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Statement of Senator Mike Mansfield (D. Montana)

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SAT AUG 11 1956 AM

THE SUEZ SITUATION

A week before the 24 nation Conference on the Suez situation is a good time to assess and evaluate the Suez Incident on the basis of the known facts. President Gamal Abdel Nasser's seizure of the Suez Canal has posed a difficult question to which the whole world must find an answer. There is no doubt but that President Nasser had the right to nationalize the Canal. There is no question but that since the seizure, with one exception, normal transit of vessels through the Canal has been allowed to continue in the same old pattern, which is in accord with the Constantinople Convention of 1888. The one exception is the continuation of the 8 year old Egyptian boycott of Israeli ships. There is a question as to the threats used by the Government of Egypt to keep the foreign technicians on the job in the Canal Zone, and there is a question of legality insofar as taking over the assets of the Suez Canal Company are concerned. The Suez Canal Company has a lease with the Egyptian Government which expires in 1968 at which time its holdings automatically revert to the Government of Egypt. President Nasser's reported contention that the receipts from the Suez Canal tolls will average \$100 million a year, and that this \$100 million could be used on a yearly basis, to build the Aswan Dam is incorrect on the face of it. The fact is that the yearly gross proceeds from the Canal average somewhere in the vicinity of \$100 million while the net proceeds are approximately \$30 million a year. There is, it must be remembered, a constant drain on the toll funds to dredge the waterway to keep it in operation and, with the building of bigger tankers, it will have to be further widened and deepened in certain localities.

I believe that Secretary Dulles did the right thing in finally turning

down the Aswan Dam proposal because it would have meant the creating, on a gratis basis, of a moral commitment to the tune of hundreds of millions of United States dollars to build this project. This project, if it is ever to be built with United States contributions, should be on a long term loan low interest rate basis and in accord with and in line with the objectives of American foreign policy. The mistakes leading up to the Suez crisis must, in part, at least, be credited to the United States. I say this, not so much in criticism but on the basis of hindsight which, while a convenient peg to hang on to, does not excuse anyone personally for not recognizing the possibility of a mistake at the time of the event. We know now that:

(1) We should not have exerted the pressure we did to get the British out of the Canal Zone although at the time it was done, I considered it a good policy.

(2) We should not have made the proposal last January to begin the financing, on a grant basis, of the Aswan Dam with this country contributing \$56 million toward the start of this project and the British offering \$14 million. However, that is water over the dam.

We are now faced with a reality which calls for cool and considered action on the part of the Western Big Three and by all other Nations as well. Neither the West or Nasser can afford a defeat on the question of the Suez Canal. The answer to this difficult question does not lie in the use of aggressive tactics or in war. The answer lies in the use of diplomacy and the development of new policies and ideas. The emphasis on rearming and the calling up to the colors of reserves by both Britain and France is understandable in view of their economic

interest and dependence on and in the Middle East, as well as other factors, but their emotionalism in this situation is, in its own way, as bad and as dangerous as Nasser's.

To illustrate the importance of the Suez Canal and the questions related to it, it is well to keep in mind that Western Europe depends for 90% of its oil needs on the Middle East and that in the next ten years those oil needs will be doubled. 70% of the world's oil reserves are in the Middle East; the loss of Mid-East oil either through closure of the Suez Canal or by nationalization or expropriation of the Middle East wells and pipe lines would bankrupt Western Europe, bring about its economic collapse and pave the way for Moscow to move in. We must remember that through the Marshall plan we have spent \$15 billion to rehabilitate Western Europe; we have been responsible for and have to a large extent spent a great deal of our treasure in keeping NATO functioning; we have, through the use of Mutual Security Administration, Foreign Operations Administration, and International Cooperation Administration - all successors to the Marshall plan - poured additional billions of dollars into Europe to keep it a going entity. Surely, we do not want to see what we have contributed to the welfare of Western Europe, in our own defense and in our own security, go down the drain because of the situation in the Middle East. We cannot afford it.

President Nasser's seizure of the Suez Canal Company was not a move made on the spur of the moment. Nor was it made only because of the United States' refusal to make a grant to Nasser to allow him to start on the Aswan Dam. It appears to be that Nasser's seizure was a carefully worked out plan which was

moved ahead of its scheduled timetable and used as a means of offsetting the United States' refusal to grant funds for the Aswan Dam. In other words, in my opinion, even if the U. S. funds had been granted, it would have only been a question of time before the seizure of the Suez Canal Company would have taken place. We cannot afford to become hysterical or emotional over Nasser's action because we have to remember that out of his seizure may come events which might imperil the Middle East oil and pipe lines. Therefore, what we should do is to go slow, tread water cautiously and plan now for the future. Serious consideration should be given to the following possibilities:

(1) The London Conference called for August 16th. Secretary Dulles is to be commended for pouring oil on the troubled waters of the Suez question when he visited London on August 1 to confer with Foreign Minister Pineau of France and Prime Minister Eden of Britain. He was able, at that time, to quench some of the fire which these and other leaders were fanning and to come up with a proposal for a twenty-four power conference to convene on August 16 in London to consider the question of the Suez. His success in this matter did much to calm the situation and to allow Messrs. Nasser, Eden, Mollet, and Pineau, as well as others, to take a second look at their hole cards; to reassess the situation and to revise their original views. The purpose of the conference beginning Aug.16,

as I understand it, will be to try to modernize the Treaty of 1888 and to make sure that, if possible, internationalization of the Suez Canal is made secure. It is to be noted that both India and the U.S.S.R. have accepted invitations to attend the Conference. Even though they have expressed reservations it is significant of their interest in this particular question and an awareness, on their part, of its ramifications and complications. It is significant to note that this is the first invitation, to my knowledge, to the U.S.S.R. to participate in a Conference affecting this particular area and a recognition of the fact that the Soviet Union has penetrated the Middle East. In my opinion, it is there to stay. Incidentally, we must recognize that the U.S.S.R. is now an exporting oil nation entirely on the basis of its own oil production and exclusive of the Roumanian fields at Ploesti. We should recognize that the cold war has now developed into an economic struggle between the U.S.S.R. on the one end and the United States on the other. We should not try to outbid or outbuy the U.S.S.R. We should do only what is primarily in our own interest.

(2) There is a question in my mind as to whether President Nasser or Egypt alone can be absolutely depended upon to keep the Canal open from here on out. As an illustration, all Israeli ships for the past 8 years, as well as other nationalities carrying goods to Israel, have been refused transit through the Suez Canal.

(3) The Western world, including ourselves, must begin to lay emergency plans now to export oil, if necessary, from the United States,

Canada, and Venezuela to Western Europe:

(a) We should allow United States oil companies to expand and develop their oil production in the United States.

(b) We should encourage, through subsidies and otherwise, the building of seventy thousand to eighty thousand ton tankers. With their speed, tonnage and reduced comparative costs, they could go around the Cape of Good Hope and nullify in part, dependence on the Suez Canal. They could also be used to export oil from the Western Hemisphere.

(c) We should give consideration to the possibility of the construction and support of a new Canal from the Mediterranean through Israel to the port of Aqaba off the Red Sea.

(4) We should recognize Egypt's right to nationalize the Suez Canal, but if no solid international agreement can be worked out, we should begin work on the alternatives already suggested. Even if an agreement can be worked out, we must be prepared to have an alternative very possibly along the lines already suggested.

(5) The stakes connected with the question of the Suez are of the greatest importance because they affect the economic welfare and security of a large part of the rest of the world. Some of the grave questions raised are:

(a) The Canal itself and all it means to the economic lifeblood of the world.

(b) Mid-East oil and all its implications and complications.

(c) North Africa and its affect on France's future.

(d) Europe's economy and its dependence on the Suez Canal and Mid-East oil.

(e) The possibility that the Mid-East situation may, if it expands, either bring a final breakdown of NATO or at long last, a final recognition that if it is to survive it must pull itself together, reassess its condition and recognize its importance as a European defense alliance and its possible significance as an economic unit.

(f) The question of Israel.

(g) The question of Cyprus.

(h) South of the Sahara Africa is and will be affected more by events growing out of the Mid-East crisis.

War is not the answer to the Suez incident. While the exasperation and emotionalism of France and Britain is understandable, it should be recognized that gunboat diplomacy in this day and age would only exacerbate the situation and make it worse. What we have to do now is to work with the present, but think and plan for the future.

We should in addition to the Conference to be held in London, consider the possibilities, in the light of subsequent circumstances, of referring the Suez question to the International Court of Justice in the Hague and, if aggressive action is undertaken by either side on an unwarranted basis, taking the question immediately to the United Nations Security Council.

Aggression and force are not the answers. Reason, not passion -- restraint not fireworks -- must prevail.