the Ottoman duty. The resignation of Straus was indicated in American newspapers on January 9, 1911 with no further comments.²⁷⁷ However, in an interview, Straus explained his decision simply as he had spent enough of his time in Istanbul.²⁷⁸ Even though Straus

²⁷⁴ "Oscar S. Straus in London".

²⁷⁵ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 1, İçtima 3, (December 8, 1910), 468-470.

²⁷⁶ *Meclisi Mebusan Zabıt Ceridesi*.

²⁷⁷ "New Ambassador to be Appointed," *The Washington Herald*, (January 9, 1911).

²⁷⁸ Straus, 306.

put both the State Department and Chester Project into trouble with his unexpected absence, he continued his unofficial work as a support of American presence in the empire. During the Italo-Turkish and Balkan Wars, he explained the vital position of the political support to the empire. Cohen highlights that Straus always believed that the United States Government would not support its commercial interests without being drawn into the maze of European alignments.²⁷⁹ The Department of State immediately assigned John Ridgely Carter, who was the minister of Bucharest to Istanbul as a special ambassador. Until the late February, the OADC members still struggled with the controversy of violating previous mining law issues. Until that month, both contractors and the Department of State worked hard to overcome all the economic and political challenges. They continually made statements to the American press about the promise and progress of the project. On February 25, *The Washington Herald* issued once more that the Chester Project was going to be approved. This time the project would be submitted to the Parliament at the immediate session.²⁸⁰ On the other hand, the project was interested by the Ottoman press, too. For example, in *The JeuneTurc*, a leading article praised the close relations of the parliament with the American railroad contractors and underlined the importance of the cultivation of other commercial relations with American markets.²⁸¹

However, the paperwork delay problems continued to occur. According to DeNovo, delay in the progress was still originated from German concerns. He quoted from Carter, that nothing would compensate the Ottoman Government for the loss of German friendship.²⁸² Delays and unsolved problems in the process caused

²⁷⁹ Cohen, 641.

²⁸⁰ "American Roads in Turkey," *The Washington Herald*, (March 1, 1911), 3.

²⁸¹ *Daily Consular and Trade Reports*, No. 49, (March 1, 1911), 800.

²⁸² *Daily Consular and Trade Reports*, No. 49.

frustration among American investors. In the end, these investors urged that representatives in the empire to give an ultimatum to the Ottoman officials. Unless the concession have not granted without restrictions by May 1 the company was going to withdraw its offer. In May 15, the Department of State received a cablegram from Minister Carter that stated the concession was approved by the Grand Vizier and the Council of Ministers of the Ottoman Government.²⁸³ Finally, the contract was signed and it was sent to the necessary institutions and actors for their approval on May 25. (Original accords of the contract, official correspondences, and the tariffs of the project can be seen in the session record illustrated in the footnote).²⁸⁴

In late May, Admiral Chester and his friends hoped that the most difficult part of the negotiations was over. However, Ibrahim Hakki Pasha was still dragging his foot to postpone the final approval. Even the concession was given to the Americans after the voting in the parliament, the approval of the Sublime Porte was being waited. These continuous postponements of the final contract were frustrating for the American investors in the United States.

For the last time, the State Department assigned Ambassador William Woodville Rockhill to Istanbul for this critical final attempt, who had been previously Ambassador to Russia and took over the portfolio of the Embassy of Istanbul. Knox sent a message to the new ambassador, which underlined the importance of the project and American interests in the Near East. Knox added that the concessions had to be the most important study of the Embassy with the reopening of the Ottoman Parliament in next semester.²⁸⁵ Throughout the limited time in this mission, Rockhill evaluated the situation, looked for possible obstacles those would challenge the project. Then, he came up with possible solutions.

²⁸³ "Will Build Railways," *The Washington Herald*, (May 15, 1911), 10.

²⁸⁴ *Meclisi Mebusan Zabıt Ceridesi*, Devre I, Cilt 7, İçtima 3, (May 27, 1911)

²⁸⁵ Gordon, 263.

However, on September 28, Italo-Turkish War broke out and gave a serious damage to the progress of the project. It was quite difficult for the Ottoman Government to deal with the paperwork of the concession because of the change of priorities, and the war took the whole attention of Ottoman politics. Some of the company members, mostly representatives of the United States, have sensed desperate situation and decided to withdraw the project. However, at this point, members were diverted into two groups about withdrawing the project temporarily and permanently. Chester hoped that the project would be granted soon. On the other hand, government was on the verge of loss of domestic authority, a possible defeat and loss of territory of Libya against Italy could create inevitable upheavals. The veteran ambassador Straus sent a telegram to Knox urging that the United States should exercise its right under the convention for the peaceable settlement of international disputes to prevent war.²⁸⁶ However, the State Department did not endorse being a part to this political conflict.

On September 29, Ibrahim Hakkı Pasha submitted his resignation as the result of the mounting pressure in public. So far, the pressure over him was growing and his capabilities were criticized. The reason of this resignation was underlined as Ibrahim Hakkı Pasha's, failure to act about the Libya case far before the Italy's ultimatum. He was highly blamed for the Italian occupation of these territories.²⁸⁷ The resignation of Ibrahim Hakkı Pasha increased the hopes of the deputies, who had been encouraging the implementation of the Chester Project. On the other hand, hesitant voices about the project were still placed among several deputies, and generally focused on to the idea that much tolerance was given to the company which could cause huge costs to the Ottoman side. Blood-and-gut arguments in the Parliament about trivial problems,

²⁸⁶ *The Commoner*, (October 6, 1911), 11.

²⁸⁷ "War Between Italy and Turkey," *The Washington Herald*, (September 30, 1911), 6.

such as narrow-gauge railroads versus broad gauge railroads, dragged the concession to very unsolvable place.²⁸⁸

On November 17, the State Department made a statement for the purpose of informing the public that the OADC project in the Ottoman Empire was about to be withdrawn.²⁸⁹ The failure of the plan was generally attributed to the German influence over the Ottoman statesmen. Furthermore, the parliament wished to secure the same right with the OADC; to possess the right to withdraw after the expiration of two years of the grant.²⁹⁰ In the eve chaos of the Italo-Turkish War, the OADC members refused to accept such accord. On the other hand, Chester was still looking for a solution, which would not lead to the withdrawal of the project entirely. Rockhill was still negotiating with several deputies and cabinet members to discuss the future of the project. Mostly, Rockhill was engaged in dialogue with Armen Garo. However, in such times, the Ottoman Government could not approve the immediate grant to the concession not to draw a rebuff of the other powers. Possible grant could offend Russia, France, and Germany, who had interests in Eastern Anatolia politically and economically. In such tense times, the Ottoman Government ceased American concession to keep other powers satisfied states historian Mehmet Okur.²⁹¹

After the disappointing news that came from Garo and denials from the Ottoman Government, Rockhill informed Knox that the Chester Project in Turkey was ended on December 12. Then, Knox replied him four days later explaining that the Department of State was convinced about the company's financial inability and

²⁸⁸ Yasar Ozucetin & Emrah Altay, "The Idea to Build Railroads and a Project Named After Its Author: Chester Project," *International Journal of Social Science*, (2013), 1206.

²⁸⁹ "Germany Objected," *The Sun*, (November 18, 1911), 4.

²⁹⁰ "Turkish Concessions Lost by Americans," *The San Francisco Call*, (January 1, 1912), 9.

²⁹¹ Mehmet Okur, "Osmanlı'nın Uygulamadığı Bir Proje: Karekin Pastermedjian (Armen Garo)'ın Anadolu Şarki Şimendifer Projesi," *ToplumsalTarih*, (2008), 56.

Turkish obstacles.²⁹² There was going to be neither assistance nor encouragement to revive this project by the State Department anymore.

This huge railroad and economic investment plan gave hope to the United States to get a huge share from the Ottoman markets awhile, but the plan collapsed by 1913. After 1913, Colby Chester attempted to gain concessions of the railroads in the Ottoman lands one more time by establishing a new company called the Ottoman-American Exploration Company in 1913. However, the assassination of Mahmut Sevket Pasha and domestic chaos in the empire along with the belligerence of the Ottoman Empire in World War I, halted the negotiations. In the meantime, the Ottoman Empire collapsed, and a new political entity was founded in Anatolia as the heir to the empire, which made Chester reorganize his project once more and to search for new concessions, in the early Republican era of Turkey. The second term of the Chester Project was decided to implied in the same way with the first one in the 1920's. This time, the United States and the Chester group had to deal with Britain in the area, who was also looking for reasons to capture shares from the Mosul petrol reserves. Despite of the fact that the new Turkish Assembly was favorable the new offer, the project was terminated permanently after Turkey gave up its territories, Mosul and Kirkuk to Iraq in 1923.

Still, the project opened a door for furthering economic and commercial commitments in the Ottoman territories by other American companies and initiatives. Prominent American firms in Turkey such as the American Tobacco Company or the Standard Oil Company opened branches in the Ottoman territories. Closer relations throughout the Taft Administration with the Ottoman Empire paved the way for

²⁹² Gordon, 264.

American manufacturers and exporters into these regions for mutual beneficial exchange of commodities.²⁹³

²⁹³ William Howard Taft, "Third Annual Message," *Presidential Address and State Papers*, December 5, 1911.

CHAPTER IV

CONCLUSION

Eventually, Taft's Dollar Diplomacy did not work smoothly in the Ottoman Empire. Without a second term, he had to step down as an outcome of his defeat by Woodrow Wilson in 1913. During this short term, he laid the foundations of a new American foreign policy towards the empire. However, this policy reversed by Wilson, who believed this policy's short-term validity would create problems in the future.²⁹⁴ Eventually, Ottoman-American relations worsened with the outbreak of the World War I and ended with the dissolution of the Ottoman Empire.

After Taft came to the office, he continuously underlined the importance of the Ottoman Empire for American economic expansion. As soon as he launched his so-called Dollar Diplomacy in Central American states and China, he also started the Ottoman campaign in late 1909. He aimed the ultimate American economic and commercial benefit in the empire's huge territories. Throughout this campaign, Taft

²⁹⁴ "Taft and Wilson"

and his subordinates tried to give political support to any American initiative in Ottoman regions. Professional branches of the State Department and Commerce Department were established in the empire to help progress of the economic relations.

Dollar Diplomacy practices in the Ottoman Empire aimed both getting economic exploitations from the region and settlement of good relations. Unlike the problems during McKinley and Roosevelt administrations, during Taft's presidency, the two states were quite friendly with each other and both of them were ready to improve their relations. The reopening of the parliament caught American attention, and the rise of American presence in the world strengthened its prestige in the eyes of the new deputies and Ottoman officials.

This thesis focuses on the progress of Ottoman-American relations during Taft's presidency. Despite this short term, the United States' presence in the Ottoman Empire increased in various aspects. Furthermore, in addition to Chester's concessions, many other small initiatives were launched and many American brands established their branches. On the other hand, although there were economic and political challenges to Dollar Diplomacy, some of these branches kept their places their and initiatives reached success.

In the first chapter of this thesis, the background of the Ottoman-American is introduced. It is claimed that relations between these two states were intense and important to make a research. Furthermore, the early period of Taft's presidency and first goals of Dollar Diplomacy in the Ottoman Empire were introduced. In the primary sources of the official actors of the era, it is observed that the US government was quite determined to practice Dollar Diplomacy in the empire as much as other states. This chapter also focused on the historiography on Ottoman-

American relations, Taft's foreign policy, and Dollar Diplomacy in general. In fact, the utilized secondary sources did not focus on this topic primarily, but they cover some related information for the development of this thesis. On the other hand, primary sources were vital for this thesis.

The second chapter focuses on the American diplomatic contributions to Dollar Diplomacy practices and its political relations with the Ottoman Empire. Throughout the term, Taft and his subordinates supported the American investors, officials, and businessmen politically as much as they could. This support was not only reflected on their speeches and statements, but also on their actions taken. For instance, the experienced diplomat Oscar Straus' assignment as the ambassador to the empire for the third time possibly aimed using his political prestige in the Empire. Furthermore, the establishment of the branches of the Commerce and State Departments in significant Ottoman cities coincided with this term.

Finally, in the second chapter, it is also discussed that how the Ottoman officials perceived the American interest in the empire. The Ottomans were not foreigners to Americans, some of them resided with the Americans in the empire and educated in American system, nearly for 100 years. With various examples, it is declared that the Ottoman officials showed interest in the American state system, multi-ethnic society, and integration as well as the economic and commercial aspects to underline their acquiescent approach towards the United States.

In the last chapter, Ottoman-American economic relations in aspects of Dollar Diplomacy and its reflections on other commercial relations are presented. A detailed study of American investments in the region is provided. Furthermore, how the American government supported these initiatives with the Consul Generals and commercial posts in the empire is explained. In addition to large and small American

investments, the major practice of the Dollar Diplomacy, the first phase of the Chester Project is thoroughly presented. The government's contribution and support to this project was one of the highlights of American foreign policy.

Lastly, in this chapter, the commercial relations and trade between these two states are discussed. The reflections of Dollar Diplomacy are shown with the increment in volumes of trade and commercial partnerships. With state-level initiatives, Chambers of Commerce in Washington and Istanbul were established, they aimed the development in mutual agreements and local support to the businessmen. This process was followed with the consular reports from various regions of the empire. With these reports, the State Department tried to attract American businessmen with the economic news, needs and investment areas to the Ottoman Empire, in the name of Dollar Diplomacy. Along with getting concessions, with such reports American companies opened branches in specific area to improve trade volumes.

Taft's Dollar Diplomacy neither made dramatic changes in economic relations nor practiced huge concessions in the Ottoman Empire in the end. However, expecting such a dramatic change during his short presidency was unrealistic. On the other hand, when the politically complicated status of the Ottoman Empire in this era considered, increment in trade volumes and several American investments in the region were the successes of Dollar Diplomacy.

When Taft left the office in 1913, possibly he could not get what he expected from Dollar Diplomacy. However, his policy to improve economic cooperation with other countries to eliminate wars was implied after several decades, with a couple of changes. Turkey enjoyed American economic aids and programs, especially after World War II to 1960's. Economic cooperation between the two states turned into a

strategic alliance. This alliance was praised many times by the officials of both states, throughout the Cold War and it is very valuable today. The relations started with the economic cooperation made American influence in Turkey "blossomed" today, as Huntington-Wilson stated one hundred years ago.²⁹⁵ Therefore, this situation underlines the importance of the Taft's Dollar Diplomacy towards the Ottoman Empire, after one hundred years.

²⁹⁵ Huntington-Wilson, *The Peril of Hifalutin*, 231

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APPENDICES

APPENDIX A

428 MERCHANDISE IMPORTED AND EXPORTED.

No. 243.—VALUE OF MERCHANDISE IMPORTED INTO AND EXPORTED FROM THE UNITED STATES, ETC.—Continued.

Year ended June 30—	Exports.			Imports.				Excess of exports (+) or imports (-).
	Domestic.	Foreign.	Total.	Free.	Dutiable.	Total.	Per cent free.	

TURKEY IN EUROPE AND ASIA.

[NOTE.—The totals of the trade of Turkey in Europe and Turkey in Asia will be found on pp. 387 and 416, respectively.]

1892 ..	206,292	58	206,350	2,429,405	2,497,636	4,927,041	49.31	- 4,720,691
1893 ..	178,675	178,675	2,323,557	3,425,104	5,748,661	40.42	- 5,569,986
1894 ..	192,129	199	192,328	2,309,501	1,552,690	3,862,191	59.80	- 3,669,863
1895 ..	171,626	343	171,969	3,439,091	1,748,562	5,187,653	66.29	- 5,015,684
1896 ..	72,732	3,421	76,153	3,640,645	2,290,687	5,931,332	61.38	- 5,855,179
1897 ..	126,758	2,908	129,666	4,434,710	2,340,411	6,775,121	65.46	- 6,645,455
1898 ..	382,067	198	382,265	1,513,497	2,931,008	4,444,415	34.05	- 3,062,150
1899 ..	519,477	2,723	522,200	2,394,943	3,249,137	5,644,080	42.43	- 5,121,880
1900 ..	566,320	692	567,012	2,827,146	4,927,091	7,754,237	36.46	- 7,187,225
1901 ..	584,157	2,963	587,120	2,821,548	4,463,088	7,284,636	38.73	- 6,697,516
1902 ..	774,227	325	774,552	2,926,275	5,969,465	8,895,740	32.90	- 8,121,188
1903 ..	765,588	7,519	773,107	2,841,736	7,723,270	10,570,006	27.00	- 9,796,899
1904 ..	1,106,706	3,630	1,110,336	2,875,031	6,712,095	9,587,126	29.99	- 8,476,790
1905 ..	885,203	3,057	888,260	3,133,829	8,011,299	11,195,128	28.44	-10,306,868
1906 ..	1,516,007	4,020	1,520,027	4,046,545	8,947,722	12,994,267	31.14	-11,474,240
1907 ..	1,742,728	11,087	1,753,815	3,237,878	11,368,310	14,606,188	22.17	-12,852,373
1908 ..	1,969,860	3,540	1,973,400	2,808,592	7,950,978	10,759,570	26.10	- 8,786,170
1909 ..	2,511,482	6,660	2,518,142	2,813,479	9,615,649	12,429,128	22.64	- 9,910,986
1910 ..	2,340,160	17,512	2,357,672	3,472,561	12,881,340	16,353,901	21.23	-13,996,229
1911 ..	3,925,601	14,452	3,940,053	3,477,646	14,213,166	17,690,812	19.66	-13,750,759
1912 ..	3,786,789	11,379	3,798,168	2,927,195	16,231,731	19,208,926	15.24	-15,410,758

APPENDIX B

TABLE 8
 AMERICAN IMPORTS FROM TURKEY BY DECADES 1902-1928¹
 Arranged According to Order of Importance in 1928

	1902	1912	1920	1922	1928
Tobacco.....	\$1,176,723	\$ 8,596,619	\$19,616,147	\$12,380,439	\$ 7,664,564
Fruits and Nuts.....	755,402	1,374,734	5,970,747	2,149,610	2,697,034
Rugs and Carpets....	2,454,114	1,746,664	2,061,649	1,624,347	2,454,873
Furs, undressed....	—	5,699	1,690,275	492,521	1,053,889
Mohair.....	—	—	544,292	514,552	985,167
Hides and Skins.....	912,114	963,239	2,051,183	94,224	845,421
Wool, unmanufactured..	733,071	1,756,902	1,537,686	526,877	754,191
Drugs, Dyes and Chemicals.....	666,294	1,658,185	1,822,846	194,153	629,480
Sausage Casings.....	89,328	45,446	220,662	837,768	512,985
Licorice Root	987,287	630,562	955,417	854,756	413,280
Ores.....	476,798	311,657	524,439	480,212	55,986
Others.....	644,209	2,119,219	2,771,593	1,533,033	320,904
Total dutiable.....	\$5,969,465	\$16,281,731			\$15,270,868
Total non-dutiable...	2,926,275	2,927,195			3,116,906
Total.....	\$8,895,740	\$19,208,926	\$39,766,936	\$21,682,492	\$18,387,774

¹ *Commerce and Navigation, passim*, 1902, 1912, 1920, 1922, 1928. Fiscal year ending June 30 up to and including 1912; calendar year thereafter.

APPENDIX C

TABLE 9
 AMERICAN EXPORTS TO TURKEY BY DECADES 1902-1928¹
 Arranged According to Order of Importance in 1928

	1902	1912	1920	1922	1928
Automobiles and parts	\$ —	\$ 15,530	\$ 1,294,371	\$ 104,967	\$1,270,306
Leather and Leather Manufactures	48,304	149,068	2,710,780	380,210	660,923
Grain and Grain Products	7,315	1,150	8,164,061	6,415,618	474,712
Agricultural Implements	80,697	146,033	423,324	48,463	298,160
Manufactures of Iron, Steel, Copper, Brass, Bronze	118,893	173,557	1,809,547	107,052	259,337
Industrial Machinery and Electrical Appliances	31,484	145,584	129,259	74,315	187,860
Rubber Manufactures	16,137	191,266	1,138,958	81,283	149,535
Mineral Oils	18,733	598,644	2,740,642	504,869	92,878
Cotton and Wool Manufactures	217,480	489,558	7,664,837	2,089,595	91,032
Chemicals, Drugs, Dyes	2,372	5,284	428,818	33,529	49,782
Sugar, refined	—	402	2,449,526	2,904,206	55
Oleo Oil	71,536	618,956	2,069,185	1,000,815	—
Coal	—	—	1,541,674	—	—
Cottonseed Oil	—	803,049	1,469,595	11,848	—
Distilled Spirits	45,810	37,722	925,223	222,624	—
Others	115,466	410,986	7,287,998	1,901,154	750,895
Total	\$774,227	\$3,786,789	\$42,247,798	\$15,980,548	\$4,110,846

¹ *Commerce and Navigation, passim, 1902, 1912, 1922, 1928; Trade of the United States with the World, Miscellaneous Series No. 115, 1920, passim. Fiscal year ending June 30 up to and including 1912; calendar year thereafter.*