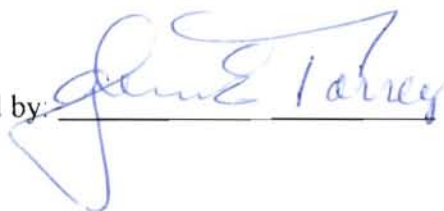


AN ABSTRACT OF THE THESIS OF
Donald L. Gilstrap for the degree Master of Arts
in History presented on 28 July 1995
entitled Le Délégué de la Compagnie: Claude Boillot and the
Suez Canal Crisis of 1956-57.

Abstract approved by:

A handwritten signature in blue ink, appearing to read "James E. Tarney", is written over a horizontal line.

For 90 years the Compagnie Universelle du Canal Maritime de Suez played an integral role in the economic development and stability of the world. The Suez Canal connects the western world to the eastern, and, consequently, a vast majority of the world's imports and exports reach their destinations via the canal. However, on July 26, 1956, President Gamul Abd'ul Nasser of Egypt nationalized both the canal and the company, and the world was thrown into political and economic chaos.

The majority of the Suez Company information utilized in the writing of this work focuses on the Claude E. Boillot collection, which has recently been opened at the Eisenhower Presidential Library in Abilene, Kansas. During the crisis, Boillot served as a bi-lingual intermediary between the company's New York and Paris offices. Due to his presence in New York, Boillot was able to meet and interact with various international businesspersons and delegates to the United Nations.

As a result of Boillot's actions during the crisis, the company was able to preserve some rights which would later be significant in reaching a settlement between the Egyptian government and the Suez Company. Throughout the crisis, Boillot argued the illegality of

the Egyptian nationalization among the international politicians and the American public. When the canal was blocked by President Nasser, Boillot helped to facilitate immediate deblockage efforts to avoid a global economic catastrophe. And finally, Boillot repeatedly demanded rights for the company and its pensioners and stockholders from the nationalization in 1956 until the canal settlement in 1958. It is the purpose of this work to provide further insight into the role of the company as well as the successes and failures of the international diplomats during the crisis.

LE DÉLÉGUÉ DE LA COMPAGNIE:

Claude E. Boillot and the Suez Canal Crisis of 1956-57

A Thesis Presented to

the Division of Social Sciences

EMPORIA STATE UNIVERSITY

In Partial Fulfillment

of the Requirements for the Degree

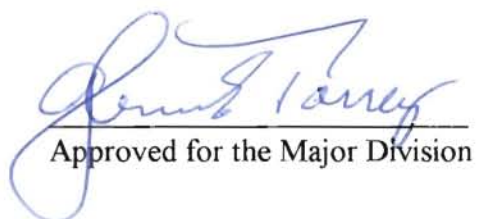
Master of Arts

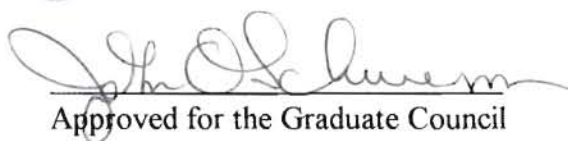
by

Donald L. Gilstrap

August 1995

Thesis
1995
G


Approved for the Major Division


Approved for the Graduate Council

ACKNOWLEDGMENTS

My deepest gratitude and appreciation goes to Professors Glenn Torrey, Patricia Van Sickel, and Samuel Dicks, who I greatly admire and respect for their contributions in the writing of this thesis. I would also like to thank my friends and family whose support and encouragement helped me to accomplish this project. In addition, I would like to thank the staff at the Eisenhower Library and Mrs. Claude Boillot for facilitating the opening of this collection and providing valuable research assistance for this work.

TABLE OF CONTENTS

INTRODUCTION	8
CHAPTER ONE	
The Nationalization and Its Immediate Effects on the Company: Legal Aspects and the Problems with Shipping	13
Initial Response by the U.S. State Department	16
The Letter from the International Chamber of Shipping and the Response by the American Press	18
Financial Implications of the Nationalization on the Company and Continued Hesitancy by the United States Government	20
The Creation of the Suez Canal Users' Association and New Methods of Canal Toll Payments	23
The Ebb and Flow of the American Press and the Newspaper Editorials of Harold Callender	25
The Cheque Affair	28
The Televised Interview: Nasser Admits the United States Pushed Him to Nationalize the Canal	31
The Report of October 15 by the Suez Company General Assembly of Stockholders	33
Conclusion	36
Appendix - Tonnage per United States Ship and Number of United States Ships Passing through the Suez Canal	38

CHAPTER TWO

The United States' Reversal of Policy on the Suez Canal Users' Association and the Advent of War	42
The Challe Plan: Anglo-French-Israeli Military Invasion	45
The Initial Reaction by the United States and the United Nations to the Anglo-French-Israeli Invasion of the Suez	46
Boillot's Discussions with Norwegian Shipping Delegate Leif Hoegh and the American Petroleum Companies	49
The Meetings at the United Nations: Anti-Nasser Sentiment from Middle Eastern and Soviet Delegates	51
Pseudo-Support for the Company from the United States Government and the American Public	53
Nasser's Sabotage to the Canal and Boillot's Efforts to Force the Canal's Deblockage	55
The International Economic Effects of Delaying Deblockage	60
Conclusion	63
Appendix - United States Petroleum Shipments from the Middle East	65

CHAPTER THREE

Nasser's Sabotage to the Canal and the Report by Alphonse Grange on the Canal's Clearance	69
Boillot Influences the Canal's Immediate Deblockage	73
Regressive Attitudes by the United States Government	76
Initial Questions of Compensation as the Company Begins to Lose Its Hold on the Canal	79
Nasser Threatens the United Nations with Canal Closure	81

The Suez Canal Crisis of 1956-57 Shifts to the Arab-Israeli Conflict of 1957: Nasser Threatens Restrictions on the Gulf of Aqaba	83
World Response to the Arab-Israeli Conflict	85
A Startling Revelation: Nasser Admits to Eisenhower that He Cannot Control Communism in Egypt	87
Georges-Picot Enters the Debates and the Question of Canal Toll Payments	88
A Dismal Outlook for the Company's Future in Suez	91
The End of an Era: Control of the Suez Canal Passes from the Company to the Egyptian Government	93
Conclusion	95
Appendix - Heads of Agreement between the Government of the United Arab Republic and the Compagnie Financière de Suez	97
 EPILOGUE	 102
BIBLIOGRAPHY	107
 LIST OF MAPS AND CHARTS	
Map of the Suez and Surrounding Area	7
Tonnage of United States Ships and Number of United States Ships Passing through the Suez Canal	38
United States' Petroleum Shipments from the Middle East	65

MAP OF THE SUEZ AND SURROUNDING AREA



World Atlas. The Software Toolworks. Novato, CA. 1993.

INTRODUCTION

The century 2000 A.D. will be a significant date for the Suez Canal by Egypt; it was in 2000 B.C. that the idea of this great waterway was first introduced by the Egyptians. However, the importance of such a canal in international trade carried a much different meaning to the ancient Egyptians. Before the development of the Greek and Roman Empires, trade to the West was of lesser concern to the Egyptians. Egypt needed a faster and more efficient means for importing goods from and exporting goods to its trade centers in the East. Since trade emphasis was on the East, the Egyptians needed a connection between the Red Sea and the Nile River at Cairo. Thus, in the reign of the Pharaoh Sesostris, using vast amounts of slave labor, the 100 mile Canal of the Pharaohs to the west of the Red Sea was constructed. After its completion, several successive pharaohs would institute similar construction campaigns to connect the Nile to other Egyptian cities.

When the Mediterranean became a major shipping route, there were suggestions that a canal connecting the Red Sea to the Mediterranean would end the need for caravans of camels to carry goods across the deserts of the Middle East to Mediterranean ports. However, with the advent of the Middle Ages, Europe would be cut off from the East and the Mediterranean would be dominated by Islamic countries content to use the Canal of the Pharaohs. Eventually in the later Middle Ages, when the importance of land capital

shifted to commodities trading, the questions of Mediterranean trade with the East were once again placed in the spotlight. But the costs and manpower needed to build a canal that would connect the Red Sea with the Mediterranean were so tremendous, the construction of such a canal was considered impossible.

Not until Napoleon's conquest of Egypt did the concept of a canal resurface, since the annexation of Egypt eliminated the need for extended treaties and contracts with the Egyptian government. The French Directorate commanded Napoleon to redig the Canal of the Pharaohs, and construction was to begin in 1798. However, the Battle of the Nile in 1798 and consequently the Peace of Amiens in 1802 brought an end to France's control of Egypt. Nevertheless, Count Henri Saint-Simon would develop a plan that had previously been thought financially and physically impossible; the digging of a canal from the Red Sea to the Mediterranean. This idea would remain the subject of debate among several European governments during the early 19th Century.

Despite meeting opposition from the pro-railroad British, the Saint-Simonians continued to argue for the canal at the same time Ferdinand De Lesseps was acting as French Consul in Cairo throughout the 1830s and 1840s. Befriending Mohammed Said Pasha, the Viceroy of Egypt, De Lesseps convinced him that the canal's construction was attainable. Consequently, in 1856 le Compagnie Universelle du Canal Maritime de Suez was formed, largely by British and French stockholders, but with 30% of the shares going to the Egyptian government. By 1869 the waters of the Mediterranean and the Red Sea were united in the Bitter Lakes. There were initial difficulties regarding the canal: usage was at first hard to promote, and in the 1870s the Egyptian government sold their

company shares to the British to pay extensive debts. At the same time it requested a stronger British presence in Egypt to thwart the anti-monarchy rebels in the Middle East. Despite these difficulties, by the 1880s transit through the canal was increasing annually and the Suez Canal was becoming a major connection point for shipments to and from the East and the West.

Since traffic was on the increase, the legal rights of the Suez Company, Egypt, Britain, and France needed more precise definition. Therefore, the Constantinople Convention of 1888 was held to determine ownership of the canal and the company. The Suez Company was granted a lease to the canal and rights to canal tolls, the concession was to expire in 1968, and the canal was to remain an international waterway where any nationality's ships could pass through without hindrance. It is ironic that through the course of two world wars, in addition to several local skirmishes around the Mediterranean, this neutrality was protected due to the adamant position taken by the Suez Company. The company's rights to the administration of the canal were never contested.

In January 1950, the Egyptian Whafdists led by King Farouk, came to power and demanded the removal of British forces from Egypt, maintaining there was no longer a need for them. Local fighting between the Egyptians and British ensued with some loss of life. On July 23, 1952, a new development changed British policy in Egypt and provided the catalyst for the course of events that was to unfold in the 1950s. Major-General Mohammed Neguib, president of the Cairo Officers' Club which was dissatisfied with the monarchy, led a bloodless coup that would transform the Egyptian government. Neguib

deposed King Farouk and formed a new Egyptian Republic, declaring himself as president along with his trusted aide Colonel Gamal Abd'ul Nasser as vice-president.

By 1954, Neguib stepped down and Nasser became the republic's new president. He immediately instituted policies of Egyptian nationalization, and increased opposition to the British presence in Egypt. That same year the British government agreed to Nasser's demands in the Anglo-Egyptian Agreement of 1954 and removed its military forces from the Suez on the condition that its forces could return if the international rights to the canal were not protected. Nasser then concluded a number of commercial agreements with the Soviet Union and the Eastern Bloc countries, the former exchanging cotton for MIG fighters, tanks, artillery, naval craft, and other heavy equipment. However, the Egyptian government continued to suffer from financial difficulties brought on by Nasser's nationalistic and militaristic policies, so it soon looked to the Suez Canal as a means for generating revenues. On July 26, 1956 Nasser nationalized both the Suez Canal and the Suez Company. It is the purpose of this work to understand more clearly the reasons for this nationalization, the economically chaotic events that would follow, the positions taken by the French, British, and United States governments in the Suez Crisis, and especially the Suez Company's role in the crisis, as well the effects of the nationalization on the company.

Research for this work was made possible by the recent opening of a collection of documents from the Suez Company's New York representative Claude E. Boillot. He had been stationed in the United States to inform the American public, as well as business and government representatives, about the canal. Boillot had led an accomplished and exciting

life. He was born in Sheffield, England and, coming from a bi-lingual family, had graduated from the Sorbonne, the Saumur Cavalry School in France, and the British Staff College. In 1939 he joined the British Expeditionary Forces as a French liaison officer, and in 1940, after fighting in the Battle of Dunkirk, he joined the British Royal Dragoons, seeing extensive action in the Middle East. In 1944 he parachuted into Nazi-occupied France to coordinate intelligence activities between the French Resistance and the Allied Forces and to assist in the liberation of Brittany. He held the rank of lieutenant colonel at the war's end, and his decorations included the Order of Military Merit, the Croix de Guerre, the Order of the British Empire, and the Military Cross as well as being an Officer of the Legion of Honor.

After World War II, Boillot joined the staff at the Suez Canal Company and quickly rose in his responsibility in the company. The company's directors recognized his expertise in intelligence operations, as well as his experience in the Middle East. This, combined with his knowledge of both French and English, made Boillot a perfect intermediary between the New York and Paris offices. The collection of Boillot's papers at the Eisenhower Library contains a series of letters, telegrams, and miscellaneous correspondence in French between Claude Boillot and the Suez Company's Director General Georges-Jacques Picot. These documents not only enhance the information about the Suez Crisis from the Suez Company's perspective, but also provide additional insight into the work of Claude Boillot in the United States and the United Nations, where the fate of the company was decided during these crucial months of 1956 and 1957.

CHAPTER ONE

The Nationalization and Its Immediate Effects on the Company: Legal Aspects and the Problems with Shipping

On July 31, 1956, Claude Boillot received a telegram -- one that manifested the turmoil the Suez Maritime Canal Company would undergo for several months to come. The telegram was from Mahmoud Younes, Nasser's chief minister, in which he demanded recognition of the canal's nationalization by all offices of the Suez Company:

"Please advise all personnel in New York to present themselves to the organization of administration of the Suez Canal at Ismailia conforming to [Egyptian] Law Number 285 of 1956 in order to meet with me. All agents who refuse to present themselves will be considered as not wanting to continue working with the organization.

-The Administrator Delegate Mahmoud Younes."¹

This telegram seemed to set the pace for the following course of events that was to disrupt the company administration. Although Georges-Picot was already established as Director General of the company, Younes now declared Helmet Bahgat Badawi, a former Egyptian minister, as director. It became increasingly evident that the company would soon be run by two different directors.²

However, it would seem that Nasser's nationalization of the canal was not a legal

action. The Suez Company, and the governments of France, Great Britain, and Egypt, had a long history of agreement regarding the canal, and the question of its ownership and international status had never once been contested previously. Evidence of this accord, and the rights of the company, can be found in numerous international contracts and treaties between France, Britain, and Egypt: The Imperial Firmans of Concession, 1865 and 1866; The Constantinople Convention of October 29, 1888; The Anglo-Egyptian Agreement of August 26, 1936; The Montreux Convention, May 8, 1937; The United Nations Security Council Resolution , September 1, 1951; and the Anglo-Egyptian Agreement of October 19, 1954. As set out in the Constantinople Convention of October 29, 1888, the company's lease of the canal was to expire in 1968, and although the Anglo-Egyptian Agreement of October 19, 1954, required the removal of British troops from Egypt, it did not give President Nasser the rights to the canal or to the company.³

On the other hand, Nasser contended that there were two main reasons why Egypt had rights to the canal: 1) The canal was constructed under forced Egyptian labor where 100,000 Egyptians lost their lives without any compensation being paid to their families. 2) The canal company, aspiring to colonialism, kept for itself 90% of the annual profits while Egypt received a mere 10%.⁴ However, both arguments seem fallacious as scrutiny of the above documents will show. First, due to labor shortages, it was Egypt's own governor, Mohammed Said Pasha, who initiated the forced labor campaigns for the canal's construction in order to increase Egyptian revenues, and Great Britain actually facilitated the abolishment of this practice. Second, the Suez Company initially granted 50% of its shares to the Egyptian government. After Egypt's economy crumbled in the late 1800s, it

sold back its portion of stock to pay off sizeable foreign debts. It must also be noted that the company invested a majority of its profits, rather than making a capitalistic oligarchy richer as Nasser would argue, which will be discussed in further detail later.

Since the company considered the nationalization of the canal illegal, it was impossible for the company to acquiesce to the demands of the Egyptian government. Claude Boillot realized that one of the first dilemmas dealt with the company's business transactions. Boillot had already received correspondence from several international shipping companies, stating that Nasser asked those ships passing through the canal to pay tolls directly to the Egyptian government. So with reasonable fear, these organizations were inquiring to whom they should pay the canal tolls -- to the Suez Company or to the Egyptian government. Boillot quickly notified these agencies of the company's official decision not to recognize the nationalization of the canal, and that the organizations should therefore continue to pay canal tolls to the company's offices in London.⁵

Boillot now had to decide how he would deal with the effects of the nationalization on shipping. On August 1, in a personal letter to Georges-Picot, Boillot apologized for his failure in not writing sooner, explaining that he had been besieged by phone calls from representatives of the fearful shipping houses. However, Boillot had already developed a short range plan to help Georges-Picot deal with the complex shipping problem. First, Boillot suggested that all the different departments of the international governments should be furnished with documentation proving the illegality of the nationalization. Next, Boillot advised that the company insist on the payment of canal tolls to the offices in London or Paris. And more importantly, Boillot began a press

campaign, informing various American journalists, editors, and radio and television commentators of the present position of the company, based on its history.⁶

Boillot's ideas were effective, for several of the international shipping agencies directly associated with the canal understood the company's position. After sending information detailing the illegality of the nationalization, Boillot received letters of support from the Central Committee of French Shipowners, the Federation of Norwegian Shipowners, the Chamber of Shipping of the United Kingdom, and more importantly, the International Chamber of Shipping. All of these organizations wrote of their extreme satisfaction with the company's administration over the years and protested the nationalization of the company.⁷

Initial Response by the U.S. State Department

Although support was gained from those who were affected directly by the nationalization, Boillot recognized that the position of the American government regarding the status of the Suez Company would not be amiable. He had seen the recent announcements by the U.S. State Department and Department of the Treasury, circulated among various American shipping companies, which authorized the payment of tolls in Egypt, or to the Egyptian government, under the reservation that all payments be accompanied by a declaration that the payment was "under protest and without prejudice to all rights of recovery or otherwise."⁸ It would therefore seem that regardless of the conciliatory attitude the United States government was trying to project, the payment of

canal tolls to the Egyptian government amounted to United States' recognition of the nationalization.

Due to the position taken by the U.S. State Department, Boillot was not able to elicit the same responses from American shipping agencies as he had from other international companies. Many of the American companies, pressured by their government, were already paying tolls to the Egyptian government. Boillot felt that the negative attitude of American shippers, and their representatives, could no longer be ignored. "They do absolutely nothing and seem to consider that the problems posed by this nationalization are only in the jurisdiction of their government. I am trying my best, naturally, to show them that on this point their interests are both questionable and menacing -- and am deploying all my efforts to incite them to make their voices heard in Washington."⁹

In an attempt to counter the U.S. State Department's action, Boillot frantically contacted investment firms in the United States in order to establish an account for those American shipping agencies that still desired to pay canal tolls to the company. Through continuous consultation with J.P. Morgan and Associates, Boillot was able to set up a United States account, and on August 8, he sent notices to shipowners, informing them to direct canal toll payments in United States dollars to J.P. Morgan & Company, Incorporated. Boillot also encouraged bulk payments or "floating deposits" to be made by the American shipowners in order that their government see the importance of the company in the canal's administration. In addition, Boillot sent a copy of this notice to several United States governmental agencies including the Department of State, the

Department of the Treasury, United States Customs, the Maritime Administration, the Department of the Army, and the Department of the Navy.¹⁰

The Letter from the International Chamber of Shipping and the Response by the American Press

Perhaps the most important support for the company came in a letter from Sir Colin Anderson, Chairman of the International Chamber of Shipping, to François Charles-Roux, President of the Suez Company. Since the International Chamber of Shipping was composed of delegates who represented the interests of the majority of the world's shipping agencies, this was an extremely important letter, politically, for it stressed the importance of the company's administration in the maintenance of canal traffic and, therefore, the global economies:

"Dear Mr President [Charles-Roux],

On behalf of those members of the International Chamber of Shipping who have found themselves able to attend today an emergency meeting in London. . . we wish at this time to put on record our recognition of the far sighted development and first class administration which the Shipping, therefore the Trade, of the World have enjoyed through the efforts of the Suez Canal Company for the past 87 years. We also wish to recognize the high standard of service that we have learned to expect from all ranks of your staff.

It is our earnest expectation that your Company will without undue delay find a satisfactory outcome to the present unhappy situation which we so unanimously deplore."¹¹

Boillot immediately recognized the importance of this letter and sent copies of it to the American press in hopes of counter-acting the anti-company American sentiment

produced by the U.S. State Department's recognition of the nationalization. However, no American newspapers published it.¹² At this point it seemed as though politics had completely taken over, denying the interests of those users directly involved.

Boillot found only one positive article which was published in the New York Times on August 3. This article dealt with the United Nations' three principal questions regarding future use of the canal: 1) that the internationalization of the canal must be protected, 2) that maintenance on the canal must continue in order to facilitate future canal traffic, and 3) that the financial status of the canal must be maintained.¹³ While the article alluded to question the credibility of Nasser, the author omitted crucial information concerning the company's position.

After two weeks of waiting, Boillot was incredulous that the American press had still not published the letter from the International Chamber of Shipping, and this, combined with the omissions in the August 3 article, led him personally to write a letter to the editor of the New York Times in order to force the issue. In the letter published in the August 3 issue, Boillot first responded to the article on the three principal questions of the canal, addressing the importance of the company on each point:

"[1] At no time during these years of administration has the company deviated from maintaining the canal as an international and neutral waterway, in time of war as in time of peace. [2] Always the company has unhesitatingly and repeatedly committed the vast sums necessary to beat back the desert's constant incursion and to keep pace with the world's shipping needs. [3] And, finally, in the financial phase, perhaps it need only be cited that the company has reduced its tolls twenty-seven times, with two reductions in the post-World War II years when prices for virtually all other services everywhere have risen."¹⁴

Finally, Boillot included in its entirety the letter of Sir Colin Anderson of the International Chamber of Shipping. This publication was extremely important for it was the first time the point of view of the users of the canal had been expressed in the American Press.

It would seem Boillot assumed the American public was cognizant of Nasser's own political agenda, and just as the New York Times omitted the positive aspects of the company's role in the canal, it left out crucial information regarding Nasser on each point. It would seem that Nasser's stance was antithetical to the New York Times' suggestions for future canal administration: 1) Nasser had for several years enforced a policy banning Israel from using the canal, therefore violating the neutral status of the internationally used canal. 2) Nasser had no intentions of investing canal profits in improvement efforts; rather he needed additional money to finance the construction of the Egyptian Aswan High Dam. 3) Unlike the company's history of lowering canal tolls, Nasser's aim, once nationalization took place, was to mandate price increases on canal tolls to help with construction on the dam.¹⁵

Financial Implications of the Nationalization on the Company and Continued Hesitancy from the United States Government

Boillot went to extremes to disseminate the interests of the company, but the United States government was still not responding. He conveyed this to Georges-Picot, and on August 9, Georges-Picot personally wrote a letter to the United States Secretary of the Treasury, explaining the financial losses imposed upon the company by the nationalization. Since the Suez Company was a public corporation, Georges-Picot

reminded the secretary of the company's responsibilities. With the nationalization, not only had the company suffered losses, but several groups dependent on the company were affected. The company's most immediate concern was for its retired employees and the devastating results the nationalization had on them. "The company is obligated to pay to its retired employees a retirement pension. The seizure of the company's assets therefore places in direct jeopardy the rights of these former employees whose pensions constitute their sole means of livelihood."¹⁶

An equally important group affected by the nationalization was the shareholders themselves. Since the nationalization, the company's assets had been frozen by the Egyptian government which, in turn, prevented the company's 250,000 shareholders from gaining capital on their investments. "As regards the shareholders, their rights are also threatened by the confiscation which affects the company's capital values -- including the right to an additional twelve years operation of the concession -- represented by their stock holdings."¹⁷ And since each shareholder possessed only a few shares, there would seem to be no validity to the argument of the United States and Egyptian governments that the company was some relic from colonialism.

Georges-Picot's letter did convince the United States Department of the Treasury to retaliate against Nasser for seizing the company's assets in Egypt. After extreme pressure from the company and the French and British governments did the United States government freeze Egyptian assets held in the United States. However, no solution had been given for the company's immediate financial concerns, and in his correspondence with Boillot, Georges-Picot was deeply concerned with whether this action had actually been

taken in order to protect the interests of the company's pensioners and shareholders.

Georges-Picot suggested to John Foster Dulles, United States Secretary of State, that the American banks responsible for freezing Egyptian assets should act as trustees of the future capital, that had otherwise been seized by the Egyptian government, and felt that "these same funds should also serve as guarantees for the possible refund of transit tolls which shipowners may have deemed necessary to remit directly to the Egyptian government."¹⁸ In addition, Georges-Picot related to Dulles that, although the company had applied to the appropriate courts regarding the nationalization, he was unsure the United States government was going to protect the rights of the company's dependents. With this, Georges-Picot asked Dulles to clarify his government's attitude in regards to the seizure of Egyptian assets in the United States.

Georges-Picot did not receive a reply from Dulles, and, by this point, the position of American shipping agencies was also problematic. By August 15, Boillot had talked to most of the pro-company American shippers, and they confirmed that their canal dues had been paid to the New York account without problems. However, these companies were still somewhat hesitant about the present arrangement and feared that, while they were paying their tolls to the Suez Company, they might have to pay the same tolls to the Egyptian government in the future. For the time being, Boillot was able to alleviate the growing tensions among these companies. He assured them that their payments would be protected, and that they should continue to pay tolls as planned. Boillot also sent another letter to Dulles, informing him of the American shipping companies' ambivalent attitudes toward making payments to the Suez Company, and argued that the U.S. State

Department should help with the situation. Since the U.S. State Department had done so little to promote publicity for the interests of those directly involved, Boillot also included a copy of Sir Colin's letter from the International Chamber of Shipping.¹⁹

The Creation of the Suez Canal Users' Association and New Methods of Canal Toll Payments

Due to the conflicts regarding toll payments, the United Nations was playing a larger role in the administration of the canal. But it seemed the United Nations, dominated by the United States, was concentrating more on trivialism than on trying to reach a decision on the situation. Boillot informed Georges-Picot that "the State Department, with her semantical preoccupations, dreamed up an offer of 'institutionalization' of the canal in place of 'internationalization.'²⁰ This "institutionalization" came in the form of the Suez Canal Users' Association (SCUA), largely created by John Foster Dulles. SCUA called for an international agency to administrate the canal's business affairs, develop plans for canal improvements, and collect canal tolls. Finally, when the United Nations reached unanimity on the internationalization policy, it appeared the United States was trying to dominate the canal's management by introducing an entirely new concept of administration with Dulles as the director.

The United Nations endorsed SCUA, and canal payments were to be made to the organization by all of the international shipping agencies. The Suez Company continued to be conciliatory to the United Nations' desires, but, since the company had not been officially recognized as divested, declared that payment of canal tolls to any organization

other than the company was illegal. Boillot met with one of the company's ten directors, Louis Delprat, on September 10 to discuss this complicated issue. Delprat had been in negotiations with the representatives of SCUA and advised Boillot on the methods of paying accounts by the Dutch shipping companies. He suggested that Boillot convince the company's Dutch shipowners to pay canal tolls to a neutral bank in Holland, notifying Egypt of this event. Since most of the Dutch shipping agencies were making payments to the New York account, Delprat believed this system would avoid conflicts with Egyptian officials. Boillot then advised Georges-Picot that the daily telegram from the London office should make known the cash payments in Amsterdam without revealing the location of the cash transfers. This would, in turn, preserve some of the canal capital until the crisis could be resolved and litigation could determine to which party the capital belonged.²¹ But although the company was making concessions to the United Nations, the United Nations was doing little to guarantee the rights of the company. Therefore, Georges-Picot decided to endorse publicly the canal payments, but actually instructed shipping companies to continue with the present system. This, he admitted, was hypocritical but was necessary to protect the financial obligations of the company. Furthermore, Georges-Picot felt that the Egyptian government would not be able to retaliate. Since it did not dare offend any shipping agency that used the canal, considering that they held the future revenues on which Nasser relied.²²

The Ebb and Flow of the American Press and the Newspaper Editorials by Harold Callender

Around the middle of August, Boillot sent forty editorials to Georges-Picot from American newspapers, out of which he had read approximately 100 over the past two weeks, in order to show the growing American hostility toward the Suez Crisis. The majority of these editorials called for moderation in French and British attitudes towards the nationalization in order to maintain peace in the Middle East. However, some of the American newspapers were beginning to publish ideas that Boillot had expressed earlier in correspondence with both the newspapers and the government:

"It is now frequent to read that the nationalization of the company is an act of banditry, is absolutely illegal. . . that the United States are on one hand responsible for having 'made' Nasser and on the other hand of having pushed him to this exorbitant measure, that the example of this spoliation could be contagious, that internationalization of the company is indispensable for safeguarding the economic interests of the free world, that this internationalization should include a just compensation for the stockholders, that the specialists and technicians of the company are essential for its maintenance, that Egypt is incapable of deciding and executing the maintenance work and improvements which are indispensable to the proper function of the canal, that this country cannot furnish pilots (without which traffic would cease) -- in short, that it is important to react with vigor against the excesses of this unbridled nationalization which in its development risks taking on the proportions of a 'third force' as dangerous as communism itself."²³

In addition to these newly found comments from some of the American press, Boillot noted that two of the more credible newspapers had published the opinions of the company. Along with the letter that Boillot wrote to the editor of the New York Times,

he was able to convince the New York Herald Tribune to publish the responses of the French president to French journalists who argued in favor of the company's rights to the canal administration. Furthermore, a very "pertinent and favorable" editorial was published in the New York Times by William Friedman, professor of international law at Harvard University, who argued the legal aspects of the nationalization.²⁴

As quickly as the United States press seemingly accepted the company's position, criticisms began to arise from new media sources. Boillot found time to comment to Georges-Picot on the recent articles by New York Herald Tribune reporter Harold Callender. At a time when American support was needed urgently by the company, Boillot pointed out that Callender's editorials indicated that he was doing everything in his power to hurt the company's reputation. Callender's article on August 9 contended that the company was offering incentives to its personnel, especially pilots, to quit their posts on the canal, stating "the suspicion was expressed here that the company sought to embarrass the Egyptian government. . . and to this end was encouraging the departure of its skilled staff operating the canal."²⁵ This argument would seem unreasonable, for if Nasser nationalized the canal without compensating the company, then the company had no obligations to Nasser. However, Boillot felt Callender's claims might spur the American public to think the company was trying to force the United Nations' to arrange a settlement.

Callender was obviously unaware of the situation in which the company pilots had been placed. Forced to work indefinitely in harsh conditions under President Nasser, the pilots were beginning to show signs of mutiny. The entire European staff asked Georges-

Picot to be repatriated, yet the governments of France and Britain insisted that the company keep all personnel on the job. These governments believed falsely that the canal's functioning would be interrupted for an indefinite period if the staff was to leave. But the company, in order to more evenly distribute the nationalities of the pilots, had already begun extensive training of Egyptian pilots, and by 1956, 20% were Egyptian.²⁶ However, in a report prepared for the United States Secretary of State, an executive committee stationed in Egypt to survey the crisis found "the pilots' present state of low morale and physical exhaustion has created a critical situation," and it would be "impossible to control absolutely the actions of either the Suez Company or of the pilots."²⁷

It was no wonder Boillot feared that the publication of Callender's version would give a bad impression of the company to American readers. Rather than persuade the company personnel to leave their posts, Boillot tried to raise company morale as evidenced by his correspondence with Alphonse Grange, the Chief Engineer of the Suez Canal. Grange was still in Egypt and, under Boillot's advisement, was trying to facilitate the maintenance and operation of the canal while keeping his technicians from walking off the job. With American public opinion wavering, Boillot could not mislead Grange into believing a solution was near. With sadness, Boillot informed him of the impending circumstances: "I can hardly imagine the bitterness with which it is necessary for you to anticipate, today, the possibility of a deterioration of the magnificent maintenance work and improvements to which you have devoted your life."²⁸ In spite of Boillot's attempts,

the resolve of company employees was growing desperately low, and, within a matter of weeks, the employees would seek repatriation.

Callender's articles did not stop, and, on August 12, Callender published an editorial supporting Nasser's refutation of the company shareholders' loss of shares. Nasser contended that Egypt was owed \$380 million in sterling balances, as a result of credits on Britain during World War II. Nasser argued that these credits were more than enough to pay off the shares. The fallibility of the argument was that only \$81 million worth of shares were owned by the British people, versus a total of \$233 million dollars worth of company stock.²⁹ It would therefore seem unacceptable to argue that the British should have to bare the brunt of the financial loss when they held fewer shares than the French. And since Nasser based his argument on a socialist perspective, it would seem impossible for him to realize that there was a large difference between debt accrued by the British government and capital stocks help by the British public. However, Callender seemed oblivious to logic, continuing to publish misinformation about the company. Boillot was becoming increasingly concerned.

The Cheque Affair

At the end of August, Libération, a French newspaper sympathetic to communism, published a slanderous article which included a photo-copied company cheque that was supposed to have been used to finance the printing of company information by several Parisian journalists. The New York Herald Tribune the decided to reprint this article, causing many of the American newspapers to accuse the cheque affair as being contrary to

the American concept of the "freedom of the press," and that the company was, therefore, forcing propaganda on the media. Boillot informed Georges-Picot that he would respond to the article by sending a letter to the editor of the Herald Tribune, informing him that in Europe this practice was somewhat common and was known as a "public notice."³⁰

Georges-Picot explained that the whole affair was a simple mistake. In the past, the company solicited various European newspapers to publish information for the general public regarding its shareholdings. Since the newspapers had grown tired of coming to the company for information, the company began to send the information to the newspapers accompanied by a cheque. This practice had not been contested by any of the European newspapers. However, Georges-Picot believed the company's mistake had been to send information regarding an international crisis issue to newspapers other than the ones the company used in the past.³¹ Georges-Picot wrote back that at the present time Boillot should not send the letter, because the cheque affair would be shortlived. Boillot then telephoned the Herald Tribune to clarify the notices and let the affair rest.

Perhaps Georges-Picot should have taken Boillot's advice on the check affair. On September 1, Harold Callender wrote another critique, attacking the company's actions in the cheque affair and refuting Boillot's argument that the whole affair was exaggerated. "Officials of the company were reported to have explained the cheques sent to newspapers as an error arising from failure to make a distinction between advertising and news."³² It would seem Boillot was correct in light of Georges-Picot's comments and in the European practice of paying newspapers to publish information. However, Callender based his entire analysis on the article from the French newspaper, Libération. Of course Libération,

with its communist slant, commonly published articles unfavorable to capitalism and capitalistic agencies. The newspaper also associated this incident with Ferdinand DeLesseps' similar move to gain stock support for the canal's construction. In 1856, with bankruptcy at his door, DeLesseps circulated announcements around Europe suggesting high financial rewards for those who invested in the canal. So it appeared that when Libération published this analogy, the other French news agencies had no choice but to return the company's cheques, fearing communist inspired criticism from the French public.

Callender was disseminating this same communist slant about the canal in the New York Times. This would seem anathema to the growing anti-communist sentiment in the United States, but Callender was now popular in the eyes of many Americans. Unfortunately, Callender did not realize that DeLesseps paid close to \$400,000 in 1856 for his "public notices," whereas the company paid only \$280 in 1956 for its notices.³³ In addition, Callender was unfair in stating that the company was looking for ways to aggravate the relations of the Western countries, that the diplomacy of the company had the "air of a comic opera," and that the only purpose for the company's involvement was to preserve its "soft jobs."³⁴ Boillot was extremely upset with Callender's editorial, as he realized the devastating effect he was already having on American opinion of the company. "He abandoned all masks of impartiality and objectivity and published a long article in the New York Times where bad temper and venom seem to indicate that this author is nourishing a personal animosity towards our company."³⁵

Boillot could not believe that an article like this would be published in a paper as

respectable as the New York Times -- a journal which was read by all the delegates to the United Nations. This meant that Boillot had to contend with the effects of Callender's articles on various international statesmen as well. Boillot continued to hope that the cheque affair would lose its importance, and as for Callender, Boillot could only question his impartiality, since for four years he had not written one article favorable to the company.³⁶

The Televised Interview: Nasser Admits the United States Pushed Him to Nationalize the Canal

Although Boillot could do little more than write letters of discontent to the editors of the New York newspapers to combat Callender's pro-Nasser stance, a crucial development took place in the American media on September 5. In a televised interview of Colonel Nasser on the National Broadcasting Company, Boillot discovered the true nature of Nasser: "On one side, the Egyptian dictator possessed an undeniable personal seduction. . . but on the other side, this facade poorly disguised his core of arrogant despotism."³⁷ On the subject of Egyptian relations with the Soviet Union, Nasser responded "I have my own political agenda -- but if someone attacks it I will look for friends where I know I will be able to find them." Nasser was also asked if he would be trustworthy concerning the maintenance of the canal to which he answered " I have possessed the canal for thirty-five days and you can well see that it functions perfectly."³⁸ Boillot noted that no credit was given to the company for the canal's operation, even though it was the company's staff who were running the canal. But most importantly,

when asked if nationalization was done out of spite towards the American retraction of funds for the Aswan Highwater Dam, Nasser stated: "the canal is ours and we have the right to do what we have done. The retraction of the American offer for the dam did in effect push me to instigate the nationalization at the moment that I did, but it was not a question of spite."³⁹ However, in 1972, Hussein Heykal, Nasser's friend and confidant, published his memoirs which related Nasser had instigated the nationalization in a fit of anger.⁴⁰

Nasser's interview proved that the United States governmental policy was not only deficient during the nationalization but was largely responsible for it. Boillot had been trying to convey this idea to the American press since the beginning of the crisis, but only after Nasser, himself, admitted this did the media truly accept this concept. However, the United State government had known this for some time. Eisenhower promised Nasser large cash loans to finance the construction of the Egyptian Aswan High Dam and pulled out of the deal at the last minute. In a telephone conversation with United States Secretary of State Dulles, President Eisenhower said that "Nasser had started the whole business by wanting to build the Aswan Dam." and Dulles responded that now Nasser "would rather have the rights [to the canal] than the money [for the dam]."⁴¹ It would seem evident that if Nasser was not going to get the funding from the United States, he would nationalize the canal and pay for the dam's construction by collecting tolls. It would also seem that the United States had directly triggered the nationalization and had gravely underestimated the possibilities for Nasser's response which was unfortunately directed at United States' allies rather than itself.

The Report of October 15 by the Suez Company General Assembly of Stockholders

On October 15, the members of the General Assembly of Stockholders met to present and discuss information regarding the effects of nationalization on the company. The facts were astounding and were definitely favorable to the company's position. Although Nasser claimed he was doing an excellent job in the management and maintenance of the canal, in actuality, canal traffic had dropped considerably. The number of ships passing through the canal in August had decreased by an average of 11% from 46.1 to 40.7 ships per day. In addition to canal traffic, the amount of cargo the ships were carrying had dropped by 18.9% -- a much more considerable rate than the traffic itself. But nationalization seemed to have the most devastating effect on the transport of oil through the canal. The net tonnage of Supertankers dropped by 19.7% and the tonnage decline in medium sized tankers was at a record 20.4%. At the same time, American transports of oil through the canal were on the increase based on their average monthly shipments (v. Appendix, p. 38).⁴²

Declines in traffic and tonnage can not be solely attributed to faulty management by Nasser. Several international shipping companies protested the nationalization by re-routing their shipping patterns around the Cape of Good Hope, a retaliatory concept devised by the company. This would explain the drop in the number of ships that were actually passing through the canal. But it was the increase in European hostility to nationalization that most likely caused the decline in tonnage. In an interview with the French Foreign Minister, Christian Pineau, Douglas Dillon, United States Deputy of the Secretary of State, related that all was not well regarding Britain and France:

"Pineau said that French and British prestige were now totally committed not only with their own public opinion but throughout [the] Middle East and Africa. Therefore, there should not be [the] slightest doubt in our minds that if no other solution could be found France and Great Britain would resort to arms. . . . During the course of his talk Pineau mentioned that he could no longer request French personnel, including French pilots, to stay on their jobs against their will."⁴³

Although the shipping agencies were not privy to this detailed information, they were aware of the instability of the canal in recent weeks. It was no secret that the canal pilots were anxiously awaiting repatriation and that the governments of France and Britain were considering the use of force in the situation. It would seem most likely that the shipping companies were sending less than full cargoes through the canal, because there was always the possibility of a loss.

Regardless of causality, Boillot realized the report prepared by the General Assembly of Stockholders would be very beneficial to the company's efforts. After all, the company contended that nationalization would cause a decline in canal usage. And despite the circumstances, canal traffic had dropped. Boillot proceeded to send a copy of the report to twenty American newspapers as well as to the Associated Press, United Press, and Reuters. He also added an analytical abstract to the report, which he felt would persuade the editors to publish it. And since information of this grand a scale was being presented, Boillot believed a considerable portion of space, if not an entire page, would be devoted to the report in each of the newspapers, and that, this time, no one would confuse the fact that this was actually newsworthy information and not just some "paid announcement."⁴⁴ In his own anticipation, Boillot made 400 copies of the report, of which

80 he sent to the delegates of the United Nations, and the rest he sent to various organizations interested in the company's cause.

In addition to publishing the General Assembly of Stockholders' report, by the end of September the American press seemed to favor the company's position as a result of Boillot's persistent correspondence with various new agencies. Time magazine was doing a story on the position of the company in the Suez Crisis, and, for three weeks, Boillot had been consulting Life magazine which was doing an article on the role of the canal pilots in the Suez. Boillot was very optimistic about the article which could not have come at a better time. The article, titled "The Indispensable Man: The Suez Pilot," was favorably in-depth and would be read by 20 million people. It argued that Nasser would not be able to replace the company's pilots with competent Egyptian pilots in any short amount of time:

"The company's 205 pilots hail from 14 nations. All must have been licensed to command merchant ships. All have had at least 10 years at sea. In addition, the pilots' thorough knowledge of the canal, which is extremely difficult to navigate, enables them to avoid collisions with structures and from running aground as well as avoiding the turbulent waters created by the undertow."⁴⁵

Boillot regretted that the editors did not include the document from the Egyptian Canal Authority which required Suez Company personnel, including pilots, to continue to work or be subject to court martial. Georges-Picot admitted that the prestige of the company's pilots was highly overrated, and that this international opinion of them was largely created by the pilots themselves. "Like all bodies of technicians practicing a specialized craft and enjoying a monopoly, canal company pilots undoubtedly entertained exaggerated notions about the difficulty of their task and about their indispensability."⁴⁶ Although the canal

route did require some skill and tricky maneuvering, Georges-Picot felt the number of Egyptian pilots already trained would be able to teach the new pilots in a short time. Regardless, Boillot felt the article would have a profound effect on the American public and would therefore be advantageous to the company, since it would seem impossible for Nasser to compete with the company's pilots.⁴⁷

Boillot's involvement with the American press provided impetus for a change in American attitudes. Through his letters and consultations, the American press, in general, was recognizing increasingly the seriousness of the nationalization. From the beginning to the middle of September, several United States news agencies published articles dealing with the economic repercussions of Nasser's actions. The Wall Street Journal stated, on the seventh, that it was impossible to count on Nasser. On the fourteenth, the Christian Science Monitor predicted that Nasser was going to force economic ruin on the canal. And on the sixteenth, even the New York Herald Tribune exposed American payments of canal tolls to Egypt.⁴⁸

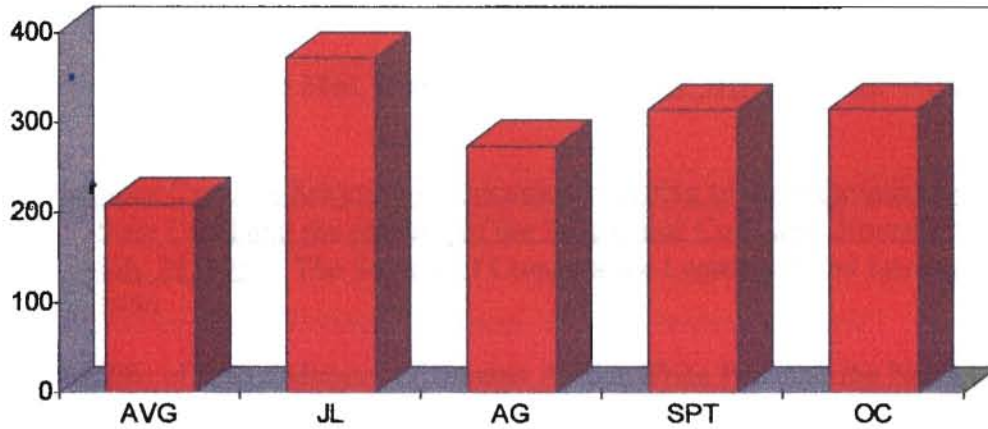
Conclusion

Boillot's actions in these first, crucial months were extremely important. His initial directives regarding the payment of tolls by the international shipping agencies secured some financial rights for the company which would all have been lost to Nasser had immediate action not taken place. In addition, Boillot's involvement, both directly and indirectly with the United Nations and United States representatives, confirmed in the eyes of the world that the company would not acquiesce to the nationalization of the canal.

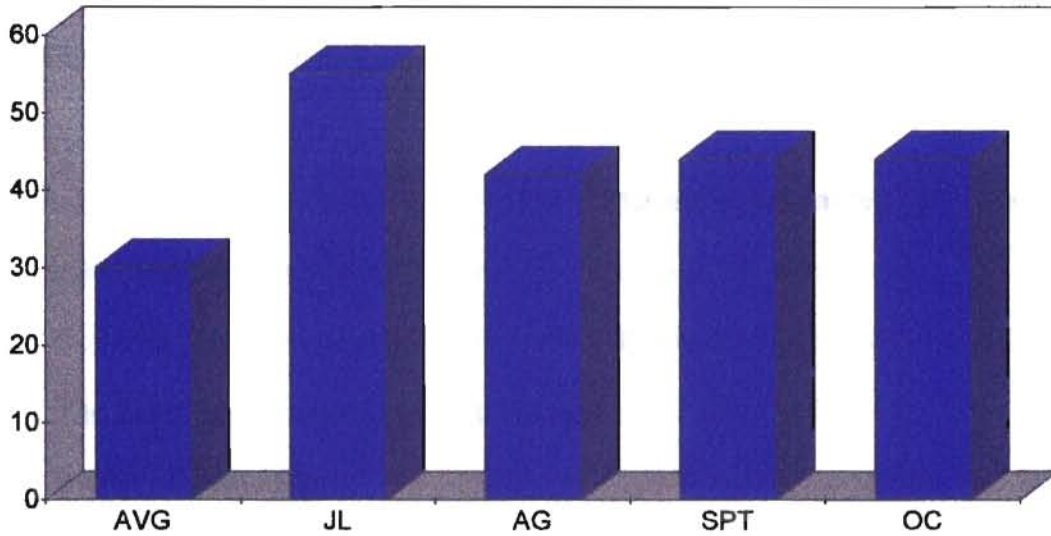
And most importantly, Boillot's insatiable desire to combat the anti-company image presented by some of the American newspaper reporters eventually facilitated a change in American sentiment towards the value of the company in the canal's administration.

APPENDIX

MONTHLY TONNAGE PER U.S. SHIP



U.S. SHIPS IN CANAL



Tables show the increases in the tonnage per United States ship as well as the number of United States ships passing through the canal. The average per month is indicated in the first column compared with the months of July through October.

CHAPTER ONE ENDNOTES

1. Claude Boillot to Director General Jacques Georges-Picot. 31 juillet 1956. "Personnel de la compagnie." File A93-13. Box 1. Eisenhower Presidential Library. Abilene, Kansas. (All subsequent references to Boillot documents are from the Eisenhower Library).
2. "For the Suez: Two Men, One Job." U.S. News & World Report. August 10, 1956. Vol. 41 p. 20.
3. The Suez Canal: A Selection of Documents relating to the International Status of the Suez Canal and the position of the Suez Canal Company; November 20, 1854 - July 26, 1956. The Society of Comparative Legislation and International Law. 1956.
4. Republic of Egypt Ministry of Foreign Affairs White Paper on the Nationalization of the Suez Maritime Canal Company. Government of Egypt Press. Cairo. 1956.
5. Boillot to Director General. 1er août 1956. "Versements par les armateurs."
6. Boillot to Director General. 1er août 1956. "Personelle: M. le Director General."
7. The Suez Canal Company and the Decision Taken by the Egyptian Government on 23 July 1956. Part 1: 26 July - 15 September 1956. Imprimerie S.E.F. Paris - 20°. 1956. pp. 54-57.
8. Boillot to Director General. 6 août 1956. "Mesures prises par le Trésor américain."
9. Boillot to Director General. 8 août 1956. "Attitude des armateurs."
10. Boillot to Director General. 8 août 1956. "Payment of Canal Dues in New York."
11. The Suez Canal Company and the Decision... Part 1. p. 54.
12. Boillot. 8 août 1956.
13. "The Real Issues at Suez." New York Times. August 3, 1956. L18.
14. "Maintaining the Suez Canal." letter to the editor by Claude Boillot. New York Times. August 7, 1956. L26.
15. Schonfield, pp. 164-165.

16. Boillot. 15 août 1956. "Translation of letter dated August 9, 1956, from M. Jacques Georges-Picot to the Secretary of the Treasury."
17. *ibid.*
18. Boillot to Director General. 15 août 1956. "'Shipping Account' à New York."
19. Boillot to Director General. 7 septembre 1956.
20. Boillot to Director General. 10 septembre 1956. "Paiement en Hollande des Droits de Transit."
21. Georges-Picot, Jacques. The Real Suez Crisis: The End of a Great Nineteenth Century Work. (translated from the French by W.G. Rogers). Harcourt Brace Jovanovich. New York. 1975.
22. Boillot to Director General. 16 août 1956. "Presse américaine."
23. *ibid.*
24. Callender, Harold. "Bid to Suez Aides to Quit Reported." New York Times. August 9, 1956. L+3.
25. Georges-Picot. The Real Suez Crisis, pp. 78-83.
26. "Report Prepared in the Executive Secretariat of the Department of State." Foreign Relations of the United States 1955-1957 (Hereafter, FRUS). Vol. XVI. p. 394.
27. Boillot to Chief Engineer of the Suez Canal Alphonse Grange. 20 août 1956.
28. Callender, Harold. "Egypt Held Able to Pay Off Canal." New York Times. August 12, 1956. L+2. (All subsequent references to Callender are from New York Times).
29. Boillot to Director General. 21 août 1956. "Articles de Presse: Accusations contre la Compagnie."
30. Georges-Picot. The Real Suez Crisis, p. 85
31. Callender, Harold. "Suez Canal Concern Sent Checks to French Newspapers in Crisis." September 1, 1956. L4.
32. Boillot. 5 septembre 1956.
33. Callender, September 1, 1956.

34. Boillot. 5 septembre 1956.
35. *ibid.*
36. Boillot to Director General. 6 septembre 1956. "Intervue télévisée avec Nasser."
37. *ibid.*
38. *ibid.*
39. Georges-Picot. The Real Suez Crisis, p. 77.
40. "Memorandum of a Telephone Conversation between the President and the Secretary of State." FRUS. Vol. XVI. p. 418.
41. "Revue de Trafic." Bulletin de la Compagnie Universelle du Canal Maritime de Suez. Nos. 2305-2339. 1955-1958. p. 9692.
42. "Telegram from the Embassy in France to the Department of State." FRUS. Vol. XVI. p. 462.
43. Boillot to Director General. 15 octobre 1956. "Assemblée Générale du 15 octobre 1956."
44. Lubar, Robert. "The Indispensable Man: The Suez Pilot." Life. September 17, 1956. Vol. 41, No. 12. pp. 79-93.
45. Georges-Picot. The Real Suez Crisis, pp. 82-83.
46. Boillot to Director General. 12 septembre 1956. "Articles de Presse."
47. Boillot to Director General. 19 septembre 1956. "Articles de Presse."

CHAPTER TWO

The United States' Reversal of Policy on the Suez Canal Users' Association and the Advent of War

At the beginning of September, U.S. Secretary of State John Foster Dulles had proposed the Suez Canal Users' Association (SCUA) to which Boillot seemed agreeable. Dulles believed this organization would be the solution to the canal tolls controversy, but as quickly as Dulles suggested the global plan, he reversed his position to accommodate the current United States' "hands off" policy. After the United Nations had reached an agreement on an acceptable interim administration of the canal, Dulles now stated at a press conference on September 13 that "the association is not intended to guarantee anything to anybody. I think that each nation has to decide for itself what action it will have to take to defend and if possible realized its rights which it believes it has a matter of treaty."¹ And regarding a SCUA convoy, which was to be sent through the canal, Dulles could not even recall what British Prime Minister Anthony Eden had said.

Georges-Picot could not understand how many of the foreign dignitaries would allow such a reversal by Dulles, when it directly jeopardized the negotiations that had been reached in the United Nations. "I understood immediately that Dulles, pretending to be aligned with the Franco-English policy, in reality intended to trap his allies in increasingly

unrealistic international formulas in order to foil every effort to get Egypt to change her mind about total Egyptianization."² It would seem that, although Dulles' political strategy appeared effective, in reality it proved to be counter-productive to the situation. Nasser was not acquiescing to any of the suggestions by the U.S. State Department, and would later prove to increase the political turbulence by demanding more rights from the United Nations and instigating terroristic acts in Libya and Lebanon.³

It would appear that the shifting position of the United States government on the canal was straining its alliances, for the British and French governments were now pessimistic that a reasonable settlement would be reached without the United States taking a firm stance. Anglo-American relations were at an all time low, with Eden interpreting Dulles' stance as an act of betrayal. In his Memoirs, Eden contended that:

"The Users' Club was an American project to which we had conformed. We were all three in agreement, even to the actual words of the announcement. Yet here was the spokesman of the United States saying that each nation must decide for itself and expressing himself as unable to recall what the spokesman of a principal ally had said. Such cynicism towards allies destroys true partnerships. It leaves only the choice of parting, or a master and vassal relationship in foreign policy."⁴

The French government was even less inclined than the British to trust United States policy. In a meeting between French Foreign Minister Christian Pineau, British Foreign Minister Selwyn Lloyd, and U.S. Secretary of State John Foster Dulles, Pineau challenged the intentions of the United States in the Suez and how they were affecting the Tripartite Alliance:

"The time has come to show our cards. French

public opinion on this subject is clear. It is noteworthy that for the first time, the President of the National Assembly referred to a difference existing between France and England on the one hand, and the United States on the other. The whole question of the existence of NATO is raised. . . these things must be faced. They are of extreme gravity and the destruction of the North Atlantic Alliance would be the greatest Soviet victory."⁵

These attitudes by the French and British governments caused tensions to reach a critical level among the canal pilots on whether they should leave their posts. After receiving permission from the British and French governments, Georges-Picot informed the United Nations that he could no longer ask the company's employees to continue working under the auspices of Nasser and his newly organized Egyptian Canal Authority. And since 61 of the pilots were British and 53 were French, it was likely that more than half of the 200 canal pilots would begin actively seeking repatriation. However, Georges-Picot could not understand why the British and French governments had remained adamant about keeping company personnel in the canal through the previous months and now were suggesting that company employees leave the canal, but he had suspicions that something drastic would soon be done.⁶

With the London Conference, to determine the outcome of the crisis, only a few days away, on September 15, 141 foreign pilots abandoned their positions along the canal. International business analysts immediately predicted the advent of a military action as insurance companies raised rates on ships passing through the canal. In addition, the prices of Middle Eastern commodities were on an increase, and several of the European shipping agencies, as instructed by the company, were now using only the Cape route.⁷

These events were placing an incredible strain on European and Eastern trade, so it was evident that something had to be done quickly in order to avert an international economic crisis.

The Challe Plan: Anglo-French-Israeli Military Invasion

On October 5, nearly a month after the canal pilots walked off their jobs, the United Nations Security Council adopted a two part draft resolution on the Suez question. The first part of the resolution, which was unanimously passed, called for six requirements: 1) maintenance of international transit through the canal, 2) respect for Egyptian sovereignty, 3) continued neutral operation of the canal, 4) toll prices to be agreed upon by both Egypt and the users, 5) and acceptable proportion of tolls to be used for development, and 6) in cases of dispute there should be international arbitration. The second part required that each of the Eighteen Powers accept the resolution based on the agreement of the Constantinople Convention of 1888. But the Soviet Union, along with its Yugoslavian partner in the Security Council, opted to veto the latter portion of the resolution, arguing that the Constantinople Convention was no longer valid.⁸ It had been the Russia of the Tzars who signed the agreement, and the Soviet Union would not endorse any legal document that was not approved by the communists.

The Security Council, reaching an impasse, forced the French and British into agreement. Both governments waited patiently for a solution, while their economies and international prestige had suffered, but it was evident that a settlement would not be reached soon. The British and French governments decided to bypass the United

States government and the United Nations regarding the Suez and opted for a preemptive strike.

The Challe Plan, named after its creator French General Maurice Challe, called for an Israeli invasion of the Sinai Peninsula which would force a counter-attack by Egypt. This invasion would then allow French and British troops to "intervene and occupy the canal on the pretext of saving it from damage by fighting,"⁹ a right which was protected under the Constantinople Convention of 1888. Challe believed that a sea-borne invasion of Port Said and a paratroop invasion of Ismailia by Anglo-French forces would then return canal operation to the proper authorities.

Since Egypt barred Israeli ships from using the canal, contrary to the international freedom guaranteed by the Constantinople Convention of 1888, Israel was more than willing to retaliate. On October 29, Israeli forces crossed the Egyptian border and attacked Ismailia and the Suez. France and Britain then sent a proxy ultimatum to the two countries, which Israel accepted and Egypt summarily rejected. Consequently, on October 31, British and French bombers attacked Egyptian oil fields and destroyed the Egyptian air force on the ground. Paratroopers were then dropped into Ismailia, while an amphibious assault was launched on Port Said. Invasion was a success, and, for the time being, the Anglo-French troops were in control of the canal.¹⁰

Initial Reaction by the United States and the United Nations to the Anglo-French-Israeli Invasion of the Suez

Boillot firmly believed that, for a brief moment, the invasion reclaimed the land and

the company which had been lost to Nasser. But then France and Britain were abandoned by the West, making their action seem worthless. On November 2, the United Nations General Assembly, pressured by the United States government, passed a resolution which called for an immediate cease-fire and withdrawal of all forces involved in the Suez War.¹¹

Boillot was infuriated which was evident in a confidential letter to Georges-Picot:

"Nothing has been gained; but what has been lost seems so immense to me that I cannot think about it without shuddering. It is not only the human lives and equipment -- and the prestige -- and the passage of the Suez -- in my opinion, the very principles on which all of Western civilization rests. By this irresponsible egotism or an abject fear, the Americans have betrayed Western solidarity, which guarantees the 'way of life' to which they are, however, so attached, and unless I am mistaken, they have offered petroleum as well as new satellites to the Kremlin -- Syria and Egypt."¹²

It would seem that the Tripartite Alliance was now severely damaged by the action of the United States. In addition, Boillot was not mistaken in his estimation of the situation in the Middle East -- communism was now running rampant in Syria and Egypt.

French President Guy Mollet and British Prime Minister Anthony Eden were extremely reluctant to endorse the November 2 Resolution, since the Israelis had stopped all Egyptian resistance east of the canal. Finally France and Britain gained control of the canal without help from the United States. Pineau even received reports of civilian opposition to Nasser in Cairo, therefore feeling "the occupation of the canal zone could take place without any serious fighting or loss of life."¹³

The French and British governments were now concerned with the action the Soviet Union might take. Although Mollet and Eden acted independently of the United

States, they asked for Dulles' negotiating leverage to avoid a general war with the Soviet Union; this Dulles would not grant. Boillot's discussions with United States General Harry F. Kern implied a complicated situation between the United States and the Soviet Union which might explain Dulles' reluctant attitude to endorse the Anglo-French action. Kern feared that Turkey might take advantage of the political turmoil in the Middle East and attack Soviet-backed Syria over territorial issues. Kern also believed that, if this action were to take place, the Soviet Union would send troops to Syria, and then Turkey, and the United States would have no choice but to retaliate with a hydrogen bomb dropped on Moscow.¹⁴

However, the Soviet Union was now heavily involved in Hungary, sending a majority of its available forces to counter the uprising. It would therefore seem unlikely that the Soviet Union could commit troops to Egypt let alone Syria, making Kern's unsubstantiated arguments fallacious and Mollet and Eden's fears of Soviet retaliation of lesser importance. Regardless, Dulles denied the Anglo-French request for more time and demanded immediate withdrawal of their forces. The position taken by the U.S. State Department was understandable, being the United States' international prestige had suffered as a result of the Korean War. So, due to the international pressure placed on them in the United Nations, the Anglo-French troops ceased their advance, and Israeli troops pulled back into the Sinai. But since the United States had been unwilling to grant the Anglo-French request, Mollet and Eden decided to refuse troop withdrawal until a sufficient United Nations force could replace the Anglo-French troops.¹⁵

Boillot's Discussions with Norwegian Shipping Delegate Leif Hoegh and the American Petroleum Companies

Boillot expressed to Georges-Picot that, now that the Israelis had attacked the Egyptians, the American petroleum companies, who relied heavily on the canal, would be thrust into the same sphere as the company -- economically, politically, and strategically. It appeared that the American petroleum companies regarded Boillot as the voice of the Suez Company, because they had been interrogating Boillot as to transit through the canal, losses of material by the company, future administration, and several other questions regarding the status of the canal. Boillot informed Georges-Picot that he had considered distributing an announcement with various company concerns to the petroleum shippers but decided it would be better to deal with each company query on a one-on-one basis, considering the delicate business matters concerned. Ironically, the petroleum companies naively believed that the situation was improving for the Suez Company. In addition to contacting the petroleum companies in order to answer their questions, Boillot reminded them that the only juridically possible solution endorsed by the company would be to conciliate the interests of the users, of Egypt, and of the company ¹⁶

On November 2, in another move to defend the company's interests, Boillot met with Norwegian shipping delegate Leif Hoegh, who had just returned from a meeting with the Norwegian Minister of Foreign Affairs. Recently Hoegh had begun to play an active role in the crisis, especially among United States petroleum companies who were the principal American users of the canal and therefore had great political influence in Washington. Hoegh was asked to advise at the Council of Administration of Standard Oil

Company and was deeply involved in the creation of SCUA, believing the administration of the canal would eventually fall back into the hands of the users. In addition, Hoegh purchased around £25,000 of company stock, the price of which had decreased considerably since nationalization. Boillot felt that an entente with Hoegh might help to strengthen the position of the company, so the two discussed the possibilities for the canal.¹⁷

Hoegh related his ideas on the future administration of the canal which tended to agree with the company's stance. Despite the fact that several of the United States petroleum companies were interested in constructing a trans-Suez pipeline, Boillot was relieved to find that Hoegh was determined to remain anti-pipeline. Hoegh also believed it was dangerous for the governments in question to be debating the future of the canal. Since these governments were either socialist or anti-colonialist, Hoegh believed it was impossible for them to see the users' viewpoint and shared in Boillot's disappointment that there was no canal user representation in the United Nations. Boillot explained to Hoegh that it was hard for the shipping agencies to express their views via their own governments and felt that American shipping companies were more concerned with their nation's interests than with their company interests. These shipping agencies were preoccupied with the American anti-trust laws, which Boillot contended were causing the negative attitudes Hoegh had already encountered.¹⁸ It would seem that Hoegh was impressed with Boillot's ideas, for he now asked Boillot to join forces with him in trying to sway the position of the American petroleum companies.

On November 9, Boillot accompanied Hoegh to a meeting of American petroleum

company representatives. In some regards the meeting was productive, because Augustus C. Long, the chairman of Texas Petroleum, expressed similar views as Boillot. However, Brewster B. Jennings, the chairman of Socony Petroleum, was the real problem. Jennings was a supporter of a trans-Suez pipeline and was preoccupied with its cost, as if construction was going to begin in the near future. Boillot argued that improvements on the canal to make room for the new Supertankers would be far less in cost than the construction of a new pipeline, but Jennings brought up "the vast cost and the magnitude of the works necessary to create the practically new canal that would be necessary. . . ."19 It would seem as though Jennings forgot the numerous improvement projects the company performed over the years, paid for with the company's profits, and Boillot pointed out to Jennings that the vulnerability to sabotage of such a pipeline would be far greater than the canal. Boillot was starting to believe that the American petroleum companies were sinking into defeatism. "Everything which is taking place is as if with certainty that the Americans are refusing to admit or are waiting for the Suez Canal to fall victim to improprieties."²⁰ So it would seem that not only the future administration of the canal, but also the company's existence, was now in question. However, Boillot's rapport with Hoegh would prove valuable in the future.

The Meetings at the United Nations: Anti-Nasser Sentiment from Middle Eastern and Soviet Delegates

In addition to his communication with the petroleum companies, Boillot spent much of his time at the United Nations. Most of the meetings did not begin until 8:00

P.M. and continued until 5:00 A.M.. Between the meetings, Boillot had several opportunities to exchange views with the delegates. Boillot related to Georges-Picot, "I have seen [the French delegates] Guiringaud, Ordonneau, and Laboulaye almost everyday as well as Ramsbotham and Scott Fox from the British delegation."²¹ On several occasions, Boillot spoke with a delegate known as "Sam K.," who was upset with the Anglo-French invasion.

Boillot noticed that each day "K" was becoming more and more pro-Arab, and his political views were becoming bitter and incoherent. However, despite their differences, through "K" Boillot was introduced to several Middle Eastern and communist representatives who were not in favor of the Nasser regime. One such representative was known as "A" (Azzam Pasha, former Secretary General of the Arab League); "a person who I have avoided during these past few years although I keep current with his activities."²² Boillot was impressed by Pasha's tolerance, as he refrained from commenting on the Anglo-French ultimatum. During their discussions, Boillot conveyed the company's position to the Arab delegate, and Pasha informed Boillot that he believed the nationalization was legitimate. However, it would seem that Nasser's nationalistic efforts for the Egyptian people were less than sincere, for Pasha argued that speed of Arab nationalization should not come faster than that of the actual emancipation of the Arab peoples. In addition, Boillot believed Pasha was waiting for a new regime to replace Nasser, since the latter regarded Nasser as a "stupid dictator," stating "that man ought to be hanged."²³ Although Boillot and Pasha were not on the same side, Boillot believed Pasha was the most moderate, refined, and truthful of all the Egyptian representatives. It

would also seem that Pasha recognized Nasser's faults in leadership, and Boillot therefore believed Pasha would consider the company's position when making decisions at the United Nations.²⁴

Boillot also was introduced to Mohamed Mir Khan, the delegate from Pakistan, through "K." Boillot found this representative to be amenable to the company, for he, too, had an aversion to Nasser. Khan related to Boillot that he firmly believed an improvement in the situation could not be reached until Nasser was out of power. Even Dr. Ivan Nincič, a communist and juridical counselor from Yugoslavia, admitted to Boillot it was legally impossible to consider canal payments without having first received some sort of permission from the company.²⁵ These meetings were of the utmost importance to the company and would be particularly useful for influencing United Nations' opinions, as Boillot thought. In addition, Boillot was happy that the attitudes of some of the American shipping agencies and petroleum companies were starting to reach a positive level, and that these companies were now seeing the shortcomings of Nasser. And since Boillot had made important contacts with members of the United Nations who were opposed to Nasser, Boillot was slowly building the consensus that would later be needed to guarantee some rights for the company.

Psuedo-Support for the Company from the United States Government and the American Public

Since the report of the company's General Assembly of Stockholders of October 15 had been slow in reaching the American press, Boillot believed it was time to institute

another American press campaign. The American press decided to publish a Parisian abstract of the information, rather than using the comprehensive translation Boillot sent to over twenty American newspapers, so Boillot thought it would be best to distribute a fact sheet to the newspapers containing information on the company's rejection of the illegal nationalization, the evolution of traffic in the canal, past and future company improvements to the canal, and the international shipping agencies' favorable opinions of the company.²⁶ However, the American media still seemed reluctant to publish information that proved traffic in the canal had decreased.

By the beginning of December, Boillot related to Georges-Picot that the position of the United States was finally starting to change but was still unpredictable. In his meetings at the United Nations and from reading American newspapers, Boillot felt the United States would end its pacifism once the Anglo-French forces were removed from the Suez. He believed that this, in turn, "would mark the downfall of the French and British and the triumph of Nasser."²⁷ However, Boillot noted that this new attitude by the United States seemed more in favor of lifting the blockade on Asia and Africa, caused by the canal's closure, than the blockade on Europe. Boillot could also not guarantee the company's control of the future canal administration, and he reminded Georges-Picot that on several occasions the United States had proposed an international administration of the canal and had not seen their plans through to completion, with Dulles' SCUA as an example.²⁸

Boillot was correct in his prediction of an increase in United States involvement in the Middle East, for during the first few months of 1957, Eisenhower's policy in Egypt

became much stronger. Boillot was also accurate in his estimation of the United States government's intentions in the Middle East, for from 1957 on, United States relations with European countries suffered while its ties with the Arab world increased. And now that the United States was negotiating on the future of the canal, there would most likely be a minimum of guarantees for the company.

Nasser's Sabotage to the Canal and Boillot's Efforts to Force the Canal's Deblockage

When the Anglo-French-Israeli forces invaded the Suez, Nasser retaliated by sabotaging the canal. Perhaps the most devastating development was reflected in Boillot's conversation with the French Ambassador to the United States Hervé Alphand. In an attempt to hasten the efforts of the United Nations, Nasser sunk Egyptian ships in the canal, bringing traffic to a stand-still. Ironically, a Soviet convoy of Russian and Yugoslavian ships had become immobilized in the canal due to the barricade. Several expensive pieces of important company equipment were also destroyed including machines, massive cranes, and maintenance ships which could have been used to remove the sunken ships. Alphand was not excluding the "hypothesis of an Egyptian attempt, inspired by the Russians, destined to make the canal unusable for a very long period -- a period as long as possible -- of which the first months will be during the winter when European consumption of petroleum is at its highest."²⁹ Alphand argued that the simultaneity of these actions proved the blockage of the canal was planned by the Soviets and Egypt to wage economic war against the West. In addition, it would seem that this

argument added credibility to the fact that the Soviet Union was not going to wage a conventional war in the Middle East.

Although things were looking increasingly dismal for the company, Boillot managed to contact the Secretary General of the United Nations, Dag Hammarskjöld, regarding the clearance of the canal. Hammarskjöld informed Boillot that he had put the South African Colonel Alfred George Katzin, who was presently serving as the United Nations Deputy Under Secretary for Public Information, in charge of a study that would determine the costs of the clearance and the loss of transit dues during the canal's closure. Boillot, in turn, set up a meeting with Katzin for the next day, noting that Katzin had not yet approached the United States Corps of Engineers or the American salvage company Merritt-Chapman & Scott. This was extremely important for it appeared that deblockage would not be dominated by United States intervention as had the issues regarding nationalization.³⁰

On November 14, Boillot's meeting with Katzin confirmed that the clearance of the canal would be under the auspices of the United Nations. Hammarskjöld was to meet with Nasser, in an attempt to foster negotiations on deblockage, and was hopeful that Nasser would agree to the entrance of an international police force into the Suez to evaluate the situation. Katzin argued that Nasser truly desired rapid clearance, which would later prove to be incorrect, but only on the condition that the nationalization remain. Boillot seized the opportunity to make an advance for the company, offering the experience of the company's engineers and their knowledge of the canal to aid in the deblockage efforts. Katzin, pleased with this idea, felt it would be folly not to incorporate

the company's staff, but the situation was still delicate. If Nasser found out that Katzin had been asking company personnel for help, the entire mission would be endangered. For the present, Katzin asked Boillot to provide the locations of the obstacles and as much supplementary information as was possible.³¹

In an attempt to force the company's involvement in the clearance, Boillot suggested the commission responsible for studying deblockage could be composed of personnel who would remain independent of the company. Although he was very interested in Boillot's plan, Katzin assumed Nasser would prefer a more disinterested group, probably from Belgium, Luxembourg, or Switzerland, and felt it would be wiser to utilize the company's assistance from a distance. However, Boillot argued that from a distance the company would not be able to do justice to Katzin's report if it was not allowed to interact with the mission. "What makes our engineers unique is their knowledge of our waters, of our foundations, of the local conditions as well as their intimate knowledge of all our equipment."³² It appeared that Boillot's arguments were strong for Katzin immediately agreed.

Boillot informed Georges-Picot that the meeting with Katzin had been a success and that "at the moment, we are both serving in the same army in the same theatre of operations."³³ Since Katzin was preoccupied with the cost of the operation, Boillot contacted some of his colleagues in the shipping world who offered their services on previous occasions. Boillot queried General Talley, from the United States Corps of Engineers, about getting a suction dredge, currently stationed in Bangkok, and Leslie Cooper from the Submarine Electronics Company, Incorporated, who could offer diving

and underwater camera equipment with which to find the wreckage. Within a matter of weeks, the two groups were en route to the Suez to help with deblockage.³⁴

Boillot's quick actions once again paid off, because Katzin returned from a meeting with Hammarskjöld who seemed very interested in Boillot's ideas. In addition, on November 15, Boillot was asked to attend a secret United Nations meeting between Katzin; Kleyn Van Willigen, Managing Director of the L. Smit & Company's International Tug Company; John F. Shaw, U.S. State Department Representative; and Rear Admiral Peter Dawnay, representative of the British Navy. The conference was to be kept completely secret, since the problems with deblockage would only be exacerbated if anyone found out that a delegate of the Suez Company and a member of the British admiralty had met in Hammarskjöld's own chambers. The meeting lasted over two hours with each attendant adding his own proposal. However, it appeared that after talking with Hammarskjöld, Katzin's position was beginning to change, for he referred to the advantages of using the company's skilled technicians to clear the canal but now argued that these employees must be consulted from a distance, considering the delicate politics which were involved. Nonetheless, everyone was in agreement on utilizing company technicians except the U.S. State Department representative John F. Shaw, who announced his skepticism in this area. So Boillot suggested that it would be a good idea for van Willigen and Dawnay to meet with Georges-Picot at the Parisian offices to discuss deblockage in more detail, while he returned to Washington to try and change the negative attitudes of the State Department.³⁵

Although Boillot was not able to secure a meeting with the State Department, he

was able to schedule several meetings with General Raymond A. Wheeler, United States Army retired, who was placed in charge of the physical aspect of deblockage by the United Nations. "A realist who is not clouded by the fear of compromise like Katzin," Boillot found Wheeler to be very open in his ideas, as he never underestimated the value that company technicians could play. "Katzin, on the other hand, remains extremely cordial in his personal affairs yet is increasingly difficult to approach on his business plans. . . and retires ever more frequently to his ivory tower."³⁶ Boillot informed Georges-Picot that Katzin felt deblockage was to be dealt with solely by his own organization in spite of the numerous offerings of assistance by the company. Boillot was beginning to mistrust Katzin and was now analyzing his motives with greater skepticism. Boillot was not alone in his opinions of Katzin, for Peter Dawnay had the same impression, and Boillot was to later find out that Katzin was disseminating a less than pro-company slant to American shipping agencies.³⁷

Boillot relayed the contents of these meetings to Georges-Picot who was anxiously awaiting to get involved in the deblockage debates. However, Boillot suggested that, at the present time, it would be wise for him to remain in Paris, for he felt the presence of the Suez Company's Director General in New York might be interpreted as a counter-measure towards Nasser and would, therefore, be terribly embarrassing for Hammarskjöld. Van Willigen even felt "it would be most dangerous that your name should even be mentioned at the present time."³⁸ Boillot was now the sole voice of the company within the confines of the United Nations.

The International Economic Effects of Delaying Deblockage

After much debate, the United Nations General Assembly, on a majority vote, decided to postpone deblockage until French, British, and Israeli soldiers withdrew from the Suez. The Western Bloc voted against the resolution, while the Asian-Arab-African Bloc, along with the United States and the Soviet Union, were able to pass the resolution with a two-thirds majority.³⁹ Boillot informed Georges-Picot that "the United States has once again sided with the Asian-Arab Bloc, the Soviets and their satellites -- against its Franco-British Allies -- plunging our delegation and the British, Australian, Dutch, and Belgian delegations into a revival of anxiety."⁴⁰ This decision was not only important politically, for economically, each day the canal remained closed, millions of dollars worth of imports could not reach Europe.

Boillot noticed that the French and British delegations had come to the conclusion that the United States was doing nothing and was actually trying to impede the clearance efforts.⁴¹ It would seem the United States could withstand the pressure of the canal closure since the majority of its shipping through the canal dealt only with oil. Since the United States had a long history of oil purchases from Kuwait (v. Appendix, p. 65), geographically it was not imperative that the United States use the canal. United States oil shipments could continue around the Cape or via the Pacific with delays in petroleum supplies being subsidized by offshore United States oil drilling stations. And up to this point, many of the United States ships continued to use the canal, making payments to Nasser, therefore suffering little economically -- in fact, United States canal usage had actually increased since nationalization.⁴²

The opposite was true for those who heavily used the canal. Great Britain, as an example, relied on the canal for 70% of its imports, most of which came from India. By the beginning of November, Britain's gold reserves had fallen by £100 million as a result of the economic shock of the canal's closing.⁴³ All of the European shipping agencies were being forced to add surcharges to their shipping tolls as a result of rerouting around the Cape.⁴⁴ By this time, since none of the European countries had fuel reserves, the oil situation was becoming critical, and petroleum rationing, due to delays in shipping, was causing losses in industrial production.⁴⁵ Likewise, several countries from the East, mainly India and Ceylon, were placed in incredible financial strain, as they were not able to market their goods.⁴⁶ India, which generally remained neutral in partisan disputes, even asked the United Nations to begin deblockage immediately "with the best salvage equipment and technical assistance available."⁴⁷

With global economic chaos in sight, many countries could not wait out the lengthy United Nations negotiations. On November 21, the International Chamber of Shipping, which had been in continual correspondence with Boillot and Georges-Picot, passed a resolution in favor of immediate deblockage:

"The committee records its gravest concern at the blocking of the Suez Canal and the destruction of canal equipment. The widespread disruption of international shipping services which has followed this act demonstrates the reliance which countries both of the East and the West have placed upon the use of the canal. The costly diversion round the Cape, in itself a waste of shipping services, has created a shortage of ships that can only react to the detriment of world trade as a whole with especially damaging effect on countries the trade of which depends directly on the use of the canal.

The I.C.S. urges all governments concerned to insist that the clearing of the canal presents a physical problem of such magnitude and of such urgent international importance that it must be tackled regardless of political considerations by making the most immediate use of the best salvage equipment and technical assistance available."⁴⁸

The International Chamber of Shipping then sent John McCloy, U.S. State Department representative and the president of the World Bank, a telegram highlighting the resolution, which hinted at Suez Company assistance. McCloy seemed to be receptive to this idea and said the aid of canal personnel, now being called the "brains trust," would be discussed between himself and Suez Company representative Charles Spofford the next day. In addition, General Wheeler was now in Egypt trying to negotiate with Nasser the best possible methods for expedient clearance of the canal.⁴⁹

Colonel Katzin's estimations of Nasser's desire for immediate deblockage had been wrong for, on November 28, Boillot informed Georges-Picot of Nasser's true intentions. During his conversations with Dr. Ahmed Hussein, Boillot found the Egyptian Ambassador was now stating that Nasser was specifically waiting for the withdrawal of Anglo-French forces before he would allow deblockage to take place. However, in Boillot's opinion, Hussein seemed positive about the "brains trust," because he believed the people most knowledgeable of the canal and with the most experience were the company technicians. Only they could complete the clearance in a minimum amount of time, and Hussein believed that the use of both equipment and manpower could be subcontracted therefore reducing arguments of nationality.⁵⁰

Hammar skjöld, however, had become increasingly difficult to bargain with and

now reversed his opinion on the quick clearance efforts. Boillot suggested to Hammarskjöld that, in order to increase its speed and efficiency, the company keep in contact with the technicians while deblockage was underway. But Hammarskjöld was opposed to any clearance plan which allowed the company to coordinate with its technicians and felt that any intervention by the company at this point would have disastrous effects on the United Nations negotiations. He now stated to Boillot that "the only voice for the eventual transmission of communications [dealing with the clearance] would be the voice of hierarchy."⁵¹ So, although Boillot had exerted great amounts of time and energy in relating the global economic importance of rapid deblockage, for the time being, there was nothing more that Boillot or the company could do to help with the issue.

Conclusion

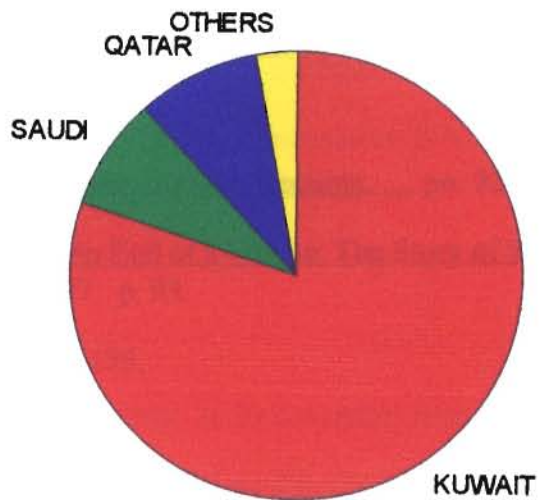
The reasoning behind the invasion is somewhat hazy. Georges-Picot argued that the French government most likely acted in this way, because the situation in Egypt might spread throughout North Africa therefore confronting the French Algerian policy.⁵² It must also be noted that, at the same time, the French government was trying to develop relations with Israel, which it probably felt it had an obligation to help after the devastation to the Jewish people by the Vichy government. The British government, on the other hand, was trying to protect its economic interests, primarily with India. However, Georges-Picot contended that this strategy would only have worked during the first few weeks of the nationalization. By delaying the event, the British and French governments

allowed Nasser to gain support in the United Nations and develop a political strategy to counter any Anglo-French use of force. "Thus, in spite of an obvious military superiority, it could end only in a political defeat that would leave France and Great Britain a laughing stock, Colonel Nasser triumphant, and the company in a situation of lamentable isolation."⁵³

However, Boillot's actions for the company were effective. His communications with the American Petroleum companies opened debate as to the future considerations of the use of the canal in petroleum exportations. This was extremely important for previously United State petroleum companies, pressured by their government, had accepted the concept of a trans-Suez pipeline as a mean to circumvent the issues involving the canal. In addition, Boillot's communications with the international shipping agencies brought to light the global economic repercussions of the canal's closure. His discussions with key United Nations delegates would create a strengthened position for the company in future United Nations debates. And his correspondence with those in charge of deblockage would eventually facilitate the internationally needed rapid clearance efforts.

APPENDIX

U.S. PETROLEUM SHIPMENTS FROM MID-EAST



This graph shows the principal exporting countries of petroleum to the United States. Kuwaiti oil shipments composed 78%. (Bulletin de la Compagnie Universelle du Canal Maritime de Suez. Nos. 2305-2339. 1955-1958).

CHAPTER TWO ENDNOTES

1. Schonfield, Hugh J. The Suez Canal in Peace and War 1869-1969. University of Miami Press. Coral Gables, Florida. 1969. p. 153.
2. Georges-Picot. The Real Suez Crisis, pp. 93-94.
3. FRUS, pp. 1191-1192.
4. Schonfield, pp. 152-153.
5. FRUS, p. 641.
6. Georges-Picot. The Real Suez Crisis, pp. 79-87
7. Schonfield, pp. 152-153.
8. The Suez Canal Company and the Decision....., pp. 92-93.
9. Nutting, Anthony. No End of a Lesson: The Story of Suez. Clarkson N. Potter, Inc., New York. 1967. p. 93.
10. Schonfield, pp. 158-159.
11. FRUS, p. 973.
12. Boillot to Director General. le 13 novembre 1956.
13. FRUS, pp. 931-932.
14. Boillot to Director General. le 28 novembre 1956.
15. FRUS, pp. 984-985.
16. Boillot to Director General. le 8 novembre 1956.
17. Boillot to Director General. le 2 novembre 1956.
18. Boillot to Director General. le 8 novembre 1956.
19. Boillot to Director General. le 9 novembre 1956.
20. *ibid.*
21. Boillot to Director General. le 10 novembre 1956.
22. *ibid.*

23. *ibid.*
24. *ibid.*
25. *ibid.*
26. Boillot to Director General. le 8 novembre 1956.
27. Boillot to Director General. le 4 décembre 1956.
28. *ibid.*
29. Boillot to Director General. le 11 novembre 1956.
30. Boillot to Director General. le 13 novembre 1956.
31. Boillot to Director General. le 14 novembre 1956.
32. *ibid.*
33. *ibid.*
34. *ibid.*
35. Boillot to Director General. le 19 novembre 1956. "Destruction au Canal."
36. Boillot to Director General. le 4 décembre 1956.
37. *ibid.*
38. Boillot to Director General. le 21 novembre 1956. "Nations Unies: Déblocage du Canal."
39. FRUS, pp. 1196-1197.
40. Boillot to Director General. le 24 novembre 1956. "Nations Unies: Déblocage du Canal."
41. *ibid.*
42. Bulletin de la compagnie universelle du canal maritime de Suez. Nos. 2305-2339. 1955-1958. pp. 9668-9714.
43. Thomas, Hugh. Suez. Harper & Row, Publishing. New York. 1966.
44. Schonfield, p. 161

45. FRUS, p. 1179.
46. Schonfield, p. 161.
47. Boillot to Director General. le 24 novembre 1956.
48. The Suez Canal and the Decision... p. 113.
49. Boillot to Director General. le 27 novembre 1956.
50. Boillot to Director General. le 28 novembre 1956.
51. Boillot to Director General. le 4 décembre 1956.
52. Georges-Picot. The Real Suez Crisis, pp. 107-110.
53. *ibid.*, pp. 107-110.

CHAPTER THREE

During the first days of December, Boillot noticed that the United Nations negotiations on deblockage were stagnating. Each faction involved with the clearance of the canal was determined to resist coercion by the other factions. Egypt still demanded that all Anglo-French-Israeli troops be removed from the Suez before deblockage would take place. Katzin tried to torpedo Boillot's attempts at company involvement by contacting the United Nations delegations and disseminating an anti-company slant. And Hammarskjöld seemed ambivalent as to the proper direction the clearance efforts should take. Boillot noticed in the United Nations meetings Hammarskjöld was not in agreement with those factions who believed the canal's clearance was subordinate to troop withdrawal, nor was Hammarskjöld specific as to whether rapid deblockage should coincide with troop withdrawal.¹ So although the topic of United Nations discussions was now rapid deblockage, it appeared that the existence of diverging views was preventing this from happening.

Nasser's Sabotage to the Canal and the Report by Alphonse Grange on the Canal's Clearance

Nasser now looked for some sort of entente with the canal users, since a large portion of canal revenues was being lost to the re-routing of shipping around the Cape.

Boillot told Georges-Picot that, in an attempt to counter Nasser and block the United States' domination of the United Nations negotiations, the French delegations gained the support of Italy and the Scandinavian countries. Although this entente was not desired by the French, Boillot saw this action as an opportunity, for if the company was to present a simultaneous entente to the Norwegian, Swedish, Danish, and Italian delegations, it would strengthen the positions of the company and the French delegation. Boillot then scheduled meetings with members of these delegations, who later would prove valuable in gaining indemnization for the company.²

However, it would seem Nasser's desire for conciliation was anathema, since the aftermath of Nasser's destruction to the canal was devastating. Not only did Nasser force the canal's closure, but he decided to sink the heaviest pieces of floating machinery to do so. The canal was blocked in six different locations with over fifty obstacles including floating cranes, blockships, tugs, a tankship-landing craft, and several other smaller vessels. The world's largest dredger, the 3,500 ton *Paul Solente*, which was the only ship large enough to perform the necessary canal improvements, had been sunk at the entrance of the canal, and the wreckage of two bridges, including the *El Ferdan* railway bridge, lay in the canal. The estimated cost of damages to the canal and its harbors was at \$500,000 and the final cost of the clearance was set at \$8.5 million.³

While the question of this enormous clearance effort rested in the debates of the United Nations, the company had performed its own study. Alphonse Grange, the chief engineer who had been on leave since July yet had never ceased in his correspondence with the company, was already in the Suez analyzing the equipment and personnel

necessary to speed deblockage.⁴ With the study complete, Boillot wrote to Hammarskjöld, informing him of Grange's activities, and reminded him of the experience and expertise of the company's technicians. Boillot also included a copy of Grange's report and suggested that Hammarskjöld contact him immediately as to any clarifications of the report's contents.⁵

Hammarskjöld warmly received Grange's report, but Boillot noted he was still having difficulties in negotiating with the United Nations Secretary General. "The political stance of Hammarskjöld is difficult to understand and seems full of contradictions."⁶ Although the United Nations General Assembly adopted the philosophy of rapid deblockage, an idea Boillot argued repeatedly among the delegates, it would seem Hammarskjöld was sacrificing speed in order to appease the Egyptian government. Hammarskjöld told Boillot that Egyptian sovereignty should be protected and that "the United Nations should not be used as a leverage against Nasser."⁷ Numerous assaults on this stance by the French and British governments led Boillot to believe that Hammarskjöld was sidestepping many of the important issues, therefore causing indefinite delays in the canal's clearance, and he felt Hammarskjöld was hiding behind the principles and authority to which his office had invested in him in order to yield to Nasser on all lines. In addition, Boillot was not the only one involved in the negotiations who felt this way, for even John Foster Dulles presented the same argument.⁸

However, Colonel Katzin was becoming more receptive to Boillot's ideas; on the one hand because Grange's report, and on the other hand because of the extreme pressure now being placed on Katzin from all sides. Boillot met with Katzin on December 19 to

once again discuss the role of the company in deblockage and reminded Katzin of the "primordial role" the canal, and therefore the company, had played in the economic development of several countries. Since these countries relied so heavily on the canal for both the importation and exportation of goods, Boillot argued that an expedient deblockage would be necessary to avert economic catastrophes. Katzin now even agreed with Boillot's previous recommendations for future canal improvements, however, he still demanded objectivity in international negotiations and authority over the technical aspects of the clearance.⁹

Katzin would remain the thorn in the company's side, for, despite Boillot's numerous proposals of aid, Katzin, like Hammarskjöld, was reluctant to ensure rapid deblockage. It would seem that this point in the United Nations negotiations, the only party cognizant of and compassionate toward the countries suffering from the canal's closure, and the only party conceding to the United Nations, was the company. This idea was emphasized in Boillot's reminder to Katzin that "the company has nevertheless a certain moral responsibility in this crisis which affects the lives of so many people," that it "spontaneously sought to exercise this responsibility through the voice of the United Nations," and that this would remain the political stance of the company.¹⁰

Boillot recognized that Grange's report would not have a profound influence on the decisions of Hammarskjöld and Katzin, however, he did believe it would be accepted by General Wheeler and John McCloy and therefore personally sent them copies. This action would prove important in the long run since General Wheeler was in charge of the clearance efforts. Boillot noted that General Wheeler was already impatiently dissociating

himself from Hammarskjöld's sluggishness, and McCloy was now playing an integral part in the U.S. State Department to influence United Nations' incorporation of company personnel in deblockage.¹¹

Boillot Influences the Canal's Immediate Deblockage

Due to the fact that the Anglo-French forces were now leaving the Suez, the United States appeared to be more receptive to the company's cause. And since Boillot was in correspondence with Wheeler and McCloy, not to mention numerous other United Nations representatives, it would seem he was able to directly influence the attitudes of both the United States and United Nations delegates towards immediate deblockage and the use of company personnel to do so. These changing attitudes were manifested in a report prepared by John Foster Dulles to the United Nations shortly after discussing new aspects of deblockage with McCloy and Wheeler:

"We agreed six of the UK-French salvage vessels presently working on the clearance of the canal north of the armistice line could be most useful in the rapid clearing of the canal. . . . These six vessels would fly the U.N. flag. They would be operated by present captains and crews but captains and crews would be in non-military uniforms. . . There would be a handful of U.N. personnel on each vessel. . . who would not engage in the operation of vessels but could transmit general instructions from General Wheeler as to the tasks the vessels were to accomplish in the canal. The vessels would operate under General Wheeler's general directions in that they would carry out clearing tasks at various points in the canal as directed by General Wheeler "¹²

Lloyd and Pineau were in agreement on Dulles' proposal and felt it was necessary to pressure Hammarskjöld to approve such a mission. So, on December 16, the British delegate Sir Pierson Dixon issued an ultimatum to Hammarskjöld that called for immediate acceptance of the proposal. If Hammarskjöld rejected the proposal, then the British would pull out all of the ships they had sent to the Suez to aid in the canal's clearance.¹³ Boillot felt these actions were helping to short-circuit the inefficient "voice of hierarchy" which Hammarskjöld suggested previously. In a last attempt to counter this ultimatum, Hammarskjöld brought up the significant costs that would be attributed to the rapid deblockage. However, the United States immediately responded by guaranteeing a loan for \$5 million, and nine other nations' contributions raised the total aid to \$12 million, which was more than enough to cover the estimated costs of the clean-up.¹⁴

It would seem that Boillot's arguments for rapid deblockage must have had a profound influence on General Wheeler, for now Wheeler was demanding immediate clearance efforts contrary to Hammarskjöld's desires. Wheeler was also able to convince the United Nations to allow the Anglo-French salvage ships to continue their clearance efforts in the canal, despite Hammarskjöld and Nasser's actions to prevent this, making the British and French ultimatum unnecessary.¹⁵ With Wheeler in charge of the deblockage, the work was moving so fast and efficiently that the U.S. State Department publicly endorsed the progress,¹⁶ and Hammarskjöld had no choice but to follow suit.¹⁷ In addition to the 15 Anglo-French ships, 32 salvage vessels from Belgium, Denmark, Holland, Germany, Italy, Sweden, and Yugoslavia were sent to the canal, and by January 7, the damage from the *El Ferdan* bridge had been removed from the canal. While the Dutch

crews raised an Egyptian tug, the British removed the enormous *Paul Solente* from the entrance of the canal. On January 8, the ships stranded in the canal were able to sail to Port Said, and by January 10, another five Egyptian tugs were lifted. General Wheeler's own goal was to complete the clearance of the canal for vessels of twenty-five-foot draft (10,000 tons) by March.¹⁸

Boillot related to Georges-Picot that the odds were definitely in the company's favor now, since the United States was moving past détente and toward the previous accord it had with Britain and France. However, Nasser still demanded that there could be no Anglo-French involvement in the clearance efforts and also refused any assistance of his own until Israeli troops pulled out of the Sinai, despite the fact that Egyptian guerrilla forces were still actively involved in the area.¹⁹ But rather than appease Nasser, as it had done previously, the U.S. State Department responded to Nasser's demands by incorporating an even tighter reign on the Egyptian assets frozen in United States banks.²⁰

Further positive American sentiments were found in various publications during the next few weeks of January. United States news items, including subjects such as the importance of the canal, the need for Egypt to respect its contracts, and the justification of the Anglo-French attack, were now being circulated. Boillot's own letter to the editor of the Wall Street Journal on the costs of canal improvements was widely disseminated, and Nasser's sabotage of the canal compromised his credibility in the United States press. An article in the New York Times on December 22 stated: "The Egyptian government showed its contempt for the convention when it deliberately blocked the canal with

scuttled ships during and after the recent hostilities and thereby committed acts specifically forbidden by the convention even in 'self-defense.'"²¹

Regressive Attitudes by the United States Government

It would seem that the United States Government was not desirous of appeasing the French and British, or the company, for it was not long before the U.S. State Department backed down on its firm stance towards Nasser. Boillot found evidence of this new attitude in a meeting with Jack Corbett, head of the State Department's International Finances and Development branch. Corbett seemed concerned with the impact of present clearance operations on United States-Egyptian relations, and argued that the United States government would leave future questions of the deblockage entirely up to the United Nations. From this point on, Corbett affirmed that the United States delegation would remain in constant contact with Hammarskjöld and that only the United States Permanent Representative to the United Nations, Henry Cabot Lodge, would mediate between the Egyptian government and General Wheeler. Corbett also believed that the initial proposals of aid to Egypt by the United States were urgently needed for the canal's clearance and improvement operations. However, giving money to Egypt seemed antithetical to an appropriate solution, and Boillot argued that there would be many disadvantages, particularly moral, in investing any more money in the canal, and in Egypt, without considering the rights of the company.²² The company had lost a large portion of its equipment to Egyptian sabotage, but, so far, no one had mentioned indemnities owed to the company.

To add salt to the wound, on January 12, the New York Times published Hammarskjöld's second report on the clearing of the canal which exaggerated the role played by the United Nations and Egypt. Boillot related his dismay towards the article in a letter to Georges-Picot:

"Reading this report makes a painful impression. It constantly recalls the role the Egyptian [Canal] Authority has played in the clearing of the Suez Canal, of its collaboration, but there is no mention of the company. There is no longer a question of pushing the improvement works, and the exchange of letters between Hammarskjöld and Fawzi only consecrates the accord that is taking place between the United Nations and the Egyptian government on the basis of the cooperation between these organizations in view of the deblockage. . . . The United Nations now has been given the appearance of a savior."²³

It would seem evident that both Nasser and Hammarskjöld actually tried to hasten the international attempts at rapid deblockage. It was the company's representatives, i.e. Boillot, who had brought the need for fast clearance of the canal before the eyes of the world, yet now that deblockage was a success, credit was not being given to the company, rather it was being taken by those who did not deserve it.

Boillot was under the impression that Corbett was content that the United Nations would serve as a filter in the deblockage negotiations. Boillot also believed this new stance by the U.S. State Department was not easy to attack, for by remaining subordinate to the United Nations, the United States government appeared even more virtuous. This way the United States would not have to take a stance, and when confronted by the French and British governments for support, the United States could simply plead ignorance of the situation. Boillot also felt that the U.S. State Department assumed this

position to justify the United States' own interests in Egypt. "They have nothing to lose and everything to gain and will reach their own goals without having to strike a blow."²⁴

It would seem that the United States government could save its prestige in the East while maintaining its own petroleum interests. It also appeared that Boillot was correct in his estimations of American-Egyptian relations, for, although the Egyptian government was influenced heavily by the Soviets, for several months the United States government had allowed Nasser a virtually free hand over the canal. And Boillot's evaluation of the United States' petroleum interests seems difficult to argue with, since American shipments of oil through the Suez increased during nationalization, while the allies of the United States and most countries in Western Europe were boycotting the canal. In addition, Boillot's appraisal of the French and British attitudes was also correct. Since severe damage had been done to the Tripartite Alliance, the British and French questioned the stance of the United States government in the Suez. The Eisenhower Doctrine, which endorsed neutrality by the United States in world affairs, remained under the scrutiny of the British government, and the future policies of the United States government were considered unpredictable by both the French and the British. The Anglo-French entente had been enormously bolstered by their unity in confronting the United States, and, due to its position in the Middle East, the United States was being estranged from the alliance.²⁵

Since Boillot had played an integral part in making the American public aware of the situation in the Suez, United States periodicals now questioned the stance of their government on the canal. Newsweek published an article on January 14 that suggested

the nationalization was a violation of the Constantinople Convention, an arbitrary seizure of an international organization, and that Nasser was impossible to negotiate with. The article also listed the accomplishments and failures of the United States government in its negotiations on the canal and warned the American public that France and Britain might soon look for other allies.²⁶ On January 16, the Christian Science Monitor also criticized Nasser's discriminatory policy toward Israel, specifically his failure to protect canal transit rights, and argued that the United States was not honoring the six points of the United Nations agreement. In addition, letters to the editors of various journals attacked the United States government for giving any aid to Nasser and demanded that the canal be administered permanently by the United Nations.²⁷ So it would seem that although the company encountered difficulty from the U.S. State Department, the American public now recognized the faults of the State Department's policy towards the Suez due to the correspondence by Boillot with the American media.

Initial Questions of Compensation as the Company Begins to Lose Its Hold on the Canal

By the middle of January, the speed of General Wheeler's deblockage activities showed the canal would be cleared much sooner than the date projected in Hammar skjöld's November mandate. This event presented problems for the company, since the sooner the canal was cleared, the sooner legal issues would be brought into the spotlight. The most important question dealt with the compensation due to the company. The Firman of Concession of January 5, 1856, between the French, British, and Egyptian

governments, specifically laid down the structural guidelines if Egypt were to decide to renege on its lease of the Suez Company. The company would not only be compensated its net worth but would also be paid for any future losses of capital until the expiration of the concession. Most of the organizations Boillot was in contact with (banks, shipping agencies, petroleum companies, and governmental representatives) were in favor of Egypt paying indemnities to the company. Boillot felt this sentiment would therefore strengthen the company's claim in the Suez settlement, but there had still been no discussion of recompense in the United Nations.²⁸

Pineau was already weary of Dulles' desire to drag out the negotiations, and Boillot believed Pineau was going to suggest a five year transitional management of the canal so as not to put control directly into the hands of Nasser. Although Dulles did not share this view, he did believe it would be necessary to institute an interim management, at least until the legal issues had been settled, suggesting the continuation of the Suez Canal Users' Association. Boillot felt this point was particularly important to the French delegation, since it signaled that the United States government was finally starting to "come out from behind the screen of the United Nations."²⁹ And, if anything, it showed an American accord with France and Britain to deny absolute control of the canal to Nasser.

Boillot had been right in his estimations, yet he did not know to what extent Pineau was willing to concede to the United Nations. In a meeting with McCloy and Hammarskjöld on January 11, Pineau suggested future canal administration guidelines which would be accepted by the French government:

"1) France is prepared to let Egypt act as the day-to-

day operating authority for the functioning of the canal, 2) SCUA must exercise non-discriminatory supervision over the way the canal was operated by Egypt, fix the tolls, and act as collecting and disbursement agent, and 3) there should be a fiscal agent, which would probably be the World Bank, in order to ensure that the clearing, dredging, and development of the canal were properly provided for financially." ³⁰

Although Boillot, i.e. the company, did not know this, there now seemed to be no question that the canal's permanent operation would be given to Egypt. And unbeknownst to the French government, the United States government would eventually facilitate the transition of all of the aforementioned rights to the Egyptian government, giving Nasser complete control of the canal.

Nasser Threatens the United Nations with Canal Closure

During the last weeks of January, Boillot attended several United Nations meetings hoping to secure a voice for the company. The primary focus of these debates dealt with Nasser's new threat on January 23 -- if Israeli troops did not withdraw from the Gaza in forty-eight hours, and the United Nations Emergency Force (UNEF) from the Suez, then future canal traffic would cease. However, Nasser's actions violated the negotiations reached so far in the United Nations. Upon the cease-fire of November 4, the United Nations General Assembly passed Resolution 998, which, in Article 5, called for immediate and vigorous actions to reopen the canal to traffic. The resolution would also allow the UNEF to "stay in the Gulf area until a peace settlement is achieved."³¹ But it was obvious that Nasser was trying to alter yet another United Nations agreement.

Some of the United Nations delegates felt Nasser's demands were a blatant attempt at delaying the international clearance efforts. During the United Nations meetings, Boillot noted that Sir Percy Spender, a British delegate, charged that Egypt had been entirely uncompromising with its malicious propaganda campaigns and suggested that the assembly respect the international status of the canal. Boillot also related to Georges-Picot that Golda Meir, the Israeli ambassador, reiterated the resolution's charge for the canal's immediate re-opening and noted that Egypt's obtrusive actions would be counter-productive to any settlement on the canal's future status.³²

However, Boillot contended that the "fear of Nasser" was beginning to overcome many of the delegates:

"They fear, at the moment, that he will stop the canal's clearance work if the Israelis do not unconditionally leave Egypt within forty-eight hours. They fear that he will not admit to any kind of responsibility for blocking the canal and its financial consequences. They fear that he will not accept the payment of canal tolls, in their entirety, to an organization other than the Egyptian administration."³³

In addition, Boillot felt Hammarskjöld was retreating from the November resolution, since he suggested that immediate negotiations were needed to discuss the withdrawal of Israeli troops and the UNEF from the Gaza.³⁴ It would seem that too many of the delegates were succumbing continually to Nasser's threats, which would only make Nasser more elusive in reaching any canal settlement that did not remove the obstacles preventing his own economic policies.

In view of the fact that Hammarskjöld was seriously considering downsizing the strength of the UNEF, France and Britain had a very strong argument that this action

should not take place until the re-establishment of liberty and security in the Suez. Fearing Nasser might ban French and British ships from the canal, Anglo-French delegates, as well as United States and Canadian delegates, now demanded an increase in the role of the United Nations Emergency Force.³⁵ If the UNEF was to remain in the Suez, it would give the United Nations continual influence on the future status of the canal, and as negotiations were finally turning to this point, Boillot felt it necessary for the company to become more public. After months of meetings, arguments, negotiations, and then more deliberation, Boillot, "the voice of the company" in the United States and United Nations, finally asked Georges-Picot to come to New York in order to throw his own hat into the ring.³⁶

The Suez Canal Crisis of 1956-57 Shifts to the Arab-Israeli Conflict of 1957: Nasser Threatens Restrictions on the Gulf of Aqaba

The debates in the United Nations were like a chess game where Nasser was trying to defeat the United Nations through a series of strategic counter-moves. Israel had complied with the United Nations General Assembly's resolution and had withdrawn "to a line roughly following the meridian 33 degrees 44 minutes, leaving no Israeli forces west of El Arish in the Sinai."³⁷ However, it would seem that compliance with the resolution was not enough for the Egyptian government, for Nasser now threatened to control traffic in the Gulf of Aqaba, to the east of the Sinai, if Israel did not leave the Tiran region in the eastern Sinai. Aqaba was the geographic juncture for Israel, Jordan, Saudi Arabia, and Egypt, and provided shipping routes for traffic coming from the south of the Suez. Since Nasser's ban of Israeli ships in the canal, Aqaba was Israel's only shipping route to the

East. Nasser's actions would drop the proverbial bomb on the United Nations, since it brought into question the rights of Israel and therefore firmly divided the Arab Bloc from the Western Bloc.

This move gained tremendous respect for Nasser in the Middle East, because virtually every Middle-Eastern country in the vicinity had a stake in the gulf. Since the Israeli troops had moved into the Sinai, King Abd al-Aziz of Saudi Arabia condoned Nasser's action, fearing further advance east by the Israelis. Communist infiltration of Syria, much like that of Egypt, was happening so rapidly that Charles Malik, Foreign Minister of Lebanon, stated it was the Middle East's primary problem. In retaliation of the Israeli attack on Egypt, the Syrian communists destroyed the International Petroleum Company's pipeline which had provided reserves of oil shipments to Europe since the canal's closure, and were carrying on terroristic efforts in the surrounding region. With petroleum supplies rationed to a bare minimum, Britain's failing economy was unable to provide financial support for Jordan, which, in turn, was causing Jordan's economy to crumble. The Syrian government, seeing this as an opportunity to make communist advances in Jordan, convinced the governments of Egypt and Saudi Arabia to give economic aid to Jordan, and the four countries entered in to an alliance against Israel over Tiran.³⁸ So Israel was surrounded on all sides by enemies who were heavily influenced by the Soviets, and in support of Nasser, and it was now threatened with being completely shut off from the East.

Israel was caught in a seemingly irreconcilable position. Israeli Prime Minister, David Ben Gurion, charged that the Egyptian government intentionally strengthened its

military in the Sinai, through arms deals with the Soviet Union, and entered in to a pact with Syria, Jordan, and Saudi Arabia in order to destroy Israel. Ben Gurion contended that rather than suffer destruction by Egypt, Israel acted with the preventive attack. In conversations with the U.S. State Department, Ben Gurion not only defended Israel's attack on Egypt but also remained adamant about continuing the Israeli presence in Tiran:

"The government of Israel has no interest in desert wastelands bordering the lower end of the Gulf of Aqaba, and has no territorial ambitions anywhere in the Sinai, but . . . we will not again submit to blockade. No more will we be subject to Nasser's whims or charity. If he tries to re-establish the blockade, the we shall have to start shooting. . . . I am convinced the U.S. under similar conditions of life or death would take like steps. Even President Eisenhower, a sincere and strong advocate of a peaceful settlement, would not disagree with this thesis."

Moreover, Dulles confirmed that this time Israel was not bluffing.³⁹

World Response to the Arab-Israeli Conflict

Nasser's new threat pushed most of the United Nations delegates from the Western Bloc to their limits. Boillot was now certain that several countries, including Australia, Canada, New Zealand, and the Netherlands, were going to demand a new resolution, calling for an increase in the role the United Nations Emergency Force was playing in the Suez, and seemed sure that this resolution would be widely supported by the Western countries. If the United States took a firm stance in favor of a new resolution to increase the powers of the UNEF, Boillot sensed that the Latin American countries would follow in the footsteps of their neighbors to the North. This would then secure the two-thirds

majority to pass it, thereby upstaging Hammarskjöld's suggestion to decrease the role of the UNEF.⁴⁰

In addition to these events, on January 29 Boillot informed Georges-Picot that Henry Cabot Lodge, United Nations delegate from the United States Department of State, now voiced a much firmer policy in the United Nations; not only regarding Aqaba but also toward the Suez. Although Lodge argued for the immediate withdrawal of Israeli troops from Tiran, he felt it necessary to replace these troops with the UNEF and expand the role of the force in the entire Suez region. Boillot noted this attitude showed that, although the United States had given extended freedom to Egypt's control of the canal, it was not going to allow Nasser to do as he pleased in Aqaba. And many of the countries, which previously opposed the UNEF, were now suffering from the economic consequences of the canal's closing. Boillot believed that countries such as India, Ceylon, Indonesia, and many in the Arab bloc, "would not vote against a resolution that would keep Egypt from instituting a new discriminatory regime over the canal."⁴¹

Boillot was correct in his estimation of the Western Bloc's support of the United Nations Emergency Force, for the role of the force was soon expanded in the Suez. What he was unaware of was that President Eisenhower was going to try and impose economic sanctions on Israel to force its troops out of Tiran. However, when Eisenhower received the Central Intelligence Agency's report on the probable effects of these sanctions, he recognized this strategy would not be supported:

". . . most of the NATO countries, including the UK, would at best give reluctant support to a program of sanctions. Canada, which from the start backed UN

resolutions calling for Israeli withdrawal from Egypt and itself proposed the UN Emergency Force, has indicated that it would not cooperate. West Germany has stated it would not suspend reparations payments. France would almost certainly refuse to participate in economic sanctions and would probably increase shipments to Israel. . . ."⁴²

It would seem that Eisenhower did not anticipate the extent to which those members of the Western Bloc had been pushed by Nasser, and the United States government, via the United Nations, was quickly losing control of the entire situation in the Middle East.

A Startling Revelation: Nasser Admits to Eisenhower that He Cannot Control Communism in Egypt

Around the middle of January, Nasser revealed startling information to the U.S. Secretary of State that would alter the position taken by the United States government in the Middle East. While Nasser instituted increased trade relations with the Soviet Union and its satellites, communism was becoming extremely popular in Egypt. Communism did not worry Nasser previously, as he felt it would be easily managed by his own nationalistic policies. Nasser now admitted that the Whafdist movement in Egypt was out of control, since the Egyptian communists openly infiltrated the National Guard and the Liberation Army, and therefore had to be confronted. In addition, the Egyptian government was now flat broke, and Nasser contended that if Egypt did not receive immediate economic aid from the United States, it would have no choice but to ask for more support from the Soviet Union.⁴³

Eisenhower went public with the situation in the Middle East and suggested sending United States troops to Egypt, which had previously been refused by Eisenhower,

to stop the threat of communism if needed. In addition, a Gallup Poll survey revealed that the United States public was overwhelmingly behind Eisenhower's request in order to stop communist expansion in the Arab states.⁴⁴ In addition, he withdrew \$15 million from the International Monetary Fund, which in the past had only been used to support local currencies, so that Egypt would not have to ask for aid from the Soviet Union.⁴⁵ This would imply that Eisenhower, and the American public, finally reached the same conclusion as had Britain and France in the summer of 1956 -- communism, in whatever form, must be stopped. However, the French and British had argued in July 1956, that military action was necessary at that point, so that communist infiltration could be confronted before it gained power. In addition, it must be noted that Egyptian terroristic activities to Kuwaiti oilfields were now prevalent.⁴⁶ It would seem these acts must have been another consideration for Eisenhower's request for troops, since the United States received the majority of its petroleum from this country.

Georges-Picot Enters the Debates and the Question of Canal Toll Payments

Like Boillot, Charles Spofford, the other Suez Company representative stationed in the United States, was also in contact with representatives from the U.S. State Department. John McCloy was calculating the costs of deblockage and now estimated that total financing of the operation would be around \$50 million, a huge increase from the initial estimate. Since these expenses would have to be paid for through loans floated by the World Bank, thus the United States, McCloy was looking for alternative solutions. Knowing Egypt was out of funds, and aware of Nasser's previous credit record, McCloy

suggested that a surcharge on canal tolls would be necessary. He questioned Spofford as to the feasibility of payments over five years to cover the loans, but Spofford refused to comment without consulting Georges-Picot. Spofford also met with John Foster Dulles to discuss the juridical position of the company and felt that the U.S. State Department would not acquiesce in a legal situation without receiving some corresponding advantage.⁴⁷

These discussions over the surcharge and legal issues brought up the question of canal toll payments. Before the canal's closure, the company still received approximately 60% of canal tolls from international shipping agencies. Georges-Picot was concerned that when the canal re-opened, the company would lose its rights to the collection of tolls, thus destroying the company financially. In addition, Georges-Picot related to Boillot that the Egyptian government was now going to use the return of the company's own equipment as Egypt's mode of indemnization. Georges-Picot reminded Boillot that the "rights of transit constitute the only means of effectively assuring the indemnities owed to the company. . . this attitude must be maintained."⁴⁸

Georges-Picot entered the argument by writing to Eugene Black, President of the International Bank for Reconstruction & Development. Georges-Picot argued that the only juridical basis for any collection of canal tolls was based on Article 17 of the Firman of Concession of 1865 which stated that "these transit tolls must continue to be paid to the concessionary company so long as an agreement of international character, accepted by the company, shall not have brought to an end its concessionary rights."⁴⁹ Since the company had not yet been recognized as officially divested, Georges-Picot contended that

even payment of canal tolls to the Suez Canal Users' Association was, in effect, a violation of the concessionary rights.⁵⁰

Ironically, the juridical validity of the Firman of Concession, the Constantinople Agreement, and the various other Anglo-French-Egyptian treaties had not been contested by the United States government, and, at the same time, these issues had not surfaced in the American media. Georges-Picot therefore explained to Black that the position of the company would have to remain as such:

"The collection of tolls still has only one legal basis: the concession of international character the abrogation of which has not been accepted. [The company] will therefore have to repeat to the users what it has constantly been writing to them during the last six months; that it considers itself to be the sole agency legally entitled to collect the transit tolls."⁵¹

Months earlier, Georges-Picot was extremely conciliatory to the United States government in his agreement to allow an international agency to collect tolls and reminded Black that this stance would remain in effect as long as the agency would respect the rights of the company. In addition, Georges-Picot could not solicit support from the French government regarding the canal tolls either⁵²

Georges-Picot also tried to convince Hammarskjöld of the company's legal position. As with Black, Georges-Picot made Hammarskjöld aware of the company's juridical rights to canal tolls based on the Firman of Concession. Georges-Picot realized that the company was not going to be able to maintain the collection of 60% of the tolls but reminded Hammarskjöld that Egypt should not be given the rights to collect tolls either, since the company was still not divested:

"No international agreement should accept the idea of direct payment of the transit tolls to Egypt since such a procedure would not only be devoid of any juridical foundation but would also constitute acceptance, undoubtedly final, of a gratuitous international expropriation."⁵³

However, Georges-Picot would soon find out that neither the United State government, nor the United Nations, was willing to make a decision on the status of the company. Meanwhile the company was losing money at an increasing rate.

The canal tolls argument only exacerbated the companies problems. Since the majority of company employees sought repatriation in France, it was the company's responsibility to find employment for them. Most of these employees, and their families, had lived in Egypt for generations, and these employees not only lost their jobs but also had all of their possessions confiscated by the Egyptian government. The company had to maintain the morale of these individuals while helping them to relocate and find jobs. Since each employee's area of specialization was so high, it became increasingly difficult to accomplish this task. So in addition to suffering from canal toll losses, the company now took on the financial burden of its unemployed technicians.⁵⁴

A Dismal Outlook for the Company's Future in Suez

Despite Georges-Picot's attempts at intervention, Boillot could see that the outcome of the United Nations negotiations would place the management of the canal in Egypt's hands. Although Nasser backed down on his stance on Aqaba, Boillot assumed his objective was to force the opening of the canal before the United Nations negotiations

were finished, thereby ensuring Egypt's control. This would have serious consequences, Boillot argued, for if Nasser banned Israeli traffic from the canal, and continued to enforce this policy, Nasser might institute a similar ban on British and French ships, an idea which was already presented by Pineau. Boillot also felt the countries using the canal would gradually adopt the American shipping companies' stance and start paying more and more tolls to Egypt. In addition, General Wheeler, who Boillot thought was trying to increase his international prestige, was pushing the opening of the canal forward by about two weeks.⁵⁵ These issues would only exacerbate the company's financial problems.

British and French delegates to the United Nations also voiced complaints that the United States was dominating the negotiations. Guillaume Georges-Picot, newly appointed French delegate to the United Nations and brother of Jacques Georges-Picot, criticized the United States for having "placed a cross on the canal." On the one hand, the United States was trying to save its credibility in the Middle East, and, on the other hand, it had lost all confidence in keeping the canal out of Nasser's hands. In addition, G. Georges-Picot informed Boillot that the United States government was not trying to reach a solution on the canal's control, for the United States petroleum companies were already planning to construct a number of giant tanks and pipelines across the Middle East,⁵⁶ ideas Boillot had already encountered with the American petroleum company representatives. This would then reduce, or possibly eliminate, the importance of the canal.

Boillot was very pessimistic about the future of the company in Egypt. Most of the United Nations delegates recognized the danger of putting Nasser in absolute control of the canal, but Boillot noticed that most were not doing anything to prevent this; not

because the delegates were blind to the facts, but because they had given in to defeatism. Boillot also learned from the United Nations debates that several delegates were in favor of placing Nasser's surtax on canal tolls. To Boillot this seemed anathema, since the Egyptian government, which caused the damage to the canal in the first place, was now going to force the international shipping agencies to foot the bill for deblockage.⁵⁷

The End of an Era: Control of the Suez Canal Passes from the Company to the Egyptian Government

By February 14, the Egyptian freighter *Ramses* was the first ship to pass through the entire route of the canal, and by the end of March, canal traffic was opened to ships of maximum 33 foot draught. Although the company continued to fight the validity of Egyptian nationalization of the canal, Boillot and Georges-Picot foresaw the outcome of the crisis. The United Nations eventually recognized that the Suez Company was divested and granted to Nasser the rights to collect tolls from all ships passing through the canal. In return, Nasser would set aside 25% of canal revenues for the costs of maintenance and improvements.⁵⁸ This transfer of canal management was introduced by the United States delegates and highly supported by the French and British governments. Georges-Picot contended that the socialist government of the Mollet administration should not have been trusted in the first place, since it was constantly in fear of aligning itself with a capitalistic agency and consequently denied any legal aid to the company regarding indemnization. The French government was forced to request urgent aid from the International Monetary

Fund, and the French economy had reached such a low state that it had no choice but to allow French ships to pass through Nasser's canal.⁵⁹

With the canal open, the following months were spent trying to decide the company's rights to indemnities with Georges-Picot gradually taking over the role which had been entrusted to Boillot, although the services of the latter were utilized on several future occasions. Georges-Picot, who eventually replaced Charles-Roux as the chairman of the company's board of directors, would continue to negotiate the indemnities issues for several months to come, but he now relied on the correspondence with Eugene Black of the World Bank rather than on arguing with the ambivalent and ephemeral representatives of the United Nations. The company would continue to lose money over the Suez issue, and, as a result, the number of company personnel in the Paris, London, and New York was reduced from 287 on January 1, 1956 to 132 on January 1, 1958. Annual salaries of those employees who remained were cut by 41%, and since the directors of the company were paid with company profits, they worked for four years without pay until dividends were resumed in 1960.⁶⁰

On April 29, 1958, the Heads of Agreement, between the Egyptian government and the Suez Company, was signed in Rome. The United States, British, and French governments released the freezes on Egyptian and Suez Company assets, and due to Georges-Picot's continued negotiations with Eugene Black, he was able to facilitate some payment of indemnities to the company and guarantees for the company's stockholders and pensioners. (See Appendix A) The Egyptian government eventually agreed to 28,300,000 Egyptian pounds to the company over a course of six years, and the Suez

Company would then set its future direction on the construction of the Chunnel in the English Channel.⁶¹

Conclusion

One might say that throughout the crisis, the Suez Canal Company was placed on the "back-burner" relative to the other organizations involved in the Suez. However, it is crucial to remember that the company was able to maintain a presence in the negotiations, and, while everyone seemed to forget the company, it was able to preserve at least some of its rights. This was not primarily due to the actions of the company's President Charles-Roux or the company's Director General Georges-Picot, since the two were not allowed to voice the company's opinions in the United States. Although these men participated in maintaining the company's position in Europe and the East, the protection of the company's rights can be attributed largely to Boillot's presence in the United States and the United Nations.

Since the beginning of nationalization, the United States seemed to accept Nasser's future control of the canal. By the beginning of 1957, most of the Western nations also adopted this attitude, including the French and British. The world's business and economic interests were thereby overridden by the political interests of the international governments. However, the fact remains that the Suez Company was able to maintain a presence in the negotiations -- this presence largely being the voice of Boillot. When the nationalization took place, Boillot argued the illegitimacy of Nasser's actions, so that the company's rights would not be forgotten. When the canal was closed, Boillot helped to

ensure an expedient deblockage which prevented an international economic catastrophe. And throughout the entire crisis, Boillot made known repeatedly the rights of the company to canal tolls and indemnities, payment of which helped to save the company from future bankruptcy and preserved the rights of the company's pensioners and shareholders.

Boillot's stance was not self-serving; it was for the company. Boillot was the major voice for the company in the United Nations and the United States; the voice to which American journalists and delegates from around the world listened in order to understand more fully the international economic repercussions of Nasser's nationalization of the company and blocking of the canal. Boillot was not protecting the interests of a capitalistic oligarchy but rather the rights of over 250,000 international shareholders to their capital and pensions, the rights of numerous countries to an internationally protected waterway, the rights of those countries who used the canal to economic security, and the rights of future joint ventures within the confines of international law. And so it would seem fitting to conclude that just as Claude Boillot humbly signed each letter, he had extraordinarily earned his title -- "Le Délégué de la Compagnie."

APPENDIX

HEADS OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED ARAB REPUBLIC AND THE COMPAGNIE FINANCIÈRE DE SUEZ

Article 7

A. U.A.R. shall assume liability for:

1) Pensions due to pensioners resident in Egypt on 29 April 1958, whose right to pensions had accrued on or before 26 July 1956.

2) Pensions accruing to staff who were employed in the service of the company on 26 July 1956 and who are still in the service of the Suez Canal Authority or who, having remained in the Suez Canal Authority's service, retired on pension after that date.

C.F.S. shall assume liability for all pensions the right to which accrued on or before 26 July 1956 other than those specified in Paragraph A above.

Article 9

A. By leaving to C.F.S. the transit tolls collected in Paris and in London after 26 July 1956, as an initial payment of £E 5.3 million the balance of instalments is as follows:

January 1st 1959	£E 4 million
January 1st 1960	£E 4 million
January 1st 1961	£E 4 million
January 1st 1962	£E 4 million
January 1st 1963	£E 4 million
January 1st 1964	£E 3 million

CHAPTER THREE ENDNOTES

1. Boillot to Director General. le 6 décembre 1956. "Note No. 5 pour M. le Directeur Général."
2. *ibid.*
3. Schonfield, pp. 161-163.
4. Georges-Picot, Jacques. The Real Suez Crisis, p. 113.
5. Boillot to Director General. le 19 décembre 1956. "Nations Unies: Déblocage du Canal."
6. *ibid.*
7. "Exit from Suez." New York Times. December 23, 1956. +E.
8. Boillot to Director General. le 19 décembre 1956.
9. *ibid.*
10. *ibid.*
11. Boillot to Director General. le 13 décembre 1956. "Déblocage du Canal: Note de M. Grange."
12. FRUS, p. 1301.
13. *ibid.*, pp. 1301-1312.
14. United Nations Review. Vol. 3. February 1957. p. 1
15. *ibid.*, pp. 1-18.
16. "U.S. Voices Satisfaction on Canal Clearing Effort." New York Times. December 25, 1956. p. 1.
17. "Text of the U.N. Chief's Report on Clearing of Suez." New York Times. January 12, 1957. L8.
18. United Nations Review. Vol. 3. February 1957. pp. 1-19.

19. "Guerrillas Fire on Ships." New York Times. December 12, 1956. L+5.
20. Boillot to Director General. le 4 janvier 1957. "Note No. 7 pour M. le Directeur Général." Box 1. File: Paris-Copies Chronologique. No. 12. Du 1er janvier au 31 mars 1957.
21. "Nasser's Lawlessness." New York Times. December 22, 1956. L18.
22. Boillot to Director General. le 11 janvier 1957. "Déblocage: State Department."
21. Boillot to Director General. le 12 janvier 1957. "Déblocage: Rapport du Secrétaire-Général des Nations Unies."
22. ibid.
23. FRUS, 1250-1265.
24. Boillot to Director General. le 11 janvier 1957.
25. FRUS, 1250-1265.
26. "The Middle East. . . How and Why the U.S. Aims to Fill the Vacuum." Newsweek. January 14, 1957. Vol. XLIX, No. 2. pp. 24-26.
27. Boillot to Director General. le 16 janvier 1957. "Questions généraux."
28. ibid.
29. ibid.
30. Foreign Relations of the United States 1955-1957. Vol. XVII. Arab-Israeli Dispute 1957 p. 23.
31. FRUS, p. 45.
32. Boillot to Director General. le 17 janvier 1957. "Nations Unies."
33. Boillot to Director General. le 23 janvier 1957
34. FRUS, pp. 57-61.
35. FRUS, pp. 21-25, 57-61.
36. Boillot to Director General. le 23 janvier 1957.
37. FRUS, p. 12.

38. *ibid.*, pp. 24, 48.
39. *ibid.* pp. 7, 14.
40. Boillot to Director General. le 25 janvier 1957. "Rapport du Secrétaire Général sur le retrait des troupes israéliennes."
41. Boillot to Director General. le 29 janvier 1957. "Nations Unites: Assemblée Générale."
42. FRUS, pp. 209-210.
43. *ibid.*, pp. 16-48.
44. "The Middle East." Newsweek. January 14, 1957.
45. FRUS, pp. 47-51.
46. FRUS, pp. 1314-1321.
47. Charles Spofford, Company Representative, to Georges-Picot. le 29 janvier 1957.
48. Georges-Picot to Boillot. le 26 janvier 1957
49. Georges-Picot to Eugene Black, President of the International Bank for Reconstruction & Development. February 1, 1957.
50. Georges-Picot. The Real Suez Crisis. pp. 126-128.
51. *ibid.*
52. *ibid.*, p. 127.
53. Georges-Picot to Hammarskjöld. February 6, 1957.
54. Georges-Picot. The Real Suez Crisis. pp. 88-89.
55. Boillot to Director General. le 5 février 1957. Box 1
56. *ibid.*
57. *ibid.*
58. Schonfield, p. 164.
59. Georges-Picot. The Real Suez Crisis, pp. 126-133.

60. *ibid.*, p. 102.

61. *ibid.*, pp. 149-150, 160-163.

EPILOGUE

When analyzing the Suez Crisis, several questions remain unanswered. Why did the United States government support Egypt rather than its allies, when it was obvious that the Egyptian government had developed extensive relations with the Soviets? Why did the French and British governments hesitate to pursue a military action, and, after the event, conceded the rights to the canal to Egypt? Why did the United Nations stretch out negotiations, when many countries' economies, which were already suffering from the effects of World War II, were crumbling? And the most basic of questions, why was the company not granted indemnities until well after the nationalization? One fact remains evident: the war was not fought by soldiers in the Middle East, but, rather, it was fought by delegates to the United Nations in New York.

Hindsight enables us to pass judgement on those persons involved in the crisis but does not allow us to change those actions that have already been completed. What we can learn from the experience is that those insane mistakes, that were made by all the participating parties, dramatically changed the outlook of the international governments' political and economic policies in the world. Relations between the British, French, and the United States became strained after the crisis. After the fall of the Mollet government, de Gaulle decreased relations with the United States and withdrew from the NATO military alliance, developing an independent nuclear agenda for France. The French government later vetoed the British entrance into the European Common Market on the

grounds that Great Britain's economic and political policies were dominated by the United States' global initiatives. Consequently, the British government down-sized its subordinate ties to the United States, and the Canadian government eventually assumed the role played by the British in American global policy.¹ Ironically, the British and French decreased their use of the canal by 40-50% by 1966, American shipping through the canal became virtually non-existent, and the Soviet Union became one of the world's largest users of the canal.²

Nasser, or rather Mahmoud Younes the Chief Minister, proved to be a competent administrator of the canal, largely because of the international focus on the Suez after the crisis. Improvement plans began in 1958 to make room for the larger Supertankers passing through the canal with United States companies receiving the construction bids. Nevertheless, Nasser seemed inept at stabilizing the Egyptian economy. His demands for large military expenditures placed the Egyptian economy in chaos, and the Soviet Union increased its position in Egypt by developing stronger economic policies in the Middle East.³ And, most importantly, the United Nations never recognized Israel's role in the Middle East.

The Arab-Israeli conflict would continue for the next ten years. Although a truce was signed by the Middle Eastern nations, it was obvious that it would eventually come to an end. The United Nations' settlement on the canal could not preserve the international neutrality of the canal, which the company had argued for throughout 1956 and 1957, because it had left the Nasser regime in power. Nasser's discriminatory policy towards Israel's use of the canal remained. In May 1959, the Danish cargo ship *Inge Toft*, en route

to Haifa, was seized, the cargo was confiscated, and the ship was not released until February of the following year. A similar incident happened in December 1959 when the Greek cargo ship *Astypalea*, after returning from India and bound to Israel, was seized. Nasser's blockade on Israel in the canal remained, and on May 22, 1967, the Egyptian Navy blocked the Gulf of Aqaba, leaving Israel cut off from the East. On June 7, 1967, an Israeli fighter force entered Egypt and destroyed the majority of the Egyptian Air Force on the ground; hence the start of the Six-Day War.⁴

The Six-Day War seems analogous to the Suez Crisis and was an apparent result of the failure by the world's governments to reach an appropriate settlement in 1957. The eastern banks of the canal in the Sinai were, once again, taken by Israeli troops, who were ordered by their government to remain until Israeli passage through the canal could be secured by the United Nations. The canal was blocked with sunken ships, cutting off international shipping from the East to the West for the second time in ten years. And due to the blockage, the Egyptian desert sands crept into the canal, destroying the improvement works that had been made since 1958.

It would seem that, upon looking back at the Suez Crisis of 1956-57, the apparent victors actually lost in the long run due to their own faulty decisions. Nasser, who had nationalized the canal in order to build the Aswan High Dam, would eventually find that a great portion of canal toll profits went into the development of improvement efforts in the Suez, a fact the company had attested to on numerous occasions. Consequently, the construction of the dam would be financed by loans from the Soviet Union. The United States government, thinking that conciliating Nasser would loosen Egypt's ties to the

Soviet Union, would later find Nasser asking for increases in Soviet support throughout the 1960s. And, most importantly, the Tripartite Alliance was virtually destroyed, and it would take the remaining decades of the 20th Century to rebuild relations between these countries.

Therefore, we might speculate that it was not the *cause célèbre* created by the United Nations that held the day, but was rather the *cercle privé*, composed of Suez Company representatives and their associates in the shipping world, that prevailed due to their cognizance of both the ramifications of Nasser's actions and the effects of the political agendas of the United Nations' delegates. The company, viewed unsympathetically through the eyes of the United Nations, profited most in the long run, for it maintained its presence in the negotiations. Although it lost its hold on the canal, it was eventually granted indemnities for company losses. And, while the Suez Company moved forward, developing the Chunnel which now joins Paris to London, the governments of the world seemed to back-track, having to renegotiate policies on the Middle East and rebuild alliances that were destroyed during the crisis.

EPILOGUE ENDNOTES

1. Robertson, Terence. Crisis: The Inside Story of the Suez Conspiracy. Terence Robertson. Atheneum, New York. 1965. pp. 337-339.
2. Schonfield, pp. 171-172.
3. *ibid.*
4. *ibid.*, pp. 165-169.

BIBLIOGRAPHY

UNPUBLISHED DOCUMENTS

Boillot, Claude E. "Paris-Copies Chronologiques du juillet 1956 au 31 décembre 1956." File A93-13. Box 1. Eisenhower Presidential Library. Abilene, Kansas.

____ "Paris-Copies Chronologiques du 1er janvier au 31 mars 1957." File A93-13. Box 1. Eisenhower Presidential Library. Abilene, Kansas.

PUBLISHED DOCUMENTS

Bulletin de la Compagnie Universelle du Canal Maritime de Suez. Nos. 2305-2339. 1955-1958.

Republic of Egypt Ministry of Foreign Affairs White Paper on the Nationalization of the Suez Maritime Canal Company. Government of Egypt Press. Cairo. 1956.

The Suez Canal: A Selection of Documents Relating to the International Status of the Suez Canal and the Position of the Suez Canal Company November 20, 1854 - July 26, 1956. The Society of Comparative Legislation and International Law. 1956.

The Suez Canal Company and the Decision Taken by the Egyptian Government on 23 July 1956. Part 1: 26 July 1956 - 15 September 1956. Imprimerie S.E.F. Paris - 20°.

PERIODICALS

Foreign Relations of the United States 1955-1957. Suez Crisis July 26, 1956 - December 31, 1956. Volume XVI. GPO. Washington, D.C.

Foreign Relations of the United States 1955-1957. Arab-Israeli Dispute 1957. Volume XVII. GPO. Washington, D.C.

United Nations Review. Vol. 3. February 1957.

BOOKS AND ARTICLES

Boillot, Claude E. "Maintaining the Suez Canal." editorial in the New York Times. August 7, 1956. L26.

Callender, Harold. "Bid to Suez Aides to Quit Reported." New York Times. August 9, 1956. L+3.

____ "Egypt Held Able to Pay Off Canal." New York Times. August 12, 1956. L+2.

____ "Suez Canal Concern Sent Checks to French Newspapers in Crisis." New York Times. September 1, 1956. L4.

"Exit From Suez." New York Times. December 23, 1956. +E.

"For the Suez: Two Men, One Job." U.S. News & World Report. August 10, 1956. Vol. 41. p. 20.

Georges-Picot, Jacques. The Real Suez Crisis: The End of a Great Nineteenth Century Work. (translated from the French by W.G. Rogers). Harcourt Brace Jovanovich. New York. 1975.

"Guerrillas Fire on Ships." New York Times. December 12, 1956. L+5.

Lubar, Robert. "The Indispensable Man: The Suez Pilot." Life. September 17, 1956. Vol. 41, No. 12. pp. 79-93.

"Maintaining the Suez Canal." New York Times. August 7, 1956. L26.

"The Middle East. . . How and Why the U.S. Aims to Fill the Vacuum." Newsweek. January 14, 1957. Vol. XLIX, No. 2. pp. 24-26.

"Nasser's Lawlessness." New York Times. December 22, 1956. L18.

Nutting, Anthony. No End of a Lesson: The Story of Suez. Clarkson N. Potter, Inc. New York. 1967.

"The Real Issues at Suez." New York Times. August 3, 1956. L18.

Robertson, Terence. Crisis: The Inside Story of the Suez Conspiracy. Terence Robertson. Atheneum, New York. 1965.

Schonfield, Hugh J. The Suez Canal in Peace and War 1869-1969. University of Miami Press. Coral Gables, Florida. 1969.

"Text of the U.N. Chief's Report on Clearing the Suez." New York Times. January 12, 1957. L8.

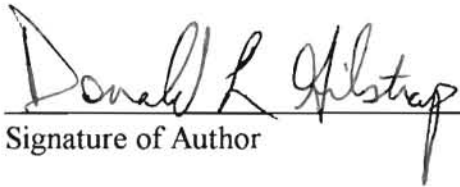
Thomas, Hugh. Suez. Harper & Row, Publ. New York. 1966.

"U.S. Voices Satisfaction on Canal Clearing Effort." New York Times. December 25, 1956. p. 1.

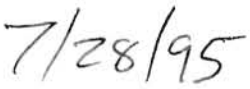
World Atlas. The Software Toolworks. Novato, California. 1993.

PERMISSION TO COPY

I, Donald L. Gilstrap, hereby submit this thesis to Emporia State University as partial fulfillment of the requirements for the *Master of Arts in History*. I agree that the William Allen White Library of the University may make it available for use in accordance with its regulations governing materials of this type. I further agree that quoting, photocopying, or other reproduction of this document is allowed for private study, scholarship (including teaching) and research purposes of a nonprofit nature. No copying which involves potential financial gain will be allowed without written permission of the author.




Signature of Author



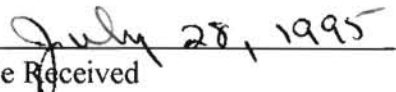
Date

Le Délégué de la Compagnie: Claude Boillot
and the Suez Canal Crisis of 1956-57.

Title of Thesis



Signature of Graduate Office Staff Member



Date Received