

## THE SUEZ CANAL ISSUE

*Speech by the Prime Minister of Australia in the House of Representatives  
at Canberra on 25 September 1956*

It is essential, if we are to form valid judgements on the Suez Canal issues, to begin by getting our facts right. I therefore propose to begin with the facts.

The Suez Canal was not built by Egypt. It was, as I have said elsewhere, 'the product of the bold vision and engineering genius of a Frenchman, de Lesseps, and the financial resources of a Company whose shareholding was international'.

The then government of Egypt (the Khedive) granted to the Company a concession not due to expire until 1968. This concession meant the construction of a Canal which had for centuries been merely dreamed about. So far from subtracting from Egypt, it made Egypt in an international sense, for it put her on one of the great cross-roads of the world.

In 1888, a Convention was entered into between the United Kingdom, Germany, Austria-Hungary, Spain, France, Italy, The Netherlands, Russia, and Turkey (under whose authority the Khedive of Egypt had granted the concession), under which the 'free use of the Suez Maritime Canal' was guaranteed. The purpose of the Convention was 'to establish, by a conventional act, a *definite system* destined to guarantee *at all times*, and for *all the Powers*, the free use of the Suez Maritime Canal, and thus to complete the system under which the navigation of this canal has been placed by the firman of His Imperial Majesty the Sultan, dated the 22<sup>nd</sup> February, 1866, and sanctioning the concessions of His Highness the Khedive'.

Nothing could be clearer. As the firman of 1866 had established the Canal Company's concession, that concession was expressly recognized and, as it were, incorporated in the terms of the 1888 Convention. It is an abuse of language to describe the Company, merely because it was technically resident in Egypt, as anything other than an international entity, with rights recognized by an international treaty.

It became, and is, a vital element in much of the world's trade, including the great bulk of our own. Peaceful and unimpeded traffic along its water is, in great measure, the condition of industrial prosperity and employment in Western Europe, half of whose total oil supplies pass through the Canal. Its business is expanding. Tanker traffic alone will double and treble in a few years' time. East of Suez there are hundreds of millions of people for whose goods, bought or sold, the Suez Canal offers the shortest and cheapest route.

The Canal Company did, and continued to do, its work. Until the Israel-Egypt question of 1951, and since, there were no politics in the Canal. It was not the instrument of any domestic politics; it was, in the strict sense, a free and open international waterway, upon the continuance and freedom of which the trade and economy of scores of independent nations came increasingly to depend. Indeed, in a broadcast made as far back as 17 November 1954, the Egyptian President, Colonel Nasser, said that there remained fourteen years until the end of the Canal Company's concession. He said that good relations existed between the Company and the Egyptian Government, which had, he said, full confidence in the attitude of the Company.

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Egypt had no grievance against the Company's administration. It is another remarkable fact, too little known or remembered, that on 10 June *of this year*, the continuing validity of the Concession was again recognized by the present Government of Egypt. On that day that Government approved an agreement under which the Company was to invest in Egypt an amount exceeding £21 m. - £10 m. by the end of 1956, £3 m. by the end of 1957, £2 m. by the end of 1958, instalments to be increased annually thereafter until the end of 1963. The whole agreement recognized that the Company's concession ran until 1968.

This is a most significant fact. The Company was actually encouraged to continue to lay out vast sums in Egypt. Seven weeks later, the Company was, assuming the legal validity of Colonel Nasser's action, destroyed.

On 26 July, Colonel Nasser, stung by the refusal an American loan for the High Dam, purported by a so-called Nationalization Decree, to terminate the concession and appropriate the assets of the Company. In express terms, he made it clear that the Canal was being taken over so that financially, it should serve the special needs and interests of Egypt. While he paid lip service to the 1888 Convention, the terms of which he had, in the judgment of the United Nations, glaringly broken in the case of Israel, he made it plain, though in rhetorical terms, that in future the Canal was to be an instrument of Egyptian politics and the servant of Egypt's financial needs. This position he reasserted in our Cairo discussions.

This high-handed and, as I believe, illegal action, produced a world crisis. The whole future of the Canal was, and is, at stake. It was, of course, at once said by some people who, quaintly enough, regarded the problem as a purely academic one, that Egypt, as a sovereign power, had the right to 'nationalize' an Egyptian enterprise and company, and that therefore there was nothing to argue about. Such people ignored, and ignore, the two salient operative facts.

First, for the historical reasons to which I have referred, the concession had an international character, recognized by an international Convention. It could not, therefore, be regarded as a merely domestic enterprise, under the sole control of the Egyptian Government.

Second, what Egypt did was to repudiate this contractual concession twelve years before its due date, without consultation and without agreement. If such a repudiation is not a breach of International Law, then there is no International Law.

From the point of view of the canal-using nations, there were great and urgent issues at once created by Colonel Nasser's act of repudiation and confiscation.

1. Such a grave breach of International Law, if overlooked or condoned, would encourage further acts of lawlessness, bringing immense damage to the whole economy of the free world.
2. It would be folly to regard the Canal seizure as a single act, to be dealt with in isolation. As an isolated act, it would, in all truth, be dramatic and crucial enough. But Colonel Nasser, acting in a similar fashion to other dictators before him, has made no secret of his particular ambition to be the acknowledged head of the Arab world, to encourage confiscations of outside investments and installations, to humiliate and drive out the foreigner. The Canal seizure is, in plain English, the first shot in a

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campaign calculated, unless it is promptly and successfully resisted, to make the peoples and economies of Great Britain and Western Europe dependent, literally from week to week, on one man's whim. In the literal sense, the Suez Canal issue is, for millions, one of survival.

3. As Colonel Nasser's 'acquisition' of the Suez Canal Company was achieved by the repudiation of a long-standing contract, it was clear that Egypt's credit in the world would be so weakened that she could not obtain or spend the many scores or possibly hundreds of millions needed for the much-needed expansion of the Canal. The Canal would, therefore, become more and more inadequate to cope with rapidly increasing traffic, which would accordingly need to follow longer and less economic routes.
4. Colonel Nasser had, at his very first announcement, made it clear that the Suez Canal was in future to be the political instrument of Egypt, losing its specially impressed international and non-political quality.

This meant that, without any formal violation of the 1888 Convention, to which Colonel Nasser professes to adhere, the interests of the Canal and of its users could be completely subordinated to the financial needs of Egypt. Thus (as I repeatedly pointed out to Colonel Nasser in the Cairo talks) Egypt could, as the sole Canal authority and under pressure from her own Treasury, raise the Canal dues to the highest point consistent with not actually driving the traffic away. In other words, the Canal dues, instead of being as light as possible, in the interests of international trade, would become as heavy as possible, in the interests of Egypt's domestic finance.

Again, the Canal has already almost reached traffic saturation point. Over the next comparatively few years vast sums will need to be raised and laid out on duplication, or widening and deepening, or the construction of more by-passes. Without this kind of thing, the inadequacy of the Canal will become an economic disaster for many trading nations and their people. With these improvements and an expanded capacity, Canal dues might reasonably be expected to fall. But if Egypt's internal financial position is to be the determining factor, then current earnings which should be used in part for expansion may well be drawn off into the general revenues of Egypt.

These are but a few of the grave and critical implications of Colonel Nasser's action. It is small wonder that the reaction in the world was so sharp, and that twenty two nations came to the London Conference with such anxiety about the future.

The reaction of the government of the United Kingdom was both prompt and vigorous. It denounced Colonel Nasser's action. It concerted measures with both the United States and France for the calling of a world conference of interested nations - including Egypt herself. It put into train military measures of mobilization and preparation.

In these steps, as I would like to remind the House, the United Kingdom Government secured, in Parliament, the swift support of all parties. The philosophic doubts which have since assailed some minds were not present in the House of Commons on 2 August, when a debate occurred which deserves to be remembered.

The Prime Minister, Sir Anthony Eden, said, *inter alia*:

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I think it is true to say that the cause for the anger and alarm felt, not only here but among the Governments and people of the democratic world, at the action of the Egyptian Government, is due to the special character of the Canal. It is right, therefore, that the House should be reminded of some aspects of this.

As the world is today, and 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 seventy million tons of oil passed through the Canal, representing about half the oil supplies of Western Europe. 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."

The Prime Minister later referred to Colonel Nasser's broadcast of 17 November 1954, and to the agreement of June 1956, of which I have already made mention.

When he came to the matter of military measures, the Prime Minister said:

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 regime with which we have to deal, and I think that the action of the Egyptian Government in compelling the Canal Company employees to remain at their posts under threat of imprisonment is certainly, to say the least, a violation of human rights.

In these circumstances, and in view of the uncertain situation created by the actions of the Egyptian Government, Her Majesty's Government have thought it necessary - and I wanted to take this first opportunity to tell the House - to take certain precautionary measures of a military nature. Their object is to strengthen our position in the Eastern Mediterranean and our ability to deal with any situation that may arise.

That the matter was no partisan affair was clearly shown when Mr Gaitskell spoke for the Opposition. Having stated his own view that the act of nationalization in itself was not wrong, Mr Gaitskell went on to state three powerful objections to what had been done. First, he said the Company was not an ordinary one conducting ordinary activities. It was a company controlling an international waterway of immense importance to the whole of the rest of the world. It was, therefore, bound to be a matter of international concern when it changed hands. He went on:

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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.

Mr Gaitskell proceeded:

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.

Mr Gaitskell continued:

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 . . .

The fact is that this episode must be recognized as part of the struggle for the mastery of the Middle East. That is something which I do not feel that we can ignore.

Mr Gaitskell showed a realistic approach to the matter when he said:

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.

When it came to the military measures which have been so much criticized since, he said:

I do not myself object to the precautionary steps announced by the Prime Minister today: I think that any Government would have to do that, as we had to do it during the Persian crisis.

Mr Herbert Morrison, whose standing is so well known, made a remarkable speech. He said that

no country unilaterally should do something which is calculated to upset the interests of the wider world and unilaterally upset the international applectart.

In one sentence he cut through all the alleged legal arguments when he said of Colonel Nasser:

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He is a person to be condemned, because he has acted contrary to the law of nations, of international good faith and against the principle of an institution which, while it might be more internationally owned is, at any rate, internationally owned and held in trust for the common use of all the peoples of the world.

Having condemned the Government for what he described as 'an excessive policy of appeasement towards Egypt', Mr Morrison went on to deal with the question of force.

Having stated that he was in favour of taking the matter to the United Nations, so long as the United Nations would be expeditious and effective about it, he went on to say:

I say to the United Nations that if it wishes - as we would wish it - to become the great moral authority of the world and the great decisive instrument, it must stop dodging vital international issues. If our Government and France, and, if possible, the United States should come to the conclusion that in the circumstances the use of force would be justified, then I think that it is up to each honourable Member of this House to tell the Government whether we would support them or whether we would not. For my own part, in principle, if, after an elaborate and proper consideration the Government and our friends come to that conclusion, I think that in the circumstances of this particular case it might well be the duty of honourable Members, including myself, to say that we would give them support.

I think it fair to say that when honourable Members read these speeches, one made by a Prime Minister who has had an enormous experience in foreign affairs and whose name is honourably associated with the constitution of the United Nations, another by Mr Gaitskell, the new Leader of the Labour Party in Great Britain, and the third by Mr Herbert Morrison, a former Foreign Secretary and Minister, whose services will be long remembered and who is a veteran socialist in the Labour Movement, it can hardly be said that the United Kingdom's reaction was either ill-considered, partisan, or hysterical.

The facts were, of course, that the force had already been used by Egypt, with the threat of more to come. This aspect of the matter just cannot sensibly be overlooked.

The so-called Nationalization Decree of 26 July went into operation on that day with the arrival, at the Company's various premises and depots, of armed troops who proceeded incontinently to seize the premises and plant. Call this nationalization if you will. It is not our conception of nationalization. It was, in plain English, the acquisition of property, somebody else's property, by the use and threat of force. Moreover, there was a strange violence in the treatment of non-Egyptian pilots. These pilots owned no allegiance to any employer other than the Suez Canal Company. They were not chattels to be taken over by a new master, at will. Yet they were, by the terms of the 'nationalization' decree, compelled to serve in the employ of the new Egyptian authority, on penalty of imprisonment!

I will quote the precise words of the Canal Company Nationalization Law, referring to the new Egyptian Board.

ARTICLE 4. - Said board shall retain all the employees and workers of the nationalized company. They will continue performing their duties and none can leave

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his work or give it up in any manner or for any reason except with the permission of the Authority mentioned in Article 2.

ARTICLE 5. - Every contravention of Article 4 shall be punishable with imprisonment in addition to denying the person concerned any right to compensation, pension or end of service gratuity.

Is it to be wondered at that preparatory military measures were taken on *our* side of this argument?

Further, it is perhaps not adequately known that Egypt, under a military dictatorship, exhibits all the normal features of the Police State. The very pilots who have been foolishly criticized recently leaving as soon as they could, could tell a story - of houses searched, telephones tapped, bank accounts controlled, children ostracized, and personal search when going aboard ship. Having regard to the presence in Egypt, in these circumstances and conditions, of many thousands of British and French Citizens, the condemnation of military preparations by Great Britain and France sounds just a little unreal.

It was said by some that, when the crisis arose after Colonel Nasser's nationalization decree, the whole matter should have at once been taken to the United Nations. Strongly as we support the Charter, I cannot accept this view. The problem was urgent. The longer Colonel Nasser remained in possession of the field, the greater would be the temptation for people to say that we were dealing with an accomplished fact and that nothing could be done about it. It was essential that something should be done about it at once.

The nations principally concerned, therefore, decided that they would call a conference of those countries vitally interested in the Suez Canal in order that they might evolve fair and sensible proposals for a just settlement. Hence the London Conference.

All this was done, not in defiance of the Charter of the United Nations, but in performance of it. Article 33 of the Charter says:

1. The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice.

The whole atmosphere of the London Conference was excellent. It is quite wrong to claim that it decided either for or against the use of force. On the contrary, it did not discuss that matter at all. It devoted its energies to producing constructive proposals designed to seek 'a peaceful solution in conformity with the purposes and principles of the United Nations'.

These proposals, which were presented to and elaborately explained to Colonel Nasser by a Committee of which I had the honour to be chairman, are in the hands of honourable Members and I will not occupy time by repeating them in full.

But it is, I think, important to recall to the public mind that our principal proposal was that, in the language of the 1888 Convention, there should be '*a definite system* destined to guarantee

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at all times, and for all the Powers, the free use of the Suez Maritime Canal'. The eighteen nations went on to say:

- (a) that such a system should be established 'with due regard to the sovereign rights of Egypt';
- (b) that the system should assure the efficient and dependable operation, maintenance, and development of the Canal;
- (c) that the operation of the Canal should be 'insulated' from the influence of the politics of any nation;
- (d) that the return to Egypt, as the acknowledged owner or landlord of the Canal, should be fair and should increase as the capacity and use of the Canal grew; and that in fact there should be *no profits* taken out of the Canal except by Egypt;
- (e) that Canal dues should be as low as is consistent with what has already been stated.

These proposals were given clear substance by our major working proposition, which was that there should be installed by agreement with Egypt an operating authority, the tenant, in effect, of Egypt, constituted of members drawn from a variety of nations including Egypt herself but not subject to political direction. Such an authority would be set up, not under the law of any one country, but by the terms of an international convention, as in the well-known case of the International Bank for Reconstruction and Development. Being thus, on anybody's view, an international body not subject to nationalization, it would enjoy world-wide confidence. Being armed, under the proposed Convention, with extensive corporate and financial powers, it could readily borrow money for works of development; it could assure, *in practical terms*, the future freedom and efficiency of the Canal; there would be no profits for any shareholder except Egypt; and Egypt's asset would be at one and the same time made more valuable and more productive.

I sincerely believe, with the representatives of the other seventeen nations, that no fairer or more generous proposal ever emerged from a Conference, though that Conference was convened at a time when feelings ran high and the dangers of conceding a clear victory to Colonel Nasser were (as I hope they still are) so vividly understood.

Let me repeat that, while these proposals gave adequate protection to the interests of Canal users, and assured the future of the Canal as a non-political waterway, and provided financial guarantees for its maintenance and expansion, there were also enormous advantages to Egypt. These were summarized in my letter to Colonel Nasser of 7 September as follows:

- (a) Egypt's ownership of the Canal being recognized, it is to her great advantage to have the Canal maintained and improved and made more profitable as the years go on;
- (b) the future financial burdens involved in such maintenance and improvement would be carried and handled by the new body and therefore Egypt would in fact be relieved of them;
- (c) Egypt alone would draw profit from the Canal;
- (d) a just and fair method of compensating the shareholders of the Suez Canal Company would have to be agreed upon;
- (e) the dangerous tension now existing internationally would be relaxed on terms satisfactory to the user nations and entirely consistent with Egypt's proper dignity,

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independence, and ownership, and thus a world contribution would be made to the peaceful settlement of international problems.

I have no doubt whatever that what was put to Colonel Nasser represented a fair and indeed generous settlement. He rejected our proposals, not, as honourable Members will observe, by reasoned argument but by reference to what can only be described as slogans. He offered the view that the presence of any 'foreign body', as he would describe it, in the Canal was a derogation from Egyptian sovereignty. There were and are two complete answers to this claim. One was that we were not imposing something upon Egypt but inviting her willing agreement; an agreement which she would make in exercise of her sovereignty and not in derogation of it. The second was that Egypt's position as the landlord of the Canal being fully recognized, what we were seeking was to have a working tenant which would at one and the same time produce increasing returns for Egypt, and for Egypt only, while creating such international confidence in the conduct of the Canal as would enable the tenant itself to provide the necessary finance and engineering skill so that the Canal might become increasingly effective as an international waterway.

At the risk of some repetition, I think that I should clear up one important aspect of this matter. For various reasons, there seems to be an impression abroad that there was nothing intrinsically wrong with nationalization and that consequently the attack upon Colonel Nasser's action is misconceived. I have even heard it suggested that the London Conference approved of the legal validity of the nationalization of the Canal. This is not so.

The question of the validity of the nationalization decree is in essence one of law. The London Conference was not a judicial body, and therefore, did not attempt to make any judicial finding on this point. What it did in effect was to say, 'Let us work it out on the assumption that the nationalization is completed and that adequate provision is or will be made for compensating the shareholders. On this footing, let us evolve a series of proposals which we think both fair and acceptable.'

Colonel Nasser himself, in the course of our oral discussions, constantly reiterated that this Nationalization Decree was valid and that in consequence there was nothing to complain about. I therefore, while stating clearly that I for one thought his action illegal, found it necessary to tell him in direct terms that he was confusing two matters. One was the question of his power; the other was the question of the character and circumstances of its exercise. What he had actually done was to repudiate a concession which had twelve years to run. When he said, "How could anybody complain about that if it was within our power?" My reply, on behalf of the Committee, was that if his attitude was that merely because it was within his legal power he could repudiate a contract binding upon him, this is one blow destroyed the moral confidence that the world had in Egypt's contractual word.

His retort was that the concession would have expired in twelve years' time and that no doubt an 'uproar' would then have occurred. Our reply to this was that if he had not interfered with the concession the Company itself would no doubt have soon begun negotiations for a further concession; and if he had then said that he would not contemplate such a thing the user nations would have begun negotiations with him for some future organization for the Canal. But those negotiations would have been conducted in an atmosphere which was not one of crisis, and sensible and fair conclusions might well have been arrived at without the development of heated views on 'sovereignty' and 'collective colonialism'.

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The difference that emerged between legal validity and the justice and morality of the action taken is vital and cannot be sensibly overlooked in our consideration of this most vexing problem.

When our proposals were rejected, a new proposal was made for the formation of a 'Canal Users' Association' designed to protect the interests of the nations affected. The nature and form of that Association, to which I will return later, have been under discussion in the second London Conference. Is this inconsistent with the United Nations Charter? I think not. In fact, the plan for a Users' Association having been worked out and adopted, the matter is now going to the United Nations, for, we hope, expeditious treatment.

Referring this matter to the United Nations has, to some, and very naturally, seemed the obvious course from the beginning. This point of view ignores three elements of great significance.

*One* is that the Conferences and international discussions which have already occurred have at least disclosed and clarified the issues, so that an informed Security Council can deliberate with speed.

*The second* is that the rules which tend to inhibit action by the Security Council (except in the case of Korea, when the Soviet Union was absent) rendered it necessary for the nations most concerned to do all they could to produce a speedy but proper settlement by direct negotiation.

*The third* is that a confiscation of the Canal, achieved by force, made it both reasonable and necessary for the user nations to make it promptly clear that they were not prepared to allow their own economic sovereignties to be subordinated to the aggressive sovereignty of our nation.

This they have done, at each of the London Conferences, the second of which has now constituted and defined the Suez Canal Users' Association by a document, the terms of which I ask leave to table.\*

DECLARATION PROVIDING FOR THE ESTABLISHMENT OF A  
SUEZ CANAL USERS' ASSOCIATION

- (I) Members of the Suez Canal Users' Association shall be those Nations which have participated in the second London Suez Conference and which subscribe to the present Declaration, and any other adhering Nations which conform to criteria to be laid down hereafter by the Association.
- (II) S.C.U.A. shall have the following purposes:-
  - i. To facilitate any steps which may lead to a final or provisional solution of the Suez Canal problem and to assist members in the exercise of their rights as users of the Suez Canal in consonance with the 1888 Convention with due regard for the rights of Egypt.
  - ii. To promote safe, orderly, efficient and economical transit of the Canal by vessels of any member nation desiring to avail itself of the facilities of S.C.U.A. and to seek the co-operation of competent Egyptian authorities for this purpose.

\*Extract from the terms of the Document:

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- iii. To extend its facilities to vessels of non-member nations which desire to use them.
- iv. To receive, hold and disburse revenues accruing, dues and other sums which any user of the Canal may pay to S.C.U.A. without prejudice to existing rights pending a final settlement.
- v. To consider and report to members regarding any significant developments affecting the use of non-use of the Canal.
- vi. To assist in dealing with any practical problems arising from the failure of the Suez Canal adequately to serve its customary and intended purpose and to study forthwith means that may render it feasible to reduce the dependence on the Canal.
- vii. To facilitate the execution of any provisional solution of the Suez problem that may be adopted by the United Nations.

(III) To carry out the above mentioned purposes:-

- i. The signatories shall consult together in a Council on which each member will be represented.
- ii. The Council shall establish an executive group to which it may delegate such powers as it deems appropriate.
- iii. An Administrator who shall *inter alia* make necessary arrangements with shipping interests will be appointed to serve under the direction of the Council through the Executive Group.

The scheme is not as comprehensive or as precise as one could have wished. But, if sufficient shipping nations not only adhere, but pay their dues to the new Association, the fruits which Colonel Nasser hoped for will be largely ungathered by him, and his attitude towards making the fair agreement we offered him vastly improved.

Before I conclude, I want to speak quite frankly about three other matters.

One is the question of force. That question calls for a cool and clear answer. There has been a great variety of vocal opinion, ranging between what I will call two extreme views.

One view is that force should at once have been used to defeat a confiscation by force. This view is out of harmony with modern thinking; at any rate, this side of the Iron Curtain.

The other is that force can never be employed (except presumably in self-defence) except by and pursuant to a decision of the United Nations Security Council. This I would regard as suicidal doctrine for, having regard to the existence of the veto, it would mean that no force could ever be exercised against any friend of the Soviet Union except with the approval of the Soviet Union, which is absurd. The public exponents of this view have been much heard during the weeks of the Canal negotiations. Their opinions have enjoyed great prominence in Egypt, and profoundly and obviously influenced the current of our conferences with Colonel Nasser in Cairo. They ended up by convincing the Egyptian Government (which was quite willing to be convinced) that there was no danger in rejecting our proposals; that, force being absolutely out, Egypt could afford to sit back, agree to nothing, carry off the spoils of victory, and further build up its prestige.

Each of these extreme views must, I believe, be rejected.

The truth is that, in a world not based on academic principles, a world deeply affected by enlightened self-interest and the instinct of survival, but nevertheless a world struggling to make an organization for peace effective, force (except for self-defence) is never to be the

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first resort, but the right to employ it cannot be completely abandoned or made subject to impossible conditions.

Let me say, quite plainly, that the whole lively and evolving history of the British Empire and the British Commonwealth of Nations was not the product of any theory. It has been, from first to last, a practical matter, an inductive process, like the slow creation of the Common Law and of all the great instruments of self-government. It would be a sad day if it allowed itself to be theorized out of existence. We need not get into a timid state of mind in which the very mention of the word 'force' becomes forbidden. There is no community of nations which can say, with a clearer conscience, that it has set a great twentieth-century example of using force only when forced into it, and then not for conquest but for resistance to aggression.

But does this mean that we are to be helpless in the presence of an accomplished threat to our industrial and economic future? I believe not. Is our task to 'patch up' peace and no more? Surely our task is not merely to prevent hostilities but to build up a firm order of law and decency, in which 'smash and grab' tactics do not pay. We must avoid the use of force if we can. But we should not, by theoretical reasoning in advance of the facts and circumstances, contract ourselves out of its use *whatever those facts and circumstances may be*. We are to seek peace at all times, but we are not bound to carry that search so far that we stand helpless before unlawful actions which, if allowed to go unchecked, can finally dissipate our own strength and deprive the world of that power and authority, both moral and physical, which reside in the free nations, and are still vital to the free world and the human interests which the free world protects.

What, then, should be our programme of action in relation to the Suez Canal, that great international waterway, up to now non-political, which is at present the economic life-line of hundreds of millions of people, north, south, east, and west of it?

*First*, negotiation for a peaceful settlement by means of honourable agreement. So far, we have tried this without success. The failure, let me repeat and emphasize, has not been due to any unfairness or illiberality on our side, but to a dictatorial intransigence on the other. Should we continue to negotiate on a watered-down basis, in the spirit which says that any agreement is better than none? I cannot imagine anything more calculated to strengthen Colonel Nasser's hand, or weaken our own.

*Second*, the putting on of pressure by co-operative effort on the part of the user nations. Colonel Nasser must be brought to understand that his course of action is abandoning the substance for the shadow. This is one of the great merits of the Users' Association now established by the second London Conference. The more Canal revenue that is diverted from the Egyptian Government, the less will the Egyptian people believe that it pays to repudiate.

*Third*, should the United Nations, by reason of the veto, prove unable to direct any active course of positive action, we may find ourselves confronted by a choice which we cannot avoid making. I state the choice in stark terms:

- (a) We can organise a full-blooded programme of economic sanctions against Egypt, or
- (b) we can use force to restore international control of the Canal, or
- (c) we can have further negotiation, provided we do not abandon vital principles, or

## THE SUEZ CANAL ISSUE *cont'd*

- (d) we can 'call it a day', leave Egypt in command of the Canal, and resign ourselves to the total collapse of our position and interests in the Middle East, with all the implications for the economic strength and industrial prosperity of nations whose well-being is vital to ours.

This is, I believe, a realistic analysis of the position.

It has been, for me, an astonishing experience to find that there are people who reject force out of hand, reject economic action on the ground that it is provocative, and so, being opposed to action of either kind, are prepared to accept the new tyranny, with regret perhaps, but without resistance. Such an attitude is so inconsistent with the vigorous tradition of our race that I cannot believe it commands any genuine and informed public support.

THE SECOND MATTER concerns the attitude and activities of the Soviet Union. My observations in London and since have convinced me that:

- (a) The Soviet Union is not looking for a world war, but is willing to stir up and foment trouble in those regions where the strength of the Western democracies can be materially weakened.
- (b) It is anxious to increase its influence in Egypt, by the provision of arms and the development of economic ties. How to reconcile this with Egypt's sovereignty is a problem it will leave to Colonel Nasser.
- (c) It has been in constant and persuasive touch with Colonel Nasser during the recent negotiations. It is of great significance that, at the first London Conference, Mr Shepilov openly declared the argument for Egypt, in terms which I was later to hear used, word for word, by Colonel Nasser, at Cairo.

THE THIRD MATTER concerns the impact of the Suez Canal confiscation on Australia and on the great new nations of South and South-East Asia, whose interests we respect and have done something to help.

So far as Australia is concerned, I need hardly say that an open Canal is essential to British prosperity, and that a closed Canal could mean mass unemployment in Great Britain, a financial collapse there, a grievous blow at the central power of our Commonwealth, and the crippling of our greatest market and our greatest supplier.

We are not alone in this. The nations and peoples of South-East Asia, being nearer to Suez than we are, are even more dependent on it than we are. Further even than this, Asia contains great populations which need the developmental assistance of foreign capital and friendly co-operation. Colonel Nasser's policy of repudiation in the name of sovereignty is not calculated to help the very countries whose admiration and support he is now claiming. Indeed, it is ironical that, in the guise of their leader, he is now taking steps to deprive some of the great Middle East powers of the natural and established market for the product of their oil wells.

A final note of warning is necessary. In or out of the United Nations, there are great principles and vital interests at stake. A matter of this kind is not disposed of by being sent to the Security Council or, under present procedures, to the General Assembly. Nothing could suit the Egyptian dictator better than for the free world to lose interest, or a sense of crisis and

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urgency. There must be both speed and realism. We must also look ahead, keep our sense of direction, and maintain our impetus.

Should the United Nations machinery fail to produce an early settlement, are we then to wash our hands of the whole matter, saying, 'Well, it is too bad; but we can do nothing. Colonel Nasser must be left with his spoils; retreat in the Middle East must go on'? I decline to believe it. The principle of internationally assured non-political control of the Suez Canal is vital. It cannot be watered down without being washed away. To abandon it would be suicidal.

Therefore, if the United Nations, once more frustrated by Soviet action, proves ineffective; if it cannot impose economic sanctions or direct any other course of effective action, we, the user nations, must, in the absence of willing and proper negotiation, be ready to impose sanctions ourselves. For the central and unforgettable fact in all this unhappy business is that unless Egypt's action is frustrated and the international status of the Canal assured, a score of nations, great and small, will have to put their fortunes into pawn. We are indeed, at one of the cross-roads of modern history. We will take the wrong turning at our peril.