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10-22 Aug. 56

press clippings (Jewish Observer, London Times
New York Times)

Nasser's Statement on Suez Canal Issue

By Reuters.
LONDON, Aug. 12 — Following, in unofficial translation, is the text of President Gamal Abdel Nasser's statement rejecting an invitation to Egypt to attend the London conference on the Suez Canal. The statement was broadcast in Arabic by the Cairo radio.

A communiqué of the Egyptian Government concerning the Egyptian Government's reply on the Suez Canal:

On July 26, the Egyptian Government announced the nationalization of the Suez Canal Company and, in accordance with this, a special law was issued under which the shareholders of the canal were provided with compensation in accordance with the Paris Bourse quotations of the previous day.

On the same day a special governing body for the canal, fully independent, with a separate budget, took over the administration of the canal. This new governing body was provided with all the necessary authority without being restricted by the laws and regulations of the Government.

On Aug. 6, the Foreign Affairs Ministry received from the British Embassy in Cairo a memorandum from the British Government which contained the text of the communiqué issued by the Governments of the United States, the United Kingdom and France on the nationalization by Egypt of the canal company.

In addition to this memorandum, the Egyptian Government received an invitation to attend the conference which is to take place in London on Aug. 16, 1956.

London Stand Disputed

The Egyptian Government does not agree with the contents of the three Western Foreign Ministers' statement concerning the Suez Canal Company, as this statement attempted to use every possible means to impart to the Suez Canal Company a status which it does not possess, simply in order to create reasons which will help in interfering with issues regarded as the essence of Egypt's sovereignty.

The first paragraph of this statement said the Suez Canal Company had always had international status. The Egyptian Government regrets to say that this is unfounded. The Suez Canal Company is an Egyptian limited company (Société anonyme), its concession having been granted by the Egyptian Government for a duration of ninety-nine years.



Associated Press Radiophoto

REJECTS INVITATION TO CONFERENCE: President Gamal Abdel Nasser of Egypt gesturing emphatically as he made statement last night in Cairo turning down a bid to attend the proposed London conference on the Suez Canal problem. Standing behind him is El Gayer, a security officer.

Paragraph 16 of the Egyptian Government-Suez Canal Company agreement, reached in 1866, said that the Suez Canal Company is an Egyptian company subject to the country's laws and customs. Moreover, the British Government itself recognized this fact and defended this view before the mixed courts in this country.

The British Government, in a power of attorney submitted by its representatives to the Mixed Court of Cassation in Alexandria in 1939, said the Suez Canal Company is a legal body recognized by Egyptian internal law and cannot be otherwise, and it is definitely subject to Egyptian laws.

Questions on the Name

It is true that this company was established under the name of Universal Suez Canal Maritime Company, but what is the legal effect of this title? The fact remains that this name cannot deprive the company of its Egyptian nationality, as it is Egyptian according to the principles of Egyptian law, the principles of international law, and the foundation charter of the company. It is an Egyptian company because it has been granted a concession within Egyptian territory.

It cannot be at the same time Egyptian and non-Egyptian or an Egyptian and an international company, as this is contrary to the principles of law.

The same paragraph of this statement said that in 1888 all the big powers concerned agreed to protect the international status of the canal and the freedom of navigation through it, irrespective of the nationality of the ships passing through it, and signed the Constantinople agreement in order to protect the interests of the whole world.

It said this agreement clearly provided that the international status of the canal be maintained permanently, irrespective of the canal company's concession.

The Egyptian Government regrets to say that the statement of the Foreign Ministers of the three powers distorts the facts and gives a picture far removed from reality by alleging that the canal has international status.

The preamble of the 1888 agreement concerning the free use of the Suez Canal aims at its free use by all countries, in accordance with Paragraph 1 of the canal agreement, which said that the canal

should remain open and free, whether in peace or war, for every commercial ship or warship, irrespective of its nationality.

As for Paragraph 16 of the 1888 agreement, it clearly stated that none of the obligations in this agreement in any way affects the sovereign rights of the Egyptian Government.

Paragraph 14 of the agreement clearly shows that there is no relation whatsoever between the 1888 agreement and the Suez Canal Company, as it shows that the obligations arising from the present agreement are not bound by the period for which the concession granted to the Suez Canal Company runs.

This would have been terminated in twelve years, and thus the Egyptian Government takes the place of the canal company administration.

The Egyptian Government also regrets that the statement issued by the three Foreign Ministers had mentioned some facts and omitted the rest which prove our right. This is further proof of the way used to interfere in Egypt's internal affairs.

Paragraph 1 of the statement said that Egypt, by her agreement with Britain in 1954, admitted in Paragraph 8 that the Suez Canal is a waterway of international importance from the economic, commercial and strategic point of view.

The same statement omitted the first part of Paragraph 8, which clearly said that the canal is an inseparable part of Egypt.

The three Governments, in Paragraph 2 of the statement, recognize the right of Egypt as an independent sovereign state to nationalize its property, but deny Egypt the right to nationalize the Egyptian Suez Canal, alleging that it was a unilateral confiscation by one state of an international agency responsible for the administration and maintenance of the Suez Canal, which the signatories of the 1888 agreement are using as an international waterway on which the economy, trade and safety of most countries of the world depend.

Egyptian Role Stressed

It is clear that the three Governments who issued the joint statement persist in alleging that the Suez Canal Company is an international agency and the Egyptian Government cannot change its character.

This ignores all the treaties and agreements which say that the Suez Canal Company is an Egyptian company governed by Egyptian law and also ignores the fact that the Egyptian Government will take over the administration of the canal when the Suez Canal Company agreement runs out.

It also ignores the fact that the canal is an inseparable part of Egypt.

The agreement of 1888 will still be in existence whether the company or the Egyptian Government administers the canal, and this proves that the statement misrepresents facts in order to interfere in Egypt's internal affairs. There is no legal document whatsoever to show that an Egyptian limited company, subject to Egyptian laws, is at the same time an international agency entrusted with the maintenance of navigation in the canal.

The internationalization of the canal company by the Egyptian Government is a decision taken by the Egyptian Government in accordance with its sovereignty and any attempt to give the Suez Canal Company international status is merely an excuse to interfere in Egypt's internal affairs.

Paragraph 3 of the statement said that the step taken by the Egyptian Government in the present circumstances jeopardizes the freedom of the canal and its safety, which was laid down in the 1888 agreement. This statement is untrue and unfounded, as there is no relation whatsoever between the Egyptian Suez Canal Company and the 1888 agreement concerning the freedom of navigation through the canal.

Paragraph 14 of this agreement stated that obligations arising from the present agreement are not binding in the period of the concession awarded to the Suez Canal Company.

Company's Powers Limited

Every attempt to link the Suez Canal Company with freedom of navigation through the canal gives rise to suspicion, as the Suez Canal Company has never been at any time responsible for freedom of navigation through the canal, and the 1888 agreement alone provides for freedom of navigation through the canal, and the Egyptian Government guarantees freedom of navigation through the canal in accordance with its sovereignty over its own territory, through which the canal passes and which is regarded as an inseparable part of Egypt.

The fact is that Egypt has never violated any of her international agreements, and it is unbelievable that any company, whatever its position, can be responsible for guaranteeing the freedom of navigation in the Suez Canal and its safety.

To confuse the Suez Canal Company with the freedom of navigation is but further evidence of an attempt to create means to intervene in the internal affairs of Egypt.

According to Paragraph 4 of the statement, the three powers find it essential to undertake measures to establish an administration under international supervision to guarantee the waterway permanently in accordance with the agreement of Oct. 29, 1888, taking into consideration the lawful rights of Egypt.

Interference Laid to West

This paragraph clearly shows why the governments which made the tripartite statement attempted to give the Suez Canal Company an international status in disregard of all the agreements and laws.

The statement is simply directed against Egypt's clear right, to deprive her of her sovereignty over the Suez Canal, regarded as an inseparable part of Egypt.

The 1888 agreement itself clearly shows the continuity of its provisions, whether during the period of the concession or after the termination of the concession and transfer of the

canal administration to the Egyptian Government.

The Egyptian Government regards the establishment of an international body as nothing but a polite form of what might be called international colonization.

This proposal, based on misleading statements, to give an Egyptian company international status clearly shows that the three governments who issued the tripartite statement intend to deprive Egypt of one of her essential rights and her sovereignty.

The proposal, made to the Egyptian Government on behalf of these three powers, to establish an international governing body for the Suez Canal aims at entrusting the administration of the canal and the guarantee of free navigation through it to this body.

It also aims at compensating the Suez Canal Company. This proposal shows that the object of the London conference is open interference in Egypt's internal affairs, which do not concern those who called the conference.

The three powers' statement was followed by a large-scale international conspiracy to starve the Egyptian people and terrorize them. The three powers who issued the statement had immediately frozen in their banks Egyptian assets and funds.

By this they have violated international agreements and the United Nations Charter in that they used pressure against the Egyptian people, whose 120,000 sons dug the canal, and funds paid for its construction.

Great Britain and France soon afterward announced the mobilization of their reserves and officially announced that their troops and fleets were on the move. The Egyptian Government strongly deplores these measures and regards them as a threat to the Egyptian people to make them surrender part of their territory and sovereignty to an international body, which in actual fact is international colonialism. The Governments of Great Britain and France by adopting these measures are threatening world peace and order. This is contrary to the United Nations Charter, which both promised to respect.

Colonial Issue Cited

These measures, which threaten all small nations are deplored, not by Egypt alone, but by all the free people and those nations who rid themselves of colonial rule after a long struggle and those who are struggling for a guarantee of their independence and sovereignty.

When the Egyptian Government announced its decision to nationalize the Suez Canal Company, it stressed once more its intention to guarantee the freedom of navigation through the canal and nationalization did not in any way affect the freedom of navigation through this waterway. A clear proof of this was the passage of 766 ships through the canal during the past two weeks.

As regards the invitation to the conference, the Egyptian Government is most surprised that Britain decided to call a conference in order to discuss the Suez Canal, which is an inseparable part of Egypt, without consulting the Egyptian Government, who is directly concerned in the canal. The British Government alone decided to invite the twenty-four Governments to attend this conference, fully aware that forty-five countries used the canal during 1955.

Conference Is Challenged

Therefore the Egyptian Government is convinced that this conference and the circumstances in which it was called cannot be regarded in any way as international and it is not entitled to take decisions.

This conference has no right in any way to discuss any issue concerning the sovereignty of Egypt or the sovereignty of any of her parts. Therefore the invitation to such a conference cannot be accepted by Egypt.

Egypt believes that it is essential to do everything within her power to insure world peace and respect for her obligations in accordance with the United Nations Charter and the resolutions of the Bandung Conference, which recommended that all international problems should be solved by peaceful means, and therefore is ready to cooperate with the other governments signatories of the Constantinople agreement of 1888 to meet us at a conference to which other governments whose ships use the canal would be invited to reconsider the Constantinople agreement and reach an agreement confirming and guaranteeing freedom of navigation through the Suez Canal.

The new agreement would be registered with the United Nations Secretariat General, which would publish it and leave it open for the rest of the countries to join if they so wished.

Statement by U. S. on Suez

Special to The New York Times.

WASHINGTON, Aug. 12—Following is the text of a statement issued by the White House today following President Eisenhower's meeting with Congressional leaders on the Suez Canal situation:

President Eisenhower met today with the bipartisan Congressional leadership for the purpose of reviewing the Suez Canal situation. The meeting was attended by the Vice President; Secretary of State Dulles; Arthur Flemming, Director of the Office of Defense Mobilization; Admiral Radford, Chairman of the Joint Chiefs of Staff; Gordon Gray, Assistant Secretary of Defense for International Security Affairs; and the following Senators and Representatives:

SENATE DEMOCRATS

Lyndon Johnson of Texas, Earle C. Clements of Kentucky, Walter F. George of Georgia, Theodore Francis Green of Rhode Island and Richard B. Russell of Georgia.

SENATE REPUBLICANS

William F. Knowland of California, Styles Bridges of New Hampshire, Eugene D. Millikan of Colorado, Leverett Saltonstall of Massachusetts, Alexander Wiley of Wisconsin and H. Alexander Smith of New Jersey.

HOUSE DEMOCRATS

Speaker Sam Rayburn of Texas, Carl Albert of Oklahoma, Thomas E. Morgan of Pennsylvania and A. S. J. Carnahan of Missouri.

HOUSE REPUBLICANS

Joseph W. Martin Jr., of Massachusetts, Charles Halleck of Indiana, Leslie C. Arends of Illinois, Leon Allen of Illinois, Robert B. Chiperfield of Illinois, John M. Vorys

of Ohio and Dewey Short of Missouri.

The President expressed his appreciation for the attendance, at considerable inconvenience, of the Members of Congress present. He said he considered their attendance as important in view of the London Conference on the Suez matter, scheduled to be convened on Aug. 16 with the United States as participant.

Chance of Peaceful Solution

The President and the Secretary of State then reviewed the situation and the actions taken thus far by the United States to deal with it, and the preparations for the London Conference. Mr. Flemming described the bearing of possible events in the Middle East upon the petroleum situation.

The President and the Secretary of State pointed out that in view of the acceptance by twenty-two of the twenty-four nations invited, the conference will offer the opportunity for reaching a peaceful and equitable solution, in accordance with the concepts of the 1888 governing treaty.

They made clear that the United States will attend with the purpose of contributing to such a solution with the objective of safeguarding the interests of those dependent on the canal as well as recognizing the legitimate interests of Egypt. We are hopeful of such an outcome.

They stressed, however, the continuing gravity of the situation and the difficulty in achieving a constructive solution.

There was a general, vigorous discussion. All recognized the importance of dependable operation of the canal as a major artery of world traffic.

SUEZ CRISIS DOCUMENTS

THE THREE-POWER COMMUNIQUE

AUGUST 2, 1956

After meeting in London on August 1-2, the Foreign Ministers of France, M. Pineau, the United States, Mr. Dulles and the United Kingdom, Mr. Lloyd issued the following statement:

The Governments of Britain, France and the United States issued the following joint communique last Thursday night:

- (i) They have taken note of the recent action of the Government of Egypt whereby it attempts to nationalise and take over the assets and the responsibilities of the Universal Suez Canal Company. This company was organised in Egypt in 1856 under a franchise to build the Suez Canal and operate it until 1968. The Universal Suez Canal Company has always had an international character in terms of its shareholders, directors and operating personnel, and in terms of its responsibility to assure the efficient functioning as an international waterway of the Suez Canal.

The Constantinople Convention

In 1888 all the great Powers then principally concerned with the international character of the canal and its free, open, and secure use without discrimination joined in the treaty and convention of Constantinople. This provided for the benefit of all the world that the international character of the canal would be perpetuated for all time, irrespective of the expiration of the concession of the Universal Suez Canal Company.

Egypt as recently as October, 1954, recognised that the Suez Canal is "a waterway economically, commercially, and strategically of international importance," and renewed its determination to uphold the convention of 1888.

- (ii) They do not question the right of Egypt to enjoy and exercise all the powers of a fully sovereign and independent nation, including the generally recognised right, under appropriate conditions, to nationalise assets, not impressed with an international interest, which are subject to its political authority.

An International Agency

But the present action involves far more than a simple act of nationalisation. It involves the arbitrary and unilateral seizure by one nation of an international agency which has the responsibility to maintain and to operate the Suez Canal so that all the signatories to, and beneficiaries of, the treaty of 1888 can effectively enjoy the use of an international waterway upon which the economy, commerce, and security of much of the world depends.

This situation is the more serious in its

implications because it avowedly was made for the purpose of enabling the Government of Egypt to make the canal serve the purely national purposes of the Egyptian Government rather than the international purpose established by the convention of 1888.

Denial of human rights

Furthermore, they deplore the fact that, as an incident to its seizure, the Egyptian Government has had recourse to what amounts to a denial of fundamental human rights by compelling employees of the Suez Canal Company to continue to work under threat of imprisonment.

- (iii) They consider that the action taken by the Government of Egypt, having regard to all the attendant circumstances, threatens the freedom and security of the canal as guaranteed by the convention of 1888. This makes it necessary that steps be taken to assure that the parties to that convention and all other nations entitled to enjoy its benefits shall in fact be assured of such benefits.

- (iv) They consider that steps should be taken to establish operating arrangements under an international system designed to assure the continuity of operation of the canal as guaranteed by the convention of October 29, 1888, consistently with legitimate Egyptian interests.

The London Conference

- (v) To this end they propose that a conference should promptly be held of parties to the convention and other nations largely concerned with the use of the canal. The invitations to such a conference, to be held in London on August 16, 1956, will be extended by the Government of the United Kingdom to the Governments named in the annex to this statement. The Governments of France and the United States are ready to take part in the conference.

Annex

Parties to the Convention of 1888—Egypt, France, Italy, Netherlands, Spain, Turkey, United Kingdom, Union of Soviet Socialist Republics.

Other nations largely concerned in the use of the canal, either through ownership of tonnage or pattern of trade—Australia, Ceylon, Denmark, Ethiopia, Federal Republic of Germany, Greece, India, Indonesia, Iran, Japan, New Zealand, Norway, Pakistan, Portugal, Sweden, United States.



"Life and commerce threatened."

PREMIER ACCUSES NASSER

AGREEMENT ON FIRM MEASURES

In the House of Commons on Thursday, August 2, Sir Anthony Eden made the following statement on the motion of the adjournment:

First, I think it is true to say that the cause for the anger and alarm felt, not only here but among the Governments and peoples of the democratic world, at the action of the Egyptian Government, is due to the special character of the Canal.

Western dependence on Canal: As the world is today, and as it is likely to be for some time to come, the industrial life of Western Europe literally depends upon the continuing free navigation of the Canal as one of the great international waterways of the world. I need give the House only one example. Last year, nearly 70 million tons of oil passed through the Canal, representing about half the oil supplies of Western Europe. Traffic through the Canal moved at the rate of 40 ships a day and amounted to 154 million tons of shipping—prodigious figures. Nor does this traffic affect the West alone. Australia, India, Ceylon and a large part of South-East Asia transport the major proportion of their trade, or a large proportion of their trade, through the Canal.

Therefore, it is with these reflections in mind that I must repeat the carefully considered sentence which I used in the House on Monday last, if I may quote it again:

"No arrangements for the future of this great international waterway could

be acceptable to Her Majesty's Government which would leave it in the unfettered control of a single Power which could, as recent events have shown, exploit it purely for purposes of national policy."—[OFFICIAL REPORT, July 30, 1956; Vol. 557, c. 923.]

Egypt's obligations: However, that is not all the argument. The Egyptian Government have certain obligations in respect of the Canal. They are laid down in two principal instruments which I must mention. First, there is the Concession, which consists of a series of Agreements over the years between the Egyptian Government and the Suez Canal Company . . . these were endorsed by the Egyptian Government as recently as June 10 this year, when a formal financial Agreement was concluded between the Egyptian Government and the Suez Canal Company.

The Suez Convention: The second instrument is the well-known Suez Canal Convention of 1888, which lays down the vital principle that the Canal should always be open in time of war as in time of peace to every vessel of commerce or of war without distinction of flag.

Capital expenditure needed: It is the free navigation of the Canal which is the solemn principle contained in the 1888 Convention, as the House well knows. That is not all, because free navigation does not depend only on the absence of discrimination or the absence of physical interference with the traffic in the Canal. The efficient functioning of the Canal, and its ability to deal with existing and future traffic, is also of decisive importance to us all.

The Canal is at present in need, as some hon. Members will probably know, of much new capital expenditure to enable it to cope with the increasing demands made upon it.

This action will cost about £20 million. It will greatly increase the capacity of the Canal. But even this programme will not be enough, for, in the next ten to fifteen years, a further huge expansion will be necessary.

Can it finance the Dam: Now, Sir, the reserves of the Company and the revenues from shipping would have been earmarked to finance these needs. But Colonel Nasser has now announced his intention to divert these revenues from this vital international waterway to build a dam in Egypt.

It would cost about £70 million, I am told, to carry through this compensation. The net annual revenue of the Canal after providing for taxation and providing for reserves, as is at present done, is only about £10 million.

Colonel Nasser's arbitrary action in breach of Egypt's solemn undertakings, many of them recently given, without previous consultation or previous notice, reveals the nature of the régime with which we have to deal.

Now let me state the solutions which we seek for the future of the Canal, because it is of that that the House wants to hear. Our policy, and, I think it is true to say, that of



Nationalised Suez Board meets at Ismailia. Mahmoud Younis (second right) is the new Canal chief.

virtually all the other maritime Powers towards the Canal, has always been based on two fundamental principles: first, the freedom and security of transit through the Canal—

Mr. Sydney Silverman (Nelson and Colne): Not always.

The Prime Minister:—and, secondly, the efficiency and economy of its operation. I know the difficulties that occur, but I say that the principles upon which our policy has been based—I fully understand the hon. Member's feelings on the Israel issue, but this is slightly, to put it mildly, in a different category.

Mr. Silverman: Why?

The Prime Minister: Why? This is a proposal to take over the Canal, and to make its future use entirely dependent on the Government of Egypt.

Mr. Silverman: I was not questioning that, but the right hon. Gentleman chose to use the word "always." He said that we have always said that the first principle was to maintain free transit through the Canal. I am pointing out to him that "always" is an overstatement; that there was one very important recent incident when he did not observe it, and that his position today would be a great deal stronger in the world if he had applied the principle always.

The Prime Minister: I am quite ready to argue that. It has always been our principle. It was taken, as our principle, by the then Government to the United Nations and there dealt with. The principle was not carried through. I say that this matter is of a wider and, so far as the nation is concerned, much more serious character than that one.

The international Company: I think it is also true to say that the level or dues, broadly speaking, charged by the Company, particularly in recent years has been closely

related to the cost of the service provided—rather to the cost than to its value, if I may put it that way.

The Company, although it is registered in Egypt, is, of course, an international organisation of the highest importance and standing, and it has ensured that the Canal was administered both with regard to the interests of international shipping and to those of Egypt herself. Naturally, in any future arrangement for the Canal the legitimate interests of Egypt would have to be safeguarded. In fact, Egypt is today represented on the Board of the Company—or until a few days ago, perhaps I should say—together with us and France, the United States and the Netherlands. The extent of the Company's international character is sometimes forgotten.

Free navigation—"we must insist": The principle of free navigation in peace and war is laid down in solemn international instruments to which the Egyptian Government is a party. It has been observed, let me say, by the Western Allies even in two world wars. For instance, in the last war, when the effective control of the Suez Canal rested in the hands of His Majesty's Government alone, a search of cargoes in the Canal ports was instituted only for the purpose of ensuring that no damage was caused to the actual waterway. That was the action we took then and no attempt was made to seize cargoes in the Canal or its ports of access, even when they consisted of contraband. How could we look to the Egyptian Government alone to maintain these principles so scrupulously?—and if they are not maintained the life and the commerce of the whole free world is constantly at risk.

For all these reasons, I suggest to the House that the freedom and security of transit through the Canal, without discrimination, and the efficiency of its operation can be effectively ensured only by an inter-

national authority. It is upon this we must insist. It is for this that we are working in negotiation at this moment with other Powers deeply concerned. Nothing less than this can be acceptable to us.

GAITSKELL'S SPEECH

For a long time, the Opposition has been critical of the Government's policy in the Middle East. We carried those criticisms so far as to divide the House on the Adjournment on March 7, and I must say, at the start, that we do not feel that in the months that have elapsed since then there has been any great improvement in the Government's policy. We have criticised from time to time the attitude of the Government on the question of the balance of arms in the Middle East, and I think that many of us feel that in the matter of the Aswan Dam the vacillations that have taken place are certainly a subject for criticism.

Egypt's arguments: But I do not propose today to develop these criticisms of the Government. While I have not hesitated to express my disagreement with the Government in their policy in the past, I must make it abundantly plain that anything that they have done or not done in no way excuses Colonel Nasser's action in seizing the Canal.

The Egyptian argument is perfectly clear. It is that this is an Egyptian company and that as the Government of Egypt they are perfectly entitled to nationalise any company they wish to nationalise, provided that they pay compensation; as regards the right of transit through the Canal they have given assurances that they regard it as necessary to observe the 1888 Convention. I should like to give my answers, as I see it, to that case put forward by the Egyptian Government.

Interests of user countries: First, so far as my hon. and right hon. Friends are concerned at any rate, we certainly do not say that the act of nationalisation in itself is wrong. Nor would we say that the act of nationalising a foreign-owned company was necessarily wrong, provided that the compensation was reasonable and fair.

The real objections, it seems to me are three. In the first place, as the Prime Minister has rightly emphasised, this is not an ordinary Company, conducting ordinary activities. It is a Company controlling an international waterway of immense importance to the whole of the rest of the world. It is, therefore, bound to be a matter of international concern when it changes hands.

Embargo against Israel: Now the ownership and control of the Company is to be transferred to a single Power, to the hands of one State controlling it and, therefore, in a position even more than before to decide how the Canal shall be run. It may be said there is no need for anxiety, because we have had these assurances about the 1888 Convention. I am bound to say that it seems to me the strongest reason for having doubts in our minds as to whether

we can accept those assurances has been the behaviour of the Egyptian Government in stopping Israeli ships from going through, and equally important—indeed, even more important—the clear defiance of the Resolution of the United Nations condemning this action, passed in September, 1951.

Nasser's excuse: The second reason why I think we must take strong exception to this is that any confidence we might have had in an action of this kind was profoundly shaken by the manner in which it was carried out. It was done suddenly, without negotiation, without discussion, by force, and it was done on the excuse that this was the way to finance the Aswan Dam project. Colonel Nasser himself, at the conclusion of his speech a week ago, said:

"Thus, you will see that our wealth has been restored to us and that we shall not look forward to the Anglo-American financial aid amounting to 75 million dollars because we shall henceforth get from the profits of the Suez Canal the sum of 100 million dollars every year and in five years we shall secure 500 million dollars."

That, in effect, means that he is proposing to take the whole of the gross revenues of the Canal—almost all of them transit dues—and divert them for the purpose of the Aswan Dam. Yet he has promised compensation. How can he at one and the same time both keep the Canal going, spend the necessary money on the repairs, extensions and reconstruction, pay the compensation or service the compensation loan to the shareholders, and also find money for the Aswan Dam.

A threat to access: Like the Prime Minister, I have tried to work out the finances of this, and I would only say that

so far as I can see, looking at the figures, the most that Colonel Nasser could do, and even then at the expense of diverting reserves which ought to be used for the Canal, might amount to about £5 million a year—at any rate, quite inadequate and absurd in relation to the cost of the dam. But there is, of course, one way out for Colonel Nasser, and that is that he can put the charges up. He can increase the transit dues. So the whole implication of his speech is precisely that, that he intends to make the users pay more than they have been paying before.

My third reason for thinking that we must object to this is that we cannot ignore—and this is a matter that the Prime Minister did not touch upon, no doubt for good reasons—the political background and the repercussions of the whole of this episode in the Middle East. We cannot forget that Colonel Nasser has repeatedly boasted of his intention to create an Arab empire from the Atlantic to the Persian Gulf.

Egypt's subversion: Colonel Nasser has certainly made a number of inflammatory speeches against us and his Government have continually attempted subversion in Jordan and other Arab States; he has persistently threatened the State of Israel and made it plain from time to time that it is his purpose and intention to destroy Israel if he possibly can.

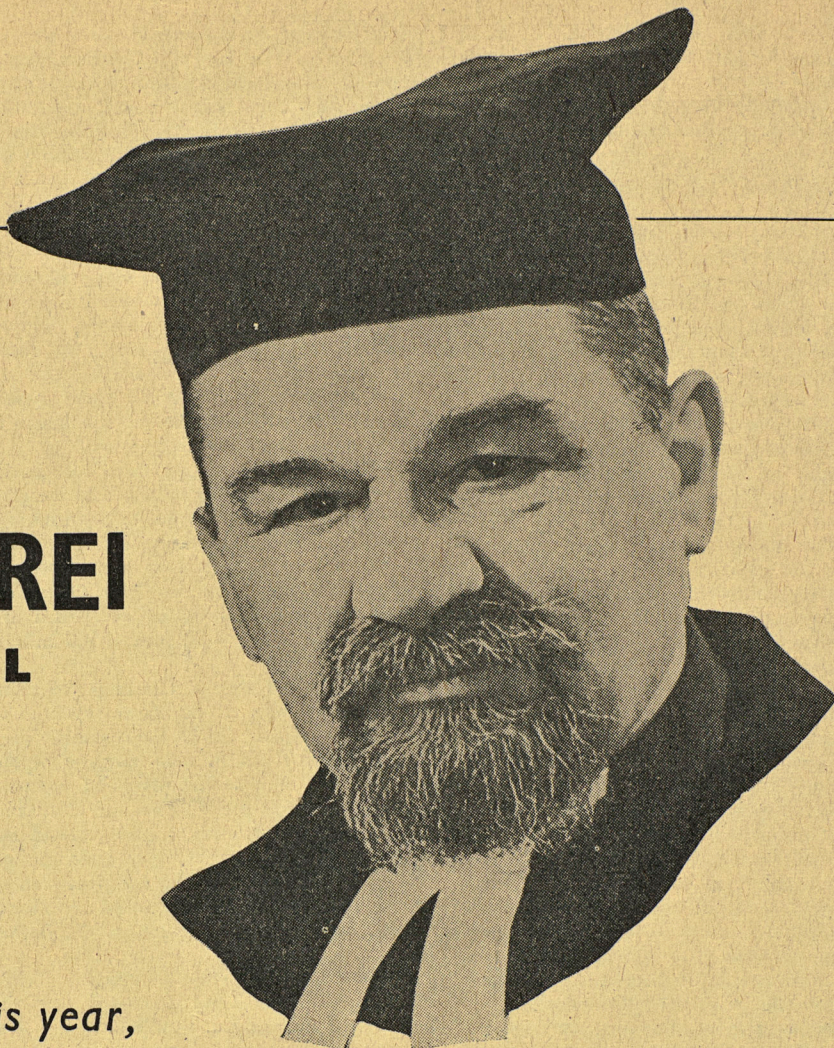
The fact is that this episode must be recognised as part of the struggle for the mastery of the Middle East.

I have no doubt myself that the reason why Colonel Nasser acted in the way that he did, aggressively, brusquely, suddenly, was precisely because he wanted to raise his prestige in the rest of the Middle East.

The "Hitler technique": It is all very



As soldiers leave for the Mediterranean—their families wait and wonder.



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familiar. It is exactly the same that we encountered from Mussolini and Hitler in those years before the war. We must not underestimate the danger of the effect which this may have on the other Arab States.

It has been said in many quarters that this may lead other Arab States to nationalise the oil concerns. I personally do not regard that as the major danger.

The danger is much more of a political kind. The danger is that a Government which is friendly to us in Iraq, and can be relied on to a very large extent to exercise restraint in the Middle East, may well be replaced by a Government of a very different complexion. I also think that in the long run this action must involve a greatly increased threat to Israel; and I must again remind hon. Members that we are pledged under the Tripartite Declaration to go to the assistance of whichever State is attacked—Israel or her Arab neighbours.

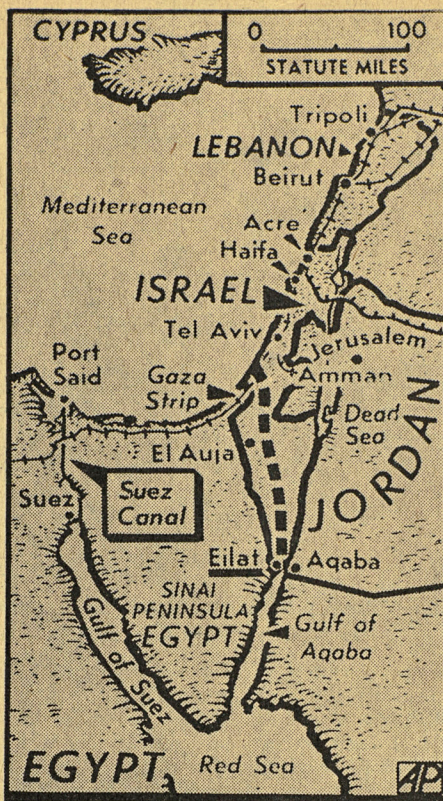
Too much spent on arms: It seems to me, summing up the position, that this is really where we stand.

I do not think I can have much sympathy with a man who, however much one may want to help his country, as we do, spends far more than he can afford on arms which, admittedly, are for aggressive war, and then, when he is told that because of the economic situation he cannot have a loan, says to the rest of the world, "I am seizing the Canal and I am going to make you pay for the dam in that way." I am satisfied, for these reasons, that if the Western democracies and, indeed, other countries in the world, had simply accepted this and done nothing about it, highly dangerous consequences would have followed.

U.S. dependence on Canal: I turn now to consider what kind of action should be taken. I emphasise again what I have said in other speeches, namely, that this is not our affair alone. It would be ridiculous to treat ourselves as though we were the only Power involved. It is essentially a matter for all the maritime powers of the world, and we must act in concert with other nations. I warmly welcomed at the time the action of the Government in inviting the French and American Governments to discuss the matter. I mention in passing, that the United States herself depends for about 15 per cent of her imports of oil upon the Suez Canal. All Europe is involved in this, involved in the Middle East as a whole, and involved in the Canal, India and South-East Asia are equally heavily concerned.

Arms embargo: I should like any control commission which may be set up as a result of this conference to be a United Nations agency. I am myself sure that, from the point of view of world peace and development, it is far better that it should be done under the United Nations than in some independent way.

There remains the question of what other steps can be taken. In the circumstances, and until we have, as I hope we shall have, a settlement, the economic measures taken by the Government are fully justified. I would just add one other point about them.



The dotted line
—proposed Ashkelon-Aqaba Canal.

The Prime Minister has told us—and it has been confirmed today—that all shipments of arms or war material from this country to Egypt have been suspended. I would ask the Prime Minister to consider seriously whether Syria and the Lebanon at any rate, had better be covered by the same embargo.

Another step which I think should be taken, and ought seriously to be considered, is to investigate what routes alternative to the Canal may be available. Here, I make a specific suggestion to the right hon. Gentleman. There has been talk of constructing a canal from the Gulf of Aqaba to Haifa. The objection has been put—I think a fairly strong objection—that this will take a very long time and involve very heavy capital expenditure. But there is something else which could be done along that line. It would be possible, I believe, to lay a pipeline from Aqaba to Haifa, the distance being about 250 miles, and I am told that this would take a matter of months, not years, to complete.

Build larger tankers: I should have thought that that might have been well worth considering and might be a very helpful move in all sorts of ways at the present time. The Government should, I think, also consider seriously giving assistance to ship owners to encourage them to build larger tankers which can go round the Cape. Further, though I do not want to make a great deal of this, and I am well aware of the difficulties, I do feel that the Government must once again give serious consideration to the question of arms for Israel.

Last of all, I come to a matter which cannot be ignored at this moment just before the Recess. There has been much talk in the Press about the use of force in these circumstances. First, I would say that we need to be very careful what we say on this subject. It is unwise to discuss hypothetical situations in present conditions.

"Force—in certain events": I must, however, remind the House that we are members of the United Nations, that we are signatories to the United Nations Charter, and that for many years in British policy we have steadfastly avoided any international action which would be in breach of international law or, indeed, contrary to the public opinion of the world. We must not, therefore, allow ourselves to get into a position where we might be denounced in the Security Council as aggressors.

If Colonel Nasser has done things which are wrong in the legal sense, then, of course, the right step is to take him to the International Court. Force is justified in certain events. Indeed, if there were anything which he had done which would justify force at the moment, it is quite frankly, the one thing on which we have never used force, namely, the stopping of Israel ships. We have not done that; and it would, I think, be difficult to find—I must say this—in anything else he has done any legal justification for the use of force. What he may do in the future is another matter.

THE HOUSE OF LORDS DEBATE

"DON'T MAKE ISRAEL A PAWN"

The position of Israel in the Middle East crisis, and the prospect of an alternative canal from the Gulf of Aqaba to run through Israel territory occupied a good deal of the debate in the House of Lords on Thursday of last week.

Viscount Stansgate: Speaking generally about Israel, may I make a suggestion—and it is one with which, I believe, Israeli statesmen would agree: do not attempt to use Israel as a pawn in the game in fighting the Arabs. That would be a fatal mistake.

The place for Israel is as an honoured, skilful and valued member of the Middle Eastern community—that is the real place for Israel; and people who think that they will make her a fifth Dominion, or get a base at Haifa, or anything of that kind, are doing the worst possible disservice to that State.

Anti-Semitic blockade: The existence and prosperity of Israel is, in my judgment, the most important thing in the Middle East. It is vital that that country should be protected.

I do not want to disagree with Her Majesty's Government, but it is unfortunate that, for reasons of caution, or because we did not want to offend the Arabs, or because we thought we could play in with the Egyptians, we did nothing at all when a flagrant break of law did occur, such as has

been the subject of all this eloquence this afternoon. That in itself has "blotted our copy book"—not fatally, I agree.

The Canal is only one instance of a world-wide anti-Semitic blockade which is going on through the Arab Bureau. Now, we ourselves are affronted on this same point. I want to ask the noble Marquess the Leader of the House, when he replies, to say something about the islands at the mouth of the Gulf of Aqaba.

I believe that (no doubt to keep the peace with the Arabs) we have an arrangement by which we undertake to give private notice when we are going through channels which we are entitled to use without any prior notice. I believe that the freedom of water is vital and must apply to the Gulf of Aqaba as well as to the Canal of Suez. I believe that we are internationally justified on that point.

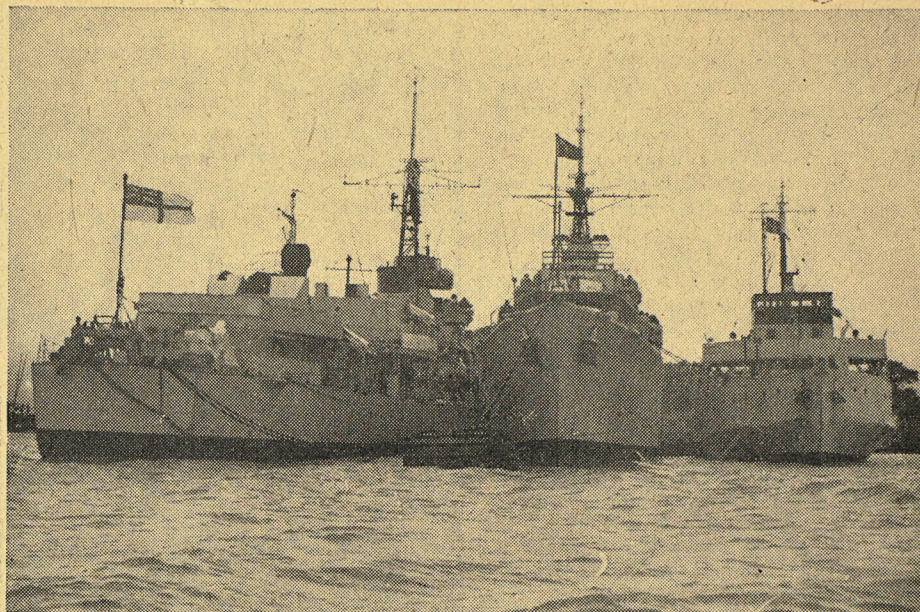
The Belisha Canal: As regards the other suggestion made by the noble Lord, Lord Hore-Belisha, for a new canal... he proposed a canal which would run up some hills in Israel and down some other hills in Israel, and then land in an Egyptian lake. On the whole, it does not seem to be a very profitable or constructive idea, but no doubt the noble Lord will explain it to us later.

Lord Hore-Belisha: What I am saying is this: that whenever we have a crisis of this kind and anyone comes forward with a long-term suggestion, which may take months or years to implement he is told: "We cannot attend to that matter now"; and when the crisis is over or in suspense then everybody forgets about it.

The threat of an alternative: If five years ago we had undertaken a project such as I have been advocating, I think we should have been in a better position. The mere threat of building an alternative to the Suez Canal would have had a powerful effect on Colonel Nasser's actions.

The thirty-inch pipe line which goes for 555 miles between Kirkuk and Baniyas was laid by the Iraq Petroleum Company in seventeen months at a cost of £41 million; and it is estimated that a medium bore-hole pipe line between Aqaba and Haifa, which is about 290 miles long, could be laid for somewhere between £10 million and £20 million. I feel that this matter should be considered.

Plea for investigation: All I plead for—because we are not out of the wood—is that this matter should be seriously investigated. The whole tenor of the speech of the Prime Minister today was: "The Canal is indispensable to us; it is not big enough, the traffic on it is crowded. In the next 10 to 15 years"—and that is a long-term policy if ever there were one—"it will have to be vastly enlarged." But this Canal—the Suez Canal—will remain in Egypt; it will still be the sole highway; it will still be subject to sabotage, whatever new arrangements we make. And if the present legal arrangements are allowed to be fulfilled, in 1968 the Egyptian Government will become the undisputed legal owner of the Canal. I there-



Navy "takes care" of Egyptian destroyer "Al Qaher" (centre) at Portsmouth.

fore plead with Her Majesty's Government to consider this matter seriously.

Viscount Stansgate: I do not take the view of Lord Palmerston—but, of course, I am glad to be put in that category. However, I want to ask the noble Lord whether he will tell us if he has dealt with the free entry into the Gulf of Aqaba. That is the whole point.

Lord Hore-Belisha: I am glad to have that interruption. Now we are told—and it is the sole objection raised, so far as I can understand, to the construction of a pipe line, and *a fortiori* of a canal—that the entrance to the Gulf of Aqaba can be menaced by batteries on the Egyptian and Saudi Arabian coastlines.

"Conniving at blockade": The use of force on a free waterway, to prevent the right of innocent passage being exercised, is not only an act of piracy, but an act of war. Are we to be told that Britain and the whole of the Western world is going to submit to a threat of that kind, and allow itself to be denied access through an open waterway?

Viscount Stansgate: The noble Lord must know that for several years we have been not only submitting, but conniving, in the imposition of this blockade.

Lord Hore-Belisha: I do not think that that is a comprehensively true statement, I think it has certain aspects of truth in it. But, as the Prime Minister said this morning, Israel's shipping through the Canal has been stopped, and it has also been stopped through the Gulf of Aqaba. The United Nations have taken cognisance of the matter and nothing effective has been done.

Arabs dependent on oil sales: But this is a matter of far wider import, and if we are going to insist on the right of passage through the Canal, as we are going to insist, it will cover Israel presumably in the future, and we will also insist on similar rights in the Gulf of Aqaba.

It is also said that some of the Arab

countries would not deliver their oil if it had to pass through Israel territory. If suppliers of oil, on which they are entirely dependent for their welfare, are going to impose dictation upon us of the routes which our commerce is to take or not to take, it would be inconceivable that we should accept. But I do not think for one moment that the independent sheikdoms on the Gulf would take that attitude.

Lord Jeffreys: My Lords, may I say how much I agree with the noble Lord, Lord Hore-Belisha, that the scheme which he mentioned should at least have serious study?

Lord Birdwood: There is a method for dealing with Middle East oil which has, as yet, I believe, not received prominence—an alternative even to the canal which Lord Hore-Belisha has suggested. I am told that it is perfectly feasible from the technical point of view to consider the piping off of oil in the Middle East—and I think particularly of Iraqi oil—into Turkey and removing it from the Turkish port.

Lord Attlee: With regard to Israel, we have been constantly told, "You must not join in an arms race in the East." That is all very well. Of course, it is not a race if one gets left at the post, because he is tied and the rest have a long start. That is exactly what is happening with regard to Egypt and Palestine.

Strong case for strengthening Israel: I believe that there is a strong case now for a complete change of policy—not that we should endeavour to make Israel pull the chestnuts out of the fire for us, but that they should be in a strong enough defensive position to stand against the aggression of the Egyptian dictator. I myself think that, if we had taken a stand earlier on the question of the passage of ships through the Canal and the firing on our ships in the Gulf of Aqaba, we might have been spared this trouble.

DeMille may have constituted
o and immature displays. He
one of the first picture-makers
a bathtub as an in te set-
judged

Anne of Austria became the wife of
France's Louis XIII and James II's
daughter Anne married Prince
George of Denmark and became
Britain's Queen. All wore lace, of
cou first of their time

Chicago

They're Young and Lusty

Letters to The Times

Nationalizing Suez

Legal Aspects of Egypt's Action in Seizing Canal Examined

The writer of the following letter is Professor of Law and Director of International Legal Research at the School of Law, Columbia University. He is the editor of the recently published "Anti-Trust Laws: A Comparative Symposium."

TO THE EDITOR OF THE NEW YORK TIMES:

The understandable bitterness of the reaction against Egypt's nationalization of the Suez Canal Company has tended to obscure the distinction between the political and legal aspects of the situation.

Political apprehensions on the part of the Western powers are fully justified: by the abruptness of an action which it would have been in the interest of everybody to prepare gradually; doubt in leaving the control of the canal to a highly nationalist country controlled by an ambitious and emotional ruler; the lack of technical experience, financial resources and many other factors.

Legally, however, Egypt's action is not as clearly objectionable as it is politically, and it is particularly important that justified indignation should not lead the Western powers into a position where they have not international law clearly on their side.

Use by All Nations

Under the Convention of 1888, Egypt—which has succeeded to the obligations of Turkey—is under an obligation to keep the Suez Canal open for free use by the ships of all nations. But apart from the long-standing violation of this obligation in regard to Israel, Egypt has so far reaffirmed it.

The status of the Suez Canal Company is not in any direct way linked with the Convention of 1888. Although the majority of the shares are held by French citizens and the British Government, the company has always been operated as a commercial enterprise. It obtained its status from two concessions given by the (Turkish) Viceroy of Egypt in 1854 and 1856. It has its domicile at Alexandria and its administrative seat at Paris.

Egypt claims that the Suez Canal is a purely Egyptian company. This is very doubtful. The company has always been regarded as having a special status, as is apparent from a Convention of 1949 between the company and the Egyptian Government.

Apart from reaffirming the concession of the company until at least 1968, this agreement accorded to the company several special privileges, such as a number of Egyptian members of the board smaller than that required for an ordinary Egyptian company. In turn, the company undertook certain obligations in regard to the gradual Egyptianization of the company, the share of the Egyptian Government in the revenues, the development of technical and navigational facilities, etc.

Recent Agreement

According to the chairman of the Suez Canal Company, the Egyptian Government less than two months ago concluded another agreement with the company providing for further investments, in full awareness by both sides that the concession would expire in 1968. The assertion by an official Egyptian spokesman that the company would never voluntarily have surrendered its concession is without foundation.

These agreements are neither purely Egyptian transactions, as Egypt contends, nor international treaties. Foreign Governments are not directly involved. The fact that the British Government holds 46 per cent of the shares symbolizes the British stake but does not make the British Government a party. On the other hand, this is not a matter of "domestic jurisdiction," but clearly one of international political and legal concern, including the use of force.

There is no doubt that any state can nationalize any enterprise on its soil, subject to fair compensation—which Egypt has offered—in contrast to the Iranian Government when it expropriated the Anglo-Iranian Oil Company. It is, however, very doubtful whether the Suez Canal Company can be regarded as a purely national enterprise. No direct violation of an international treaty on the part of Egypt has so far occurred, except that any prolonged forced detention of foreign personnel would be an international wrong against which the powers concerned could take legal action.

Egypt's Commitments

There is, therefore, every reason for the strongest apprehension on the part of the Western powers not only about the timing of Egypt's action but about her ability to live up to her professed commitments. Thus fair compensation for the expropriated shares would absorb several years of net revenue. On the other hand, it is doubtful whether the Western powers would be justified in taking military reprisals at this stage, quite apart from the restraint which the United Nations Charter puts on them.

There is everything to be said for using strong concerted political and diplomatic pressure to bring about a public international regime, possibly an international supervisory board; and if necessary economic reprisals on the part of the states immediately affected and proportionate to the injury done, especially to British and French interests.

But military reprisals at this stage would prejudice the strong moral position of the West. Nor is it advisable to use force until at least an

attempt has been made to use the services of the United Nations.

The attempt to by-pass the United Nations through the London conference already seems doomed to failure. Of the nations which have so far accepted the British invitation, nearly one-third, led by the Soviet Union, are likely to support the Egyptian stand more or less unconditionally.

Although neither the Security Council nor the General Assembly is likely to do more than reflect the existing split, the mediatory services of the Secretary General may well prove once again at least the prelude to a peaceful settlement.

W. FRIEDMANN.

New York, Aug. 9, 1956.

To Deal With Civil Rights

Parties Urged to Draft Effective Platform Declarations

The writer of the following letter is Speaker of the House of Representatives of the State of Pennsylvania.

TO THE EDITOR OF THE NEW YORK TIMES: Leaders in both the Democratic and Republican parties have expressed the opinion that the civil rights, segregation and Supreme Court decision issues should be handled in "realistic" fashion.

If "realism" means simply that the planks should be a bridge which will enable the South to cross into the Democratic party and a bridge by means of which the Negroes in the North can cross into the Republican party, the net result will be nothing more than a continuation of past political platform platitudes.

The only way to go about handling these issues in effective fashion is for the respective party conventions to delegate to their respective standard bearers the duty of drafting platform declarations concerning civil rights, segregation, the import of Supreme Court decisions—a declaration to which their parties will be committed and the provisions of which they will be mutually pledged to implement and enforce.

If, as the result of such a declaration of Democratic and Republican party policy, the South were to elect to function as a sectional party, such a decision would reveal the fact that the South, until it reorients its political thinking, has no place in a national party.

Is it not in the interest of both the Democratic and the Republican parties that their thinking should be at the national level?

I speak as a delegate to the Democratic National Convention, knowing well that when I arrive at the convention city my small voice will not be heard in the midst of the din.

The issues which civil rights and segregation present are moral issues which cannot be served by political organizations minded to obscure moral issues in the hope of securing transient political advantage.

H. G. ANDREWS.

Harrisburg, Pa., Aug. 3, 1956.

Quality of Research Queried

TO THE EDITOR OF THE NEW YORK TIMES: Your editorial of Aug. 5 titled "Wanted: More Scientists" raises an interesting possibility of a way to at least partially relieve the "shortage of scientists and engineers." To materially increase their number takes years, but to increase the number of effective ones could be done in a matter of months.

Many Government agencies finance in university, industrial and Government laboratories hundreds of research and development projects utilizing thousands of trained men. Only a small fraction of these contracts accomplish anything really worth while. Nowadays it almost seems to be taken for granted that any work called "research" and that costs a lot of money almost always leads to valuable results and will be a marked help to our country. This is a serious fallacy.

Many of these projects could be terminated with little or no risk of losing any important results. It does, however, take a lot more courage to stop a research project than to start or expand one. This is because to terminate one rather implies that someone used poor judgment in starting it.

Men so released could be used to advantage on some more worthwhile work and probably be happier, as they would have a greater sense of accomplishment. A man or group with a record of accomplishment is a good bet on any project willingly accepted.

Incidentally, such action would also save the taxpayers millions of dollars a year.

WILLIAM C. WHITE.

Schenectady, Aug. 5, 1956.

FACELESS MOON, CARIBBEAN SEA

As if to comfort her, the vague white hoods
Arise above our starboard bulwark,
dance
Uncertainly, and are no more as
broods
An emerald silence; eerie lanterns
spy
The calm sea-horses that in troops
advance
Where spilling gold the foundered
galleons lie.
A vaporous mouth gnaws at the
wounded Moon;
Mist-fingers quit my face, at last
are still
In smoothed-out, masking pools.
They drum a tune,
Our turbines! "Though tall ships
must make an end,
No earthly power can break a
sailor's will
To hold the course and guard the
sleeping friend."

JOHN ACKERSON.

S. S. African Lightning.

SUEZ CAUSING STRAIN ON WESTERN ALLIANCE

British and French Are Inclined to Blame U. S. for Their Troubles

By DANA ADAMS SCHMIDT
Special to The New York Times.

WASHINGTON, Aug. 11—The Suez Canal issue is straining the alliance of the United States, Britain and France much more than the leaders of any of the three countries care to admit.

Last week Secretary of State John Foster Dulles flew suddenly to London after learning that the British and French were planning military action against President Nasser of Egypt. Mr. Dulles headed off these plans. He got the British and French to agree to a conference. Thus he broke the momentum of their plans and precipitated a wave of popular British and French irritation against himself and against the United States.

Whether the British and French would have gone through with their plans or not, Mr. Dulles' intervention enabled them to say: "If the Americans hadn't interfered we'd have fixed Nasser's wagon right away and avoided the subsequent complications."

Blaming the Americans has not been a difficult exercise. In 1954 it was getting pretty obvious that, sooner rather than later, the British were going to have to leave the Suez Canal Zone. Well-meaning United States good offices, provided by Ambassador Jefferson Caffery, enabled many a Briton to delude himself into believing that the Americans had deliberately eased the British out.

Blame for Evacuation

Early this year, when the Israeli-Arab conflict seemed ready to boil over into war, Sir Anthony Eden visited Washington. He had a scheme for keeping the Israelis and Arabs in line by tripartite military action under the 1950 declaration by Britain, France and the United States, which asserted their intention to preserve the status quo.

At the time it seemed the United States would go along with Sir Anthony. But soon after he had returned to London, Washington had second thoughts and began to insist that it would be better to work through the United Nations. The British conceded the point, and Dag Hammarskjöld's mission to the Middle East ensued. Another result was that the three Western powers, in effect, admitted that they alone could no longer run the Middle East as their private preserve, and that Russia, through the U. N., was entitled to have her say about Middle Eastern affairs. This was probably inevitable too, sooner or later, but the way it happened, the United States shouldered the responsibility.

Meanwhile, the British were beginning to feel more and more sour about Col. Nasser.

Now Mr. Dulles, at his London conference with Selwyn Lloyd and Christian Pineau, has established the solidarity of the Western powers on the point that it is intolerable that Colonel Nasser should be allowed unfettered control over the Suez Canal. High United States Government officials observe in steady tones that the British and French are determined to use force against Colonel Nasser if he does not agree to an international authority. They do not say—and this represents a remarkable concession to the high feeling in Britain and France—that the use of force would be intolerable. They merely say the United States has made no commitments on the subject.

This is the meaning of the five points on which the three powers have reached agreement as a point of departure for further negotiations.

United Conference

The three Western powers will therefore go into the larger Suez Canal conference on Aug. 16 vigorously united and determined to bring the maximum pressure to bear upon Colonel Nasser.

If the Egyptians should surrender, all will be well. But this is most improbable. Like Sir Anthony's, Colonel Nasser's political life is staked to the Suez Canal issue.

It is much more likely that he would fight, counting on the sympathetic reactions of the rest of Africa and of Asia to win his battle for him. It is not at all certain that even the Russians could persuade him to capitulate.

Compromise is, of course, con-

ceivable, although particularly problematic, since the Western demand that an international authority run the canal, and the Egyptian argument that Egypt has a sovereign right to run it under international guarantees, are mutually exclusive.

The big test of British-French-United States unity will probably come, therefore, when it is time to decide what action to take against Egypt.

Election Year

If the British and French do not then strike, their loss of prestige, after all the troop and ship movements and angry declarations, would be devastating. After that, how much longer could they dominate Algeria and the Persian Gulf?

If, on the other hand, British and French do then strike at Egypt, they will do so without United States participation. This can be taken as a certain assumption, especially in an election year. The Arabs have prom-

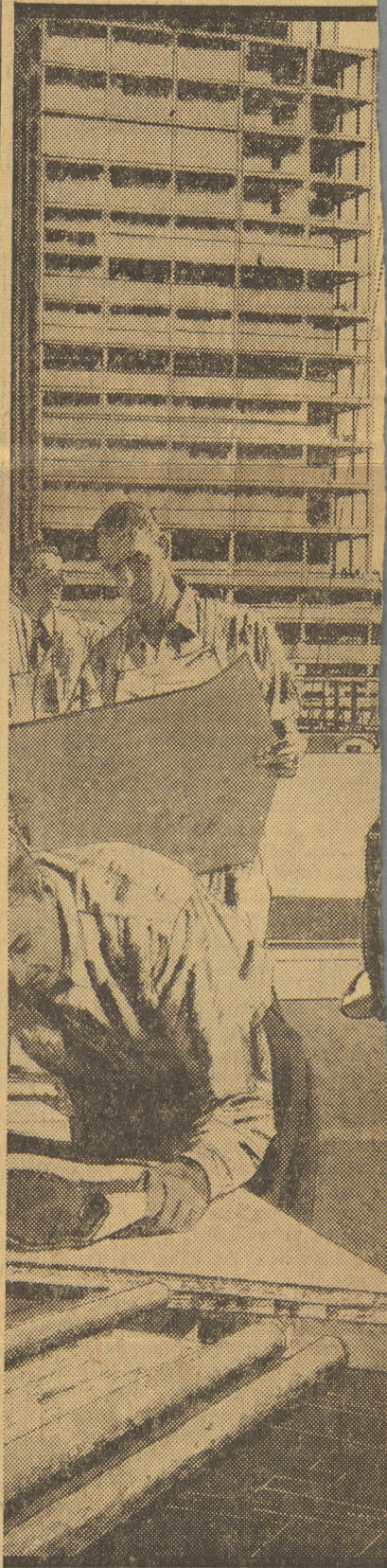
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'NO PLACE TO LOSE OUR HEAD'

BURMA FEARS PEIPING

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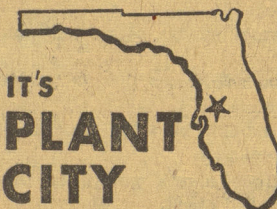
He refuse

It's as true on the boulevard as in the commonplace . . . and see

More and more, in their chambers, leaders like these are moving the *only* distinctive new generation.

Imperial is the one fine ca

In Florida



CENTRAL to Florida's principal markets, 2 railroads — airport — highways — better climate — labor surplus. Friendly city of 14,000 offers many advantages to industry. There's a site for you in the World's Winter Strawberry Capital.

PLANT CITY DEVELOPMENT COMMITTEE
P. O. Box 1509 Plant City, Fla.

Revised U. S. Plan and Delegates' Remarks

LONDON, Aug. 21 (Reuters) —Following are the text of the United States proposal for settlement of the Suez Canal dispute, as amended; excerpts from a statement by Hamidul Huq Choudhury, Foreign Minister of Pakistan; the text of a statement by Secretary of State Dulles and excerpts from a statement by Dmitri T. Shepilov, Soviet Foreign Minister:

Amended U. S. Plan

(Changes in text in italics)

The Governments approving this statement, being participants in the London conference on the Suez Canal; concerned by the grave situation regarding the Suez Canal; seeking a peaceful solution in conformity with the purposes and principles of the United Nations; recognizing that an adequate solution must, on the one hand, respect the sovereign rights of Egypt, including its rights to just, fair compensation for the use of the canal, and, on the other hand, safeguard the Suez Canal as an international waterway in accordance with the Suez Canal Convention of Oct. 29, 1888; and assuming for the purposes of this statement that just and fair compensation will be paid to the Universal Company of the Suez Maritime Canal, and that the necessary arrangements for such compensation, including a provision for arbitration in the event of disagreement will be covered by the final settlement contemplated below, join in this expression of their views:

1

They affirm that, as stated in the preamble of the Convention of 1888, there should be established "a definite system, destined to guarantee at all times, and for all the powers, the free use of the Suez Maritime Canal."

2

Such a system, which would be established with due regard to the sovereign rights of Egypt, should assure:

A. Efficient and dependable operation, maintenance and development of the canal as a free, open and secure international waterway in accordance with the principles of the Convention of 1888.

B. Insulation of the operation of the canal from the influence of politics of any nation.

C. A return to Egypt for the use of the Suez Canal which will be fair and equitable and increasing with enlargements of its capacity and greater use.

D. Canal tolls as low as is consistent with the foregoing requirements, and except for C. above, no profit.

3

To achieve these results on a permanent and reliable basis there should be established by a convention to be negotiated with Egypt:

A. Institutional arrangements for cooperation between Egypt and other interested nations in the operation, maintenance and development of the canal and for harmonizing and safeguarding their respective interests in the canal.

To this end, operating, maintaining and developing the canal and enlarging it so as to increase the volume of traffic in the interest of the world trade and of Egypt, would be the responsibility of a Suez Canal board. Egypt would grant this board all rights and facilities appropriate to its functioning as here outlined. *The status of the board would be defined in the above-mentioned convention.*

The members of the board, in addition to Egypt, would be other states chosen in a manner to be agreed upon from among the states parties to the convention, with due regard to use, pattern of trade and geographical distribution; the composition of the board to be such as to assure that its responsibilities would be discharged solely with the view of achieving the best possible operating results without political motivation in favor of, or in prejudice against, any user of the canal.

The board would make periodic reports to the United Nations.

B. An arbitral commission to settle any disputes as to the equitable return to Egypt, or other matters arising in the operation of the canal.

C. Effective sanctions for any violation of the convention by any party to it, or any other nation, including provisions for treating any use or threat of force to interfere with the use or operation of the canal as a threat to the peace and a violation of the purposes and principles of the United Nations Charter.

D. Provisions for appropriate association with the United Nations and for review as may be necessary.

Remarks by Mr. Choudhury

Before I take up consideration of my delegation's reaction to the proposals placed before this conference by the Indian and United States delegates, I would like to draw our attention to the psychological background, which should receive our fullest consideration if we are to succeed in our task of restoring confidence to achieve an atmosphere of cooperation which is vital to our task.

The countries of Asia have just emerged from a long period of foreign domination, and

it must be said to the praise of contemporary statesmanship of the Western world that they have shown great wisdom and a profound appreciation of the realities of our times insofar as they have recognized and given effect to their recognition of the need for the political emancipation of subject nations.

As is only natural there is a tremendous upsurge of nationalism in the countries of the Middle East and Asia. We should be failing in our duty if this fact was not recognized and I would appeal to the statesmen of the more developed countries to recognize this fact and help the cause of peace and welfare of mankind by giving due weight and consideration to the emotions and patriotic sentiment of peoples who have recently achieved independence. Much has been achieved over the last decade and more to allay fear and suspicion on the part of these peoples, but much more remains to be done to build confidence among these nations and establish a sense of security of that sovereign dignity. I would, therefore, request the distinguished delegates to bear this background in mind while considering the proposals which I have the honor to make.

Egyptian Voice Held Essential

We must start with the unqualified acceptance of negotiation with Egypt. There should be no question whatsoever of any imposition of the will of this conference on the Egyptian Government.

My Government joined this conference on that assurance and on this basic understanding. I have made it clear that we will participate only if a negotiated and peaceful solution is the aim. In reaching a solution the rights of all the parties will have to be insured.

I am happy to say that Mr. [Secretary of State] Dulles has emphasized the need for the rejection of any idea of imposing settlement on Egypt. My delegation would like to associate itself with this rejection and to repeat that the utmost importance should be attached to the agreement of Egypt to any proposal that this conference might adopt.

We have considered very carefully the various proposals that have been placed before this conference and have come to the conclusion that there is considerable unanimity in the matter of essentials.

The main conflict seemed to center round the composition and authority of the body which shall be responsible for the working of the canal as an international highway and in the interests of the maritime nations are to be associated with that body the question arises how to do so. It is

agreed by all that user interests should be somehow associated in the body set up for the management of the Suez Canal.

I quote the proposal of the Indian delegate, "that consideration be given without prejudice to Egyptian ownership and operation to the association of international user interests with "The Egyptian Corporation for the Suez Canal."

I would also like to quote from the proposals of Mr. Dulles:

"There should be established by the convention: institutional arrangements for cooperation between Egypt and other interested nations in the operation, maintenance and development of the canal."

I would submit for the consideration of this conference that there is no real difference between the proposals of the delegates of the United States, India and ours. Mr. [V. K.] Krishna Menon's proposals have visualized the setting up of a consultative body in addition to "association of international user interests with the Egyptian corporation for the Suez Canal."

It is the opinion of my delegation that the association of user interests in the body set up for the management would be the best solution, as it would insure the restoration of confidence among maritime users of the canal and would have none of the fundamental disadvantages of a system of dual management. The setting up of two separate bodies would inevitably complicate matters by giving rise to friction and discord which would be ruinous to the smooth functioning of the entire machinery.

In view of the fact that acceptance by Egypt would be the cornerstone of any ultimate settlement, I would request the conference to consider the admirable proposals of Mr. Dulles as a basis for negotiations with Egypt for the purpose of obtaining the fullest cooperation of Egypt by securing its sovereign rights and interests.

Statement by Mr. Dulles

Mr. Chairman, it would perhaps assist the orderly progress of our meeting if, at this time, I should try to answer the question which was put to me by implication, at least, by all of the four who have spoken and expressly by the honorable delegate of Pakistan. Namely, whether the United States delegation accepts the amendments to the United States proposals which have been now proposed by the delegations of Ethiopia, Iran, Pakistan, and Turkey.

I have carefully considered these amendments and the explanation of them which has

been given. As was pointed out, one of the changes relates to the settlement with the Suez Canal Company. In the United States proposal this was incorporated in Paragraph 2, which set out certain basic principles. This is now referred to in the preamble as being something to be covered by the final settlement but not made one of the basic principles. I think that that is a sound change to make.

Paragraph 2 of the United States proposal dealt in the main with certain basic and permanent principles, whereas this question of the compensation to the Suez Canal Company is a transitory operation and not a permanent principle. Therefore, I believe that the drafters of the amendment have wisely proposed to eliminate it from Article 2.

Now, I do not understand that by doing so that would exclude this as a feature of the final settlement. On the contrary, it is specified it would be an aspect of the final settlement.

Basis for Payment Offered

I assume it would also be a matter of concern to the Suez Canal board because it is a condition precedent to the entire settlement or a part of the final settlement, and also for the practical reason that the compensation would, in fact, have to be paid at least in part out of the future revenue from the canal because it would be unlikely that Egypt would care to assume that as a lump-sum settlement of its own.

The other changes are primarily designed to express more perfectly the principal in spirit which the United States delegation tried to put into this paper, namely, that it was in every respect something which would be consistent with, and an expression of, the complete sovereignty of Egypt.

I am very glad that some of the other delegations, particularly those who have proposed this amendment, have found ways in which they feel that thought can be more fully and more perfectly expressed. I think it needless to say that any improvement of drafting in that respect is not only acceptable to the United States delegation, but it is wholeheartedly welcomed by the United States delegation.

Therefore, Mr. chairman, and fellow delegates, I am prepared to state that the delegation of the United States accepts the proposal of the delegations of Ethiopia, Iran, Pakistan and Turkey as circulated. Perhaps our combined proposals could be known as the five-nations proposal, and that before we are through, it will be known as the twenty-two-nation proposal.

U. S. and Indian Suez Proposals and Remarks by Dulles and Krishna Menon

LONDON, Aug. 19—Following are the texts of the statement of Secretary of State Dulles to the Suez Canal conference and of the United States draft proposal for a settlement; excerpts from a statement by V. K. Krishna Menon of India and the text of the Indian proposal:

Statement by Dulles

Now that we have finished what can be called the "general debate," the question naturally arises: "What do we do next?"

The answer to that question derives in large part from the nature of this conference.

There are some things that this conference is not. It is not a conference to take decisions binding those who do not agree. Our effectiveness grows as we show agreement, and surely we should seek that. But no majority, however large, can bind a minority, however small.

This is not a conference to negotiate with Egypt, for Egypt is not here. If Egypt had accepted the invitation to attend, then the conference might have assumed a different aspect. But since Egypt saw fit to remain away, that automatically prevents this conference, as now constituted, from being a negotiation with Egypt.

This is not a conference through which to deliver any kind of ultimatum to Egypt. None of us would, for a moment, entertain that purpose.

What we are here to do is, it seems to me, to arrive at the greatest possible consensus as to what will best enable the Suez Canal to serve dependably its intended purpose of promoting the free and secure exchange of products between the countries of the world and, above all, to be a secure link between Asia and Europe.

Closing of Canal Opposed

That link must not be severed. We owe it to the world, and to ourselves, to express a sober opinion on that matter.

I suggest that any expression of our views ought not to be based on speculation as to what the Government of Egypt will or will not agree to.

Rather we should seek in all honesty to express an opinion as to what are the measures which will establish confidence for the future, while at the same time giving full recognition to the sovereign rights of Egypt.

So far as the United States is concerned, the opinion we express is based on our judgment of facts.

If the United States Government should, as a matter of foreign policy, think it expedient not to seek any new safeguarding measures, that political decision would not, in fact, insure that our private citizens would make their future plans for shipping or for developing markets for their products or sources of supply, on the assumption that transit through the canal would be available on reasonable terms and with dependability.

No doubt other governments are similarly situated.

It is the view of the United States Government that our task here is to try to state as clearly and with the greatest unanimity possible the actual conditions which will in fact give economic security to the millions of people whose economic effort is consciously or unconsciously affected by the reliability of passage through the Suez Canal.

Dulles Fears Disservice

A political decision which asked for less than was required for these purposes would be misleading and do a disservice to the cause upon which we are engaged.

To ask for more would equally be a wrong and a disservice to the cause in which we are engaged.

The views expressed here, as finally reduced to simple terms, should then be communicated to the Government of Egypt so that it can decide what it wishes to do in the light thereof.

If Egypt finds these views generally acceptable as a basis for negotiating a treaty or convention, then there would be the task of drawing up a treaty between Egypt and the subscribers to these views.

If, on the other hand, Egypt is not willing to proceed on a basis which seems indispensable to the countries which largely use and depend upon the canal, then, it seems to me, that will present a new situation to be considered by our governments at that time.

There might or might not in that event be further concerted decisions as between all or some of the participants in this conference.

That would be something to be determined by the governments in the light of the circumstances.

It is from this standpoint that the United States delegation has prepared and circulated a paper which sets forth certain views as to how the future operation of the Suez Canal can be put upon a

secure basis. This paper takes account of expressions of opinion which have been given in this conference.

Safeguards Are Stressed

The large majority of those who have spoken here, representing the nations which are by far the most dependent upon, and the greatest users of, the canal, seem to feel that safeguards of the kind suggested by this paper are those which are required to give the assurances that are needed if they and their nationals are to be able to count dependably upon transit through the canal.

If there can be substantial agreement on the part of all or most of us with a statement such as this, it will, I think, contribute greatly to a peaceful solution of the present grave problem.

I believe that Egypt ought

to know what are the considered and common views of those nations which, in reliance upon the 1888 treaty and the system which has heretofore prevailed, have developed their economies and trade in dependence upon the canal as an international waterway.

There perhaps may not be complete unanimity upon this point, but, I believe, it is important to have the maximum possible degree of unanimity. If there are different views, these should also be stated and communicated to Egypt.

The United States paper constitutes an honest effort, in the light of observations that have been made at this conference, to set forth what, it seems, are judged by most of us to be the necessary requirements of the situation.

Economic Factors Noted

Just as I believe no one should for political reasons ask for more than is actually required by the hard facts of economic life, so I do not believe we should ask for less as a result of speculating as to what Egypt will accept.

There is here no disregard of Egypt's sovereignty. What is suggested is that Egypt should make a treaty. While every treaty involves a certain surrender of sovereignty, the execution of a treaty is in itself an exercise of the highest sovereignty.

What we are proposing is courteously to inform Egypt or certain facts and ask her whether or not she is prepared to enter into negotiations for a convention which will take account of those facts. If she will do this, then she is exer-

cising her sovereignty in a situation deeply impressed with an international interest.

By this course, we shall have discharged a duty which devolves upon us as parties to the treaty of 1888 or as important users of the Suez Canal.

We can hope that Egypt will regard, with an equal sense, its responsibilities and thus permit of that fair and constructive solution for which the whole world eagerly waits.

U. S. Draft Proposal

The Governments approving this statement, being participants in the London conference on the Suez Canal, concerned by the grave situation regarding the Suez Canal, seeking a peaceful solution in conformity with the purposes and principles of the United Nations and recognizing that an adequate solution must, on the one hand, respect the sovereign rights of Egypt, including its rights to just, fair compensation for the use of the canal, and, on the other hand, safeguard the Suez Canal as an international waterway in accordance with the Suez Canal Convention of Oct. 29, 1888, join in this expression of their views:

1

They affirm that, as stated in the preamble of the Convention of 1888, there should be established "a definite system destined to guarantee at all times, and for all the powers, the free use of the Suez Maritime Canal."

2

Such a system should assure:

A. Efficient and dependable operation, maintenance and development of the canal as a free, open and secure international waterway in accordance with the principles of the Convention of 1888.

B. Insulation of the operation of the canal from the influence of politics of any nation.

C. Respect for the sovereignty of Egypt.

D. A return to Egypt for the use of the Suez Canal which will be fair and equitable and increasing with enlargements of its capacity and greater use.

E. Payment to the Universal Suez Canal Company of such sums as may be found its due by way of fair compensation.

F. Canal tolls as low as is consistent with the foregoing requirements, and except for D above, no profit.

To achieve these results on a permanent and reliable basis there should be established by convention:

A. Institutional arrangements for cooperation between Egypt and other interested nations in the operation, maintenance and development of the canal and for harmonizing and safeguarding their respective interests in the canal.

To this end, operating, maintaining and developing the canal and enlarging it so as to increase the volume of traffic in the interests of world trade and of Egypt, would be the responsibility of a Suez Canal board. Egypt would grant this board all rights and facilities appropriate to its functioning as here outlined.

The members of the board, in addition to Egypt, would be other states chosen in a manner to be agreed upon from among the states parties to the convention, with due regard to use, pattern of trade and geographical distribution; the composition of the board to be such as to assure that its responsibilities would be discharged solely with the view to achieving the best possible operating results without political motivation in favor of, or in prejudice against, any user of the canal.

The board would make periodic reports to the United Nations.

B. An arbitral commission to settle any disputes as to the equitable return to Egypt of fair compensation to the Universal Suez Canal Company or other matters arising in the operation of the canal.

C. Effective sanctions for any violation of the convention by any party to it, or any other nation, including provisions for treating any use or threat of force to interfere with the use or operation of the canal as a threat to the peace and a violation of the purposes and principles of the United Nations Charter.

D. Provisions for appropriate association with the United Nations and for review as may be necessary.

Remarks by Krishna Menon

So far as our own country is concerned, the Suez Canal is as much what is called a lifeline in the economic and social sense as that of the more advanced and industrialized countries of the West. Nearly 76 per cent or so of our imports and just under 70 per cent of our exports go through this canal. We will not approach this problem from an academic or legalistic sense, but with a full sense of the reality of its impact upon countries all over the world, particularly the countries of Asia.

We are also deeply moved and very much influenced by the fact that it is not only the interest of our country in obtaining the sustenance that is required for carrying on our trade and commerce and our economic life, but also that, in the present critical situation that has arisen, the alternatives to a peaceful approach to a settlement are very grim indeed.

It is this that weighs upon our mind, and should weigh upon our mind, in the consideration of this problem. Therefore, while the legal arguments, the constitutional arguments, the researches from history and various other factors can be adduced in support of one view or another, they all fade into insignificance in the consideration of what is the best way, the best possible way, of making this conference the first step in the progress toward a peaceful settlement.

Serious Consequences Feared

My Government is particularly concerned to point out that any failure for us to resolve this problem peacefully would have consequences which would go far beyond Egypt or far beyond any of the countries concerned and, in the present state of the world, where no problem can be isolated from the context of international events and international relations generally, those consequences deserve our very serious consideration.

We have in this room heard so many times from different quarters reference to the Suez Canal Company as an international organization. We have heard it referred to as though it were responsible for all that was connected with the Suez Canal in the way of its use by the world community.

I would like to say that the actual factual position of the Suez Canal Company is that it is a concessionaire from the Egyptian Government. Its status, legal, factual or otherwise, is derived from the concession granted by Egypt in the exercise of such sovereign rights as existed at that time and have been inherited by others. It is a concessionaire, and it has no rights to any property or anything else apart from what flows from that concession.

Secondly, it is necessary to bear in mind always that the Suez Canal Company cannot be identified with the Suez Canal. The Suez Canal Company is only the agency that operates it.

It is necessary to state that this waterway, which connects through great oceans and carries along it a very considerable volume of the world's traffic, has an international character. In fact if it had

no international character there would have been no necessity for the convention of 1888.

Authority of State Stressed

Now the place of the company in the whole of the Suez Canal problem is that of operating the service and carrying out those things which they agreed to when they took over the concession, which incidentally they have not carried out to a certain extent even today. They were always under the protection of the state, whether that state was a province of the Ottoman Empire or later an independent Egyptian state — that is to say that the state that had authority in Egypt was responsible for enabling the Suez Canal Company to function.

The company also was founded under Egyptian law and it is so set out in the charter, with this difference that as between the non-Egyptian partners in the corporation if any dispute arose that would be decided by the French law. But so far as the position of the company in Egypt is concerned, it has always been under Egyptian law.

It has been so held and I think the United Kingdom Government has in its submissions before the Mixed Courts of Appeal at various times insisted on the Egyptian character of the Suez Canal Company. There are, however, rights which vest in the participants to the convention of 1888.

Therefore, the question of nationalization in the view of my Government, was quite within the competence of the Egyptian Government. But I think my Government would like it to be stated that there is in the manner that the nationalization was carried out features which have led to the present gravity of the situation.

We would have liked to have seen the nationalization carried out in the normal method of international expropriation where there is adequate notice and the way of taking over is less dramatic and does not lead to these consequences. But the fact that the manner of nationalization is vitiated by this does not alter the rights of the Egyptian Government to nationalize the company.

In any case, the interests of the shareholders of the company, or even of any financial and other interests of any other party in any country, should not merely be the cause for an international crisis of this kind.

But to look at this thing in this way is perhaps superficial and legalistic. The real question here is this that the change that has come about in the ownership of the canal has

created in the minds of some of its users all over the world apprehensions and a feeling that all may not be well and new arrangements are required. Whether that is true or not, whether that is defensible or not, is what we have to consider.

We have inevitably mixed up too many matters which have nothing to do with the Suez Canal Company. Now those matters are the main problems to which we have to address ourselves. Now if we look at the documents in this case we find that there is reference to the Suez Canal Company in the convention of 1888, but the convention of 1888 also says that it has to survive independently of the Suez Canal Company. So even if the Suez Canal Company goes out of existence, as it would have done in 1968, still the obligations arising from the convention would continue.

Indian Cites Problems

Therefore, the problems we are now concerned with are not altogether within the competence of the Suez Canal Company. So unless we get this matter right it will not be possible for us to make an approach to this problem where peaceful steps can be taken for negotiations and settlement. Now what are these problems.

The first of these is freedom of navigation. Freedom of navigation is guaranteed by the convention of 1888. Without disrespect to anybody, it may be pointed out that the convention itself was the result at that time to limit the unfettered rights of one nation to have too much to do with the canal.

So the freedom of navigation is one of those problems that confront us, and my Government yields to none in considering that the freedom of navigation in terms of the convention of 1888 and subsequent documents in conformity with international law and usage must always be maintained. But that freedom of navigation is not sustained by the progress of the Universal Suez Canal Company nor is it one of the obligations that the company had toward the world.

The second is the question of security. That is the security of ships passing through the canal, the corollary problem to the freedom of navigation. Now it is obvious that this problem can only be dealt with by cooperation and by the assistance indeed by the authority of the Egyptian state.

Egypt's Obligations Noted

Freedom of navigation is an obligation which the Egyptian Government has to undertake in pursuance of the Conven-

tion and international law and we should, in our consideration of the problem, see whether any reaffirmation of this obligation is necessary and what can be done about it.

It has often been said that, in spite of the freedom-of-navigation clauses, there has been obstruction of navigation in one instance. I do not intend to quote the instance because it has emotional contexts. The contention of the Egyptian Government is that the obstruction to navigation of passage to a particular nationality is consistent with the provisions of the charter because it is bound up with the security of Egypt.

My Government does not seek to pronounce on it but, if there is a controversy on the interpretation of the charter and a willful violation of it, then the right procedure is for the aggrieved party to go to the World Court [the International Court of Justice in The Hague, the Netherlands] and I would be the first to say that if the World Court verdict were against the Egyptian Government then they ought to abide by it. I think that, in any negotiations that go on, Egypt should be asked to accept the presence of the World Court in regard to any cases of that kind.

The third of the problems that faces us is the question of the tolls and charges in connection with the Suez Canal.

When the Egyptian Government nationalized it—the Suez Canal Company—they made statements which have created alarm: that is to say, requiring funds for the building of irrigation projects in their country and, certain circumstances having occurred rightly or wrongly, they proclaimed that they would nationalize the Suez Canal and make it Egyptian Government property and give priority to finance these irrigation projects.

Now our understanding of this problem is that any use of canal funds for the national purpose of Egypt would be confined to the legitimate profits that come from the canal.

Now our understanding—and we cannot speak for the Egyptian Government, we can only convey to this conference what is our understanding and what is the present position in regard to this—is that the use of canal funds or the income derived from the canal for the internal prosperity of Egypt stands in the same class as do profits derived by the former directors.

That is to say, what is derivable from it as profits would be used for that purpose and the Egyptian Government—its calculations—may be

wrong—some people think they are wrong—considers those profits would enable them to make up certain deficiencies. But it has never been argued, however, that the total capital fund required for these irrigation projects would be met out of this.

Now this may be regarded as an internal matter inside Egypt. I find it is this fear that the canal would be used for some exclusively national

purpose that is part of the trouble in this case.

Therefore, we would have to consider that in the desire to find more funds for internal purposes there is no mulcting of the international community. That is to say that the tolls and charges are not put up in such a way to make it impossible for traffic to flow through it economically. I think it has got to be taken into account that if the Egyptian Government, who now owns the canal operation, wants to make a profit the only way it can do it is to run it on an economic basis.

For example, if the oil users of the world were to find the pipelines more profitable, then they would be indulging in quite a suicide in trying to put these tolls up higher than now. Our understanding again is that there is no desire to do this.

Discrimination Issue Raised

The next problem is the discrimination against employees of the company. It should be possible to write into the international agreement that there ought to be no discrimination of that kind in regard to employees of non-Egyptian origin who are now in the service of the company. This, again, is not a problem, in spite of the national feeling, that is not amenable to negotiation.

The next problem is the question of the efficiency of operation. This efficiency of operation depends on the maintenance of the canal or piloting the ships through them and the question of improvement. A great deal has been said in regard to this and I have heard said, in this room and elsewhere, that Egypt with her economy, with her small population, and with her comparatively small resources would not be able to undertake the vast developments that are necessary.

This may be an alarming piece of information, but when we examine this problem closely the development of the Suez Canal has been planned in a series of programs. Now they have completed the seventh program begun two years ago. They are now in the eighth program and after the eighth is the ninth program.

For all that, they have got the amount of money that is required. Capital would be available from the canal revenue itself.

The canal company's concession would have come to an end in 1968. Therefore, apart from the manner in which the nationalization was effected and the consequences of it and the crisis atmosphere which it has created, it would appear that the act of nationalization has become antedated by those twelve years.

Now it was very well known to all the countries of the world these concessions would not be renewed. The concession was due to expire in 1968 and, in that case, the function of the company in regard to the administration of the canal would be taken over by Egypt.

It is important for us to realize that not only the present Government of Egypt, but no Egyptian Government, has been willing to extend this concession. The Egyptian Government refused to entertain the proposal to extend the concession in 1910, and the Egyptian Parliament unanimously voted down a proposal, and, more recently, the Egyptian Government and its predecessors have turned down a proposal for the extension of the concession. What is more, the fact was known to the canal company.

All these problems we are now speaking about, about freedom of navigation and the neglect of the canal conditions, and so on, would have come about, if they are likely to come about, in 1968 instead of now. What has happened is the antedating of this position.

The internationalization that is proposed is not of the Suez Canal, it is not of the land around it or of an Egyptian territory, it is merely of the company, that is to say, the Egyptian Government has put, in place of the old Egyptian Canal Company, the new Egyptian Corporation for the Suez Canal.

It is proposed that an international corporation or unit should take its place. The effect of that is to repeal the Act of Nationalization; not to repeal it in the sense of replacing what was before, but to substitute an international body. Let us assume that this was done; would that help to resolve the problems we have in mind?

Would the new corporation be in any better position than the canal company to guarantee freedom of navigation, unless the Egyptian Government and the other parties in the world concerned were willing to carry out the provisions of the Convention of 1888? The point I am trying to make is

that freedom of navigation has nothing to do, or very little to do, with the composition or character of the Suez Canal Company.

The Suez Canal Company did not guarantee freedom of navigation. In fact, when the Suez Canal Company was in ownership, and what is more, when the British troops were in occupation of the Suez Canal, it was at that time that freedom of navigation was obstructed.

I am not saying they were responsible for it, but what I am saying is this; that the only party, the only agent, that can guarantee freedom of navigation is the party which is in control of the Government of Egypt; that either means that the existing Government of Egypt must guarantee and carry out the guarantee of freedom of navigation or other steps taken must include the establishment of control over that government; that is to say, it is only the political and governmental power in Egypt that can guarantee freedom of navigation.

Question of Tolls Discussed

The same applies to the question of security. It is in the experience of the great nations that security of foreign property or even municipal property of any country is largely dependent upon the cooperation of the authorities and the public opinion in the country concerned.

The second of these problems was the question of tolls. We do not think there is any difficulty in trying to work this question of tolls by agreement and fixing the maximum that can be collected; and in fact until now the tolls have not exceeded that maximum.

The third problem is with regard to the maintenance, and my Government would say that this question of maintenance and the improvement of the canal cannot be considered in the abstract.

It is quite true that if an unlimited amount of money were available there could be two or three canals and a great deal of improvement could be carried out; but obligations in this matter are in the program set out by the Suez Canal Company. That is the minimum and the minimum also should be the responsibility of the Egyptian Government, who has taken over the canal company.

I have no doubt that in any review or revision of the charter, the Egyptian Government would undertake that obligation because it can be paid for from the revenues of the canal, and the plans are there and it is part of the normal process of working of the corporation.

Another remedy that is suggested is that the whole of this canal organization, both the operational organization and everything concerned in it should in some way come under the United Nations. I have not seen anything in the Charter that enables the United Nations on its own initiative to go and impose itself or to find itself in a position of authority. If the United Nations or anything else—all of us, from whatever country—has to come into this business, the initiative has to come from the Egyptians.

1888 Accord Review Urged

In our view what is required is a re-examination of the Convention of 1888. Included in that convention in very specific form are assurances in regard to these problems. They already exist in their clauses, and particularly in regard to the maintenance and conditions of the canal, the tolls and so on.

That should have the character of a solemn obligation, the convention being registered with the United Nations, and any breach of that would invite one of the appropriate sections of the article of the United Nations, that is to say, if it is a breach then that breach would invite the appropriate section of the Charter.

In the view of My Government any attempt to introduce other methods of observing treaties would not only be unacceptable to many countries, including Egypt, but apart from that it would be disregarding the law of the Charter.

That is to say, we have made progress toward some sort of world obligation in this matter. Egypt is a member of the United Nations bound by the provisions of the Charter and with this treaty, as a treaty that is of this character, with the United Nations, then the violation of it would become a major matter and insurement in this case is at the treaty level.

Now, the question is to what extent can the interest of the users make an impact upon its administration? That, I think, is very largely a matter of negotiation.

Our interest in this canal is not a political one. It is a user interest, and that user interest can best be served by negotiation, by trying to make the interest a mutual one, by persuasion, by making Egypt a party to a solemn agreement which comes under the obligations of international law of the Charter of the United Nations.

Indian Proposal

Realizing that it is imperative that a peaceful and speedy solution to the situation concerning the Suez Canal in accordance with the principles and the Charter of the United Nations must be found and the way for negotiations opened without delay on the basis of:

1. The recognition of the sovereign rights of Egypt;
2. The recognition of the Suez Canal as an integral part of Egypt and as a waterway of international importance;
3. Free and uninterrupted navigation for all nations in accordance with the Convention of Constantinople of 1888;
4. The tolls and charges being just and equitable, and the facilities of the canal being available to all nations without discrimination;
5. The canal being maintained at all times in proper condition and in accordance with modern technical requirements relating to navigation; and
6. The interests of the users of the canal receiving due recognition.

Recalling that the Convention of 1888 sets out as its purpose the establishment of a "definite regime destined to guarantee at all times and for all the powers the free use of the Suez Maritime Canal."

Taking note that Egypt has declared, even as late as July 31, 1956, that she is determined to honor all her international obligations and both the Convention of 1888 and the assurances concerning it given in the Anglo-Egyptian agreement of 1954.

[The Indian delegation] make the following proposals in the belief that they will provide the basis for negotiations for a peaceful settlement:

PROPOSALS

I. That the Constantinople Convention of 1888 be reviewed to reaffirm its principles and to make such revisions as are necessary today and, more particularly, incorporating provisions in regard to just and equitable tolls and charges and the maintenance of the canal as set out in 4 and 5 above.

II. That all steps, not excluding a conference of the representatives of the signatories of the 1888 Convention and all user nations of the canal, for the above (I.) be considered.

III. That consideration be given, without prejudice to Egyptian ownership and operation, to the association of in-

ternational user interests with "the Egyptian Corporation for the Suez Canal."

IV. A consultative body of user interests be formed on the basis of geographical representation and interests charged with advisory, consultative and liaison functions.

V. That the Government of Egypt transmit to the United Nations the annual report of "The Egyptian Corporation for the Suez Canal."

**PASSAGE GRANTED
TO ISRAEL SHIPS**

CARGOES FOR E. AFRICA

FROM OUR CORRESPONDENT

JERUSALEM (ISRAEL SIDE), AUG. 7

It is learnt to-day that two freighters, one Greek and one Dutch, chartered by the Israel Navigation Company, have been permitted to pass through the Suez Canal with cargoes of cement for unloading at East African ports.

Their papers showed the port of loading and departure as Haifa. The canal dues were paid in cash and the freighters were allowed to pass without hindrance. There has been some talk here during the past few days of a more conciliatory tone in Egyptian radio and other references to Israel.

Although the two Israel ships reported to-day as having passed through the canal to East Africa are not the first ships chartered by Israel to be allowed through, it has been suggested that Egypt may now be willing to ease its general restrictions on Israel shipping and cargoes seeking passage through the canal. Apart from any tactical move which the Egyptian Government may think useful at this moment, it is understood that Mr. Hammarskjöld, the United Nations Secretary-General, during his talks in Cairo last month urged a relaxation in the Egyptian blockade of Israel.

The London Times
Aug. 8, 1956