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THE SUEZ CANAL IN WORLD HISTORY, 1854-1956.

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PREFACE

This study in the economic history of Europe and Asia has not been easy to write because it has tried to deal with a large subject over a long period of time. Most histories of the Canal, moreover, concentrate on its construction rather than on its function after 1869 while studies dealing with its later history focus on the Canal Company more than on the Suez route. The purpose of this study is to set the history of the waterway in the perspective of East-West relations and to relate the history of the route as much as of its central link in the belief that the full significance of the Canal can only so be brought out.

The economic history of the Canal has in general been neglected in the past, especially in those years of peaceful trade which were not crisis-years, although its economic function has usually been regarded as pre-eminent. The most important period in the Canal's history occurred immediately after its opening, when it functioned as an innovation in the full Schumpeterian sense of a creative destroyer, but has been completely ignored except by Fletcher.[1] The role of the Canal in the economic history of Asia has not been easy to relate because of the comparative absence of secondary material such as national economic histories or regional monographs, although attempts at a general interpretation have provided a useful stimulus by reason of their obvious bias.[2] To estimate the influence exerted by the Canal during the 1870s it has been necessary to attempt some consideration of the economic history of India and China during the 1850s and 1860s so as to avoid attributing to the influence of the Canal changes which were already taking place before its opening and to determine whether its opening was more important in the history of

1. M.E. Fletcher, The Suez Canal and World Shipping. Journal of Economic History, December 1958.
2. G.C. Allen and A.G. Donnithorne, Western Enterprise in Far Eastern Economic Development. China and Japan. (London, Allen, 1954).
   G.C. Allen and A.G. Donnithorne, Western Enterprise in Indonesia and Malaya: a Study in Economic Development. (London, Allen, 1957), reviewed by B. Higgins, Western Enterprise and the Economic Development of South-East Asia. Pacific Affairs, March 1958.

THE CREATION OF THE SUEZ CANAL COMPANY, 1854-1858.

In 1854 the young pasha of Egypt granted a concession to form a company to construct a canal between Suez and Pelusium to his friend Ferdinand de Lesseps. Lesseps had been dismissed from the consular service of France in 1849 for his excessive zeal in recognising the Roman Republic of Mazzini and Garibaldi and emerged from five years of rural retirement in his fiftieth year to undertake a great enterprise to clear his name. The need for a canal between the Mediterranean and Red Seas, recognised since the Egyptian Expedition of 1798, had been reaffirmed in mystical terms in the 1830s by the Saint-Simonians under Enfantin. They formed the Suez Canal Study Society in 1846 to examine Linant de Bellefonds' project of 1840 for a second Bosporus and financed the survey of the isthmus by Bourdaloue in 1847 which proved the equality in the level of the two seas. In the 1850s the need for such a canal was increased by the expansion of European trade with India and China. The Crimean War also raised shipping freights, created a demand for shorter routes, established an Anglo-French entente against Russia and raised the hope that England would not oppose an isthmian canal.

The despatch of mail to India had been accelerated by the overland route established through Egypt from Alexandria to Suez since 1830 and first used by a cadet of the East India Company in 1834 and by the Governor-General of India in 1844 on their outward voyages. That route was operated from 1840-42 by the Peninsular and Oriental Steam Navigation Company, whose home and eastern fleets were divided by the isthmus of Suez. British policy remained bitterly hostile to the idea of an isthmian canal, which Palmerston regarded as a French design to destroy the protective barrier of the isthmus to the Indian Empire, to recreate a French empire in the Orient and to divert effort from the construction of a railway from Alexandria, which had been sanctioned in 1851.

The immediate execution of Lesseps' scheme for a Suez Canal was frustrated by British opposition and by the improvement of the overland route necessitated by the war. Two cavalry regiments of 1600 men and 1400 horses were brought in 1855 from India through Egypt to the Crimea. The first use of the overland route by British military forces was accomplished with considerable inconvenience, difficulty and expense: the profits of the victualling contract consolidated the fortune of Samuel Shepheard of Cairo and enabled him to buy Eathorpe Hall in Warwickshire in 1858. The route remained an imperfect combination of different forms of transport since the railway to Cairo was still under contruction and that to Suez was unsanctioned. The dis-organisation of the trade of Asia Minor by the war encouraged the first proposal in 1854 for a railway from Suedia on the Mediterranean to the Euphrates.[1] Lesseps' project encouraged a counter-proposal for a long self-excavating canal from Akaba to Haifa via the "dried up strait" of the Wadi Araba and the Dead Sea.[2] Said yielded to the pressure of the Porte and England and sanctioned in May 1855 the extension of the railway from Cairo to Suez, so compensating England for the grant of the canal concession to Lesseps. The Crimean alliance consolidated the basic pattern of the overland route, enabled Marseilles to retain the India mails, especially after the completion in 1854 of the Paris-Lyons-Mediterranean Railway, and frustrated Bruck's hopes to transfer them to Trieste. The P. & O. helped to finance the construction of the Alexandria-Cairo Railway which was opened on January 1 1856, the first railway in Africa. That line transferred to the railway the most troublesome section of the overland route through Egypt and encouraged the Arabs to accept steam locomotion by rail as rapidly as the Indians.[3] It extended British interests in Egypt, together with the electric telegraph concession of 1854,[4] but left the P. & O. still handicapped by the lack of a graving-dock at

1. W. Bamforth, British Interests in the Tigris-Euphrates Valley: 1856-1888. (M.A. Thesis, University of London, 1948). 40-41.
2. W. Allen, The Dead Sea, A New Route to India. (London, Longman, 1855) I, 338-361. The Dead Sea Canal.
3. M. Oliphant, Memoir of the Life of Lawrence Oliphant. (Edinburgh, Blackwood, 1891) I, 199. May 9 1857.
4. N.W. Senior, Conversations and Journals in Egypt and Malta (1882), II, 173.

Suez and of lighthouses in the Red Sea.

Lesseps' success in securing "exclusive power" to form a canal company ended his relations with Enfantin and so deprived him of the contacts of the Saint-Simonians with the Emperor Napoleon, the French Foreign Office and the bankers and railway contractors of Paris. Those excluded interests encouraged the projection of rival canal schemes designed to make Alexandria their terminal port.[1] Lesseps does not seem to have visited the isthmus before 1854 but spent three weeks (Dec 23 1854- January 15 1855) with the pasha's engineers, Mougel and Linant, in a survey of the ground. The preliminary report of those two engineers was presented to Said on March 20, proposing a lock canal to be built in six years by 20,000 fellahin and 30 steam dredgers. That project was then revised by an International Scientific Commission appointed by Lesseps under the presidency of the Dutch hydraulic engineer, F.W. Conrad (1800-1870). Negrelli, the only member of the Study Society of 1846 invited to join the Commission, then paid his first visit to Egypt. That commission in its report of January 2 1856[2] doubled the maximum size of vessel for which the canal was designed from 1500 to 3,000 tons and increased the depth from 21 to 26 feet and the bottom width to 144 feet so as to enable two such vessels to pass each other. It also suppressed the locks and so removed the clearest sign of the Egyptian nature of the canal. It shifted the southern exit 1½ miles to the east of Suez and the Mediterranean exit 18 miles to the west of Pelusium, so that it was sited not where the route across the isthmus was the shortest possible but where the sea approach to the coast was the deepest, amid the shallows created by the eastward drift of the Nile deposits. It recommended the direct route between the Red Sea and the Mediterranean as outlined by Negrelli.[3] The indirect route was favoured by the Sant-Simonians, their banker-allies and the mercantile communities of Alexandria since it would eliminate the construction of a rival port on the Mediterranean and would preserve

1. J.J. Baude, De l'Isthme de Suez et du Canal Maritime. Revue des Deux Mondes, 15 Mars 1855.
   P. Talabot, Le Canal des Deux Mers d'Alexandrie à Suez. Revue des Deux Mondes, 15 Mai 1855.
   A. & E. Barrault, Le Canal de Suez et la Question du Trace. Revue des Deux Mondes, 1 Janvier 1856
2. F. de Lesseps, Percement de l'Isthme de Suez. (Paris, Plon, 1856), III. Rapport et Projet de la Commission Internationale.
3. A. Sammarco, Suez Storia e Problemi. (Milano, Garzanti, 1943), 157

Alexandria's monopoly of trade and shipping. Such a route would however have cut through the Delta rather than through the isthmus and would have made the canal the obvious property of the pasha of Egypt. It would have maximized the impact of the Nile upon the canal and of the canal upon the Nile. The direct route was shorter and cheaper since it could use the most easterly of the frontier-lagoons of the Delta in Lake Menzaleh and Lake Ballah and the natural depressions of the isthmus in Lake Timsah and the Bitter Lakes. Thus it would require the minimum excavation for 62 of the 100 miles of its course and would only have to cut through the three ridges of Guisr, Serapeum, and Chaleuf. Above all, the direct route was the only one acceptable to Said Pasha who would not permit the intrusion of infidel shipping into his naval base of Alexandria.

Three days after the commission made its report, Said granted the Concession of January 5 1856 which superseded the concession of 1854. It granted substantial privileges to the Company which Lesseps was empowered to form in return for the allocation of 15% of the profits to Egypt. For the specific purpose of creating and operating a maritime canal it granted to the Company for 99 years from the opening of the Canal the usufruct but not the property in the land it ceded in the isthmus. It stipulated that Lesseps was to be President of the Company for ten years from the opening of the Canal. It also excluded, at the request of Lesseps, a clause suggested by Linant and Mougel stipulating for the reduction of the Company's tariff when its dividend exceeded 20%. The new concession first provided for a renewal for further periods of 99 years at the discretion of the Government of Egypt in return for the increase in its share of the Company's profits by 5% for every such extension, up to a maximum of 35% for a 500-year concession. It also declared the Canal a neutral passage for merchant vessels but imposed no international obligation thereby on Egypt. It omitted the provision made in 1854 for the establishment of fortifications by the Government at its own expense, in the hope to frustrate the determination of the Porte to occupy such forts with mixed Turco-Egyptian garrisons. The new concession was opposed by almost all the princes of the ruling family, especially Ismail, by almost all the ministers of state and by the higher civil servants who thought Said

was delivering Egypt "bound hand and foot to Lesseps and his party."[1] It was equally distasteful to the merchants of Alexandria, who were not appeased by the stipulation inserted by Lesseps that the Company was to have its seat at Alexandria and who thenceforward vented all their spite against the impossible canal of Lesseps with its impossible port on the Mediterranean. It was opposed most of all by England.

Throughout 1855 British opposition to the project had been maintained at the secret level of diplomacy in Cairo and Constantinople, although it was questioned for the first time in the Cabinet.[2] Lesseps visited London and Constantinople in a vain bid to secure a firman for the beginning of the construction works. He proposed on February 28 1856 the submission to the peace conference at Paris of a similar clause to that included in the new concession providing for the neutrality of the canal and to that included in the Clayton-Bulwer Treaty of 1850 for the neutrality of any isthmian canal through Central America. Such a guarantee by the powers would have facilitated the flotation of his Company but was supported only by the pariah-power of Austria: it was opposed by England and was not supported by France.

The Porte was not indifferent but was firmly opposed to the idea of such a canal which would link Egypt direct to Europe, would earn revenue for its pasha, would encourage its pasha's aspirations to independence of Constantinople and would hinder the free movement of Turkish forces overland to Egypt. Turkey had no wish to see Egypt converted by France into a new Algeria. As the greatest Islamic power her interests were opposed to the admission of European warships through her territory, and especially to their admission into the Red Sea, the maritime route to the Holy Places. Above all, the Sultan was opposed to the Canal as an engine of "progress" since his power was absolute, aristocratic and sacerdotal. The empire had been strengthened more by the defeat of Russia during the war than by the loans secured from 1855 under the guarantee of the governments of France and England. The power of Constantinople over the provincial administrations so increased as to call forth the first Arab cry for

1. M. Kassim, The History of the Suez Canal Concession, 1854-1866. (M.A. Thesis, University of London, 1924), 80 Note.
2. Duchess of Argyll, George Douglas Eighth Duke of Argyll K.G., K.T. (1823-1900). (London, Murray, 1906) I, 568-569. August 20 1855.

"independence" in 1858. Procrastination, the greatest resource and the highest art of Turkish diplomacy, prevented the grant of the firman to Lesseps more effectively than any outright refusal.

For her part France abstained from direct support of the venture before 1859 since Napoleon III wished Lesseps to undertake all the necessary preparations before committing himself on the principle and hoped that his diplomatic neutrality might induce a corresponding British neutrality towards the scheme. Napoleon was influenced by the hostility of the Saint-Simonians and the French Foreign Office to Lesseps, by his pathological fear of England and by his fixed resolve to avoid any breach in the fragile Anglo-French entente, which he deemed his best guarantee against the fate suffered by his uncle. The end of the war enabled Napoleon to end his pose as the defender of the Ottoman Empire and to establish an entente with Russia against Austria. Russia was humiliated by the war as the monarchies of Western Europe had been by the revolutions of 1848. The Treaty of Paris ended Russian control over the mouth of the Danube, placed the navigation of the river under an international commission and "neutralized" the Black Sea, forbidding Russia to maintain warships thereon. Russian influence in Europe was reduced to its pre-1721 level, provoking a reaction in the form of the internal reforms of the 1860s, the rise of Pan-Slav sentiment and the extension of Russian power in Central Asia and in the Far East, where Vladivostock was founded in 1860. In the Levant Russia shifted from religious to economic expansion: the Russian Steam Navigation and Commercial Company was founded in 1856 and began services to Constantinople in 1857, to Jaffa in 1858 and to Alexandria in 1859.[1]

The grant of the second concession revived British opposition to the project.[2] Palmerston was more determined than ever to preserve the isthmian barrier against France because of the improvement of the overland route by the railway. That route came into use by the first batch of "competition wallahs" en route to India in 1856. On January 28 1856 Canning became the first Governor-General to disembark at

1. W.E. Mosse, Russia and the Levant, 1856-1862: Grand Duke Constantine Nicolaevich and the Russian Steam Navigation Company. Journal of Modern History, March 1954, 42-45
2. H. Reeve, The Suez Canal. Edinburgh Review, January 1856, 235-267

Bombay rather than at Calcutta while Dalhousie became the first Governor-General whose notice to quit was transmitted by telegraph over 1600 miles in three hours.[1] The success of the P. & O. inspired R.M. Stephenson, the chairman of the East India Railway, to visualize in 1856 "The World's Highway" linking London to Calcutta by railway and steamship via the northern route through Trebizond, Basra and Karachi. The canal project inspired W.P. Andrew in 1856 to incorporate the Euphrates Valley Railway Company Limited for the construction of a desert railway from Alexandretta to Bagdad and Basra as an extension of his Scinde Railway from Karachi, the nucleus of a London-Lahore line and the parent of the European and Indian Junction Telegraph Company Limited (August 13 1856). That railway company was launched as the English rival to the French Suez Canal but would have created a wholly uneconomic military road to the East and did not divert attention from the overland route through Egypt. "The Isthmus of the Old World is the cynosure of British policy".[2] Its formation aroused the hostility of Bombay to the potential competition of Karachi and encouraged the East India Railway to agree in November 1856 to build a branch line to link up with the Great Indian Peninsular Railway from Bombay at Jubbulpore.[3]

Lesseps founded his own journal[4] with the financial help of Said to win public opinion to his cause. Palmerston had a naval survey made of the Gulf of Pelusium in 1856 as he began to realise the inflexibility of Lesseps' resolution. He warned Said after he agreed to supply the labour needed by the Company that he would end as "Viceroy of M. de Lesseps, or a French Préfet, or possibly a companion in captivity of Abd-el-Kadr".[5] Said nevertheless began the construction in January-June 1857 of a full fresh-water canal from Cairo to Timsah as the essential preliminary to a maritime canal. The occupation of Perim on February 14 1857 established British control over the entrance to the Red Sea and brought into the open British hostility to the

1. M.N. Das, Studies in the Economic and Social Development of Modern India: 1848-1856 (1959), 159. The Introduction of the Electric Telegraph.
2. R.H. Patterson, Speculations on the Future. Blackwood's Edinburgh Magazine: June 1856, 742
3. R.J. Moore, Sir Charles Wood's Indian Policy, 1853-66. (Manchester University Press, 1966), 134.
4. L'Isthme de Suez. Journal de l'Union des Deux Mers, 25 Juin 1856.
5. P. Guedalla, Palmerston. (London, Benn, 1926), 386, 489. Palmerston to Clarendon, December 18 1856.

Franco-Russian entente as much as to the isthmian canal. France was debarred to her considerable irritation from converting Perim into a Cronstadt. Lesseps replied by appointing Negrelli on March 14 as Director-General of Works and arranged to pay a second visit to England W.P. Andrew was encouraged to seek Government support for his desert railway and asked on March 26 whether the Government would object to the amalgamation of the Euphrates Valley Railway Company and the Suez Canal Company.[1] Lesseps arrived in England armed with the calculations first made in 1857 by Gressier and Dupin of the exact savings in distance which his canal would achieve. He held 22 meetings in 18 cities in 45 days (April 24 - June 24) and lavishly distributed the book by his English secretary[2] to the merchants attending his meetings.

The immensity of his project aroused great expectations, which were more economic than mystical in the practical climate of opinion which followed 1848. The Canal was expected to open new sources of supply rather than new markets, despite the prophecy of Urquhart: "The opening of this passage would be equivalent to the acquisition of a second India".[3] Easy access to the markets of Europe would stimulate cattle-breeding in Abyssinia, horse-breeding in Arabia, corn-cultivation in the Yemen[4] and rice-cultivation in Mesopotamia, pearl-fishing in the Persian Gulf and whale-fishing in the South Seas.[5] The establishment of direct contact with the raw silk market of China would revive the French silk industry from its depression after the silkworm epidemic of 1853-54. The new route would also open up the Indian Ocean to the fishermen of the Mediterranean and transfer the carrying trade of Asia from England to France. It would enlarge the entrepot trade, especially in Eastern produce, of Mauritius, Aden, Suez,[6] Marseilles, Lyons, Trieste and Leipzig.[7] "The Mediterranean will become the queen of commerce and navigation, the great route of nations and of their commerce".[8] Thus the prosperity of the Middle Ages would

1. Bamforth, 45.
2. C.L. Kenney, The Gates of the East: Ten Chapters on the Isthmus of Suez Canal. (London, Ward, 1857).
   J.B. Saint-Hilaire, Egypt and the Great Suez Canal. (London, Bentley, 1857).
3. D. Urquhart, Progress of Russia in the West, North and South... (London, Trübner, 1853), 423. The Canal of Suez.
4. F. de Lesseps, Lettres (1881) V, 69.
5. Kenney, 43.
6. Kenney, 48.
7. Georgi-Dufour, 182. Arlès-Dufour à Dufour-Feronce, 27 Septembre 1856
8. F. de Lesseps, Lettres (1875) I, 357.

be restored by another crusade which would be one of philanthropy, civilisation and Christianity for the general good.[1] "It will enable European intelligence, industry and civilization to bear more unreservedly, more energetically, more extensively upon the vast regions and the millions of men that are yet to be reclaimed from a state of semi-barbarism".[2] Egypt in particular would benefit by the construction of the fresh-water canal in association with the maritime canal and the reclamation of a fertile plain from the desert. The internal port on Lake Timsah would become a Venice of the desert and "another Alexandria",[3] an Egyptian Calcutta where river shipping would meet ocean shipping in a great entrepot for the exchange of eastern and western produce. Egypt would become once more the highway of nations in constant contact with the current of a superior civilization.[4] "The canalisation of the Isthmus of Suez is the keystone in the arch of prosperity of modern Egypt".[5] The construction of the canal would thus produce a major advance in civilization and would transfer the trade and industry of North-West Europe to the Mediterranean. "If enthusiasts and poets are to be credited, an insurmountable Great Wall of China exists between India and Europe which the Suez Company is going to pierce in order that countless populations may fall into one another's arms through the breach and make immense advances in civilisation".[6] Gobineau doubted whether Europe could civilize Asia with its millenial mis-government and prosperity, concluding that "Asia is a very tempting meal which poisons those who eat it."[7]

The commercial possibilities of the route were in fact limited by its unsuitability for sail shipping, to whose requirements the Canal was nevertheless designed. The postwar depression of freights also made the Canal less necessary as a means of saving distance and time. In France sceptics deduced that such a canal would benefit Greek shipping

1. The Suez Canal - Its Effects on Commerce. De Bow's Review, December 1856, 644.
2. Kenney, 46
   F.W. Conrad, Reizen naar de Landengte van Suez. (Hague, Nijhoff, 1859), 192.
3. F. de Lesseps, Lettres (1875) I, 278 30 Octobre 1855. Lesseps to "The Times".
4. J.B. Saint-Hilaire, Egypt and the Great Suez Canal (1857), 118.
5. Kenney, 49.
6. F. de Coninck, Le Canal de Suez et le Gouvernement Ottoman. (Havre, Lemale, 1863), 22.
7. J.A. de Gobineau, Trois Ans en Asie (de 1855 à 1858). (Paris, 1923) II, 233.

rather than French, would harm the eastern trade of Marseilles and would ruin that of Bordeaux. In England the merchants who heard Lesseps speak gave him their 'approval' and their 'good wishes' but neither their belief nor their effective support. Lesseps recruited as his English agent D.A. Lange, a Dutch-born civil engineer and merchant who gave up his mercantile career in the crisis of 1857 to follow Lesseps. The Lord Mayor of London refused even to preside over a London meeting.[1] Cobden declined to respond to Lesseps' Cobdenite slogan, 'Aperire terram gentibus'. Lesseps' propaganda tour of 1857 produced the first question ever asked about the Canal in the House of Commons.[2] Palmerston then dismissed the project as a technical impossibility, a financial and commercial folly and a political menace both to Great Britain and to the Ottoman Empire: he termed Lesseps a charlatan and ranked his idea "among the many bubble schemes that from time to time have been palmed upon gullible capitalists".[3] The question was however approached in terms of reason rather than of rhetoric by the Netherlands which appointed on July 10 a State Commission under the chairman of the Dutch Trading Company to examine the significance of the Canal to the Netherlands and her colonies.

The Indian Mutiny then plunged the British Empire into a crisis which revealed England's incapacity to hold India by Indian forces and the inadequacy of England's communications with India. The Mutiny was the greatest of the indigenous rebellions which spread across Africa and Asia in the years 1855-1860, encouraged by the loss of British prestige in the Crimean War. It was less a revolt of the East India Company's mercenary troops than a widespread revulsion of almost all orders of Indian society against the Westernization which had proceeded apace under Dalhousie. The insubordination of the sepoys merely expressed India's aversion to the foreigner but dominated the military interpretation of the revolt diffused by the Anglo-Irish school of Christian-military administration of the Punjab.[4] The revolt was a combined servile war and Jacquerie, a war of religion, race and revenge[5]

1. D.A. Lange, Lord Palmerston and the Isthmus of Suez Canal. (London, Richardson, 1857), 14-15.
2. Hansard, Commons Debates, July 7 1857, H. Berkeley.
3. Hansard, Commons Debates, July 7 1857, 1044.
4. T.R. Metcalf, The Aftermath of Revolt. India, 1857-1870. (Princeton University Press, 1965), 75-80.
5. W.H. Russell, My Diary in India in the Year 1858-9. (London, Routledge, 1860) I, 164, 146.

directed against European officers, educated Bengalis, Eurasians, barracks, police-stations, railway-stations and telegraph offices. That upheaval encouraged the emergence in or around 1858 of the idea of "Western civilization"[1] as a civilization which was neither Christian, Frankish nor European, neither English, Scots nor British but simply Western rather than Eastern. The British Government did not understand the true magnitude of the crisis and was cut off from India by a three-months delay in intercommunication. Thus the news of the mutiny at Meerut on May 10 first reached England thirty days later, that of the massacre at Delhi forty days later and that of the Cawnpore massacre fifty days later.[2] Although the Government had the power of a dictatorship after the general election of 1857 the help it sent was too little, too late and too slow, since reinforcements required three months to reach India via the Cape. Palmerston opposed the use of the overland route to avoid establishing a precedent for its use by France and so seemed to confirm the rebels' proclamation that the Pasha and the Sultan had prohibited England's use of the Egyptian transit. Delhi was consequently relieved by troops from the Punjab without the help of a single soldier from England and Lucknow by troops from Ceylon, the Cape, Mauritius and Persia. Only from July 15 did a steady flow of troopships leave England and they were all sailing ships until July 25.[3] Palmerston refused on August 14 a Government subsidy for the construction of the Euphrates Valley Railway. He decided to send reinforcements through Egypt only on August 30,[4] under the strong pressure of the East India Company and the Duke of Cambridge, Commander-in-Chief from 1857. The necessary permission was granted to the Company by the British Government on September 19 and by the Sultan on October 5, enabling the first detachments to reach Bombay in 16 days (October 1-17) from Malta and to reach Calcutta in six weeks

1. W.C. Costin, Great Britain and China 1833-1860 (1937), 245, 305.
   January 14 1858.
   Dosabhoy Framji, The Parsees. (July 23 1858), x
   The Times November 16 1858, 7v. Stratford Canning "Western civilization is knocking hard at the gates of the Levant".
   E. Douwes Dekker, Max Havelaar. (J. de Ruyter, 1860), 61
2. The Times, June 8 1857, 8iv; June 27 1857; August 15 1857.
3. Saturday Review, November 28 1857, 483-4. Steam v. Sails.
4. G. Douglas and G.D. Ramsay, The Panmure Papers. (London, Hodder, 1908) 419-420. Duke of Cambridge to Lord Panmure, August 29 1857.

(November 11 - December 22) from Plymouth. Of the 40,000 troops sent out from England to India only 5,500 or 13.5% travelled through Egypt while the rest sailed via the Cape in 80 days by steamship or in 110 days by sail. The delay in the arrival of the reinforcements compelled Canning reluctantly to accept the offer of Gurkha troops.[1] Colin Campbell reached Calcutta in 32 days (July 12 - Aug 13 1857) from London but had to wait three long months for his troops and so wasted the cool weather before he began the reconquest of Oudh on March 2 1858. The news of the evacuation of Lucknow on November 24 had reached England in 45 days, the news of its final reduction on March 19 1858 arrived in 26 days.[2] The military unification of India by the telegraph strengthened the demand for instant telegraphic communication between England and India, creating a new rivalry between the Red Sea and Euphrates routes and between the possible terminuses of Bombay and Karachi.[3]

The East India Company suppressed the Mutiny with unparalleled vigour and success in its determination to rule or to disappear from history, dooming itself by its very success. In the new military ethos generated by the Crimean War the hostility of the Crown, the aristocracy and the Duke of Cambridge to the Company's private army combined with Palmerston's hatred of the dual government of the Company and his determination to conceal the inefficiency of his own administration to destroy the oldest joint stock company in England.[4] The organisation and aspirations of "the greatest and most famous corporation the world ever saw"[5] were inherited by the P. & O. and by the Chartered Bank of India, which began business in Calcutta, Bombay and Shanghai in 1858 and in Hong Kong in 1859. Neither firm was burdened by Government directors or by a Board of Control. In England the home government of India was consolidated while the unchanged forms of local government in India were used to make the greatest series of reforms yet known. Those reforms were inspired by England's

1. M. Maclagan, 'Clemency' Canning... 1856-1862. (London, Macmillan, 1962), 155. Canning to Colin Campbell, November 18 1857.
2. Manchester Guardian, January 7 1858; The Times, April 14 1858.
3. The Times, July 17 1857, 11iii.
4. Saturday Review, January 9 1858, 31. The Middle Classes and the Abolition of the East India Company.
5. Saturday Review, February 20 1858, 180. The Chancellor of the Exchequer on the East India Company.

determination to establish its power on a solid basis and to perpetuate the empire established by Clive, whose first memorial in England was unveiled at his birthplace in Shrewsbury in 1860. Those reforms ended the democratic despotism of Dalhousie and preserved the princely states as friendly fortresses. They benefited by the defeat and disarming of the population to assimilate the administration of India to that of England. The separate existence of the Indian Navy was ended after 250 years (1613-1863) and its functions were transferred to the Royal Navy. The existence of a separate European Army in India was ended. The use of the overland route for troop transport to India as recommended in 1858[1] was approved in 1863, together with the construction of permanent barracks for all British troops in India. The new Indian Army was recruited from the loyal North-West rather than from the disloyal North-East.

The victory of British power demonstrated to India the superiority of Europe and entrenched a feeling of inferiority among Indians. The Hindu elites of Bengal were accordingly disposed to accept English culture and education as a model. They assimilated the language, literature, drama, poetry, press and novels of England. They made the visit to England part of their education and ranked the English university degree above the Indian degree. B.K. Chatterji, the first Indian to graduate as a B.A. of Calcutta University in 1858, was at once appointed a deputy-magistrate. Camruddin Tyabji, the first Indian to visit England for a professional education, was admitted as a solicitor in 1858. Dadabhai Nairoji became president of the London Zoroastrian Society established in 1861, the first Indian student society in London. Ram Prasad Roy, the son of R.M. Roy, became the first Indian judge appointed to the High Court of Calcutta in 1862. The Government preferred to appoint Indians to judicial rather than to administrative posts as the Royal Navy preferred engineers as officers rather than as captains: the first Indian barristers were Man Mohun Ghose, admitted in 1866, and Badruddin Tyabji, admitted in 1867. The success of Satyendranath Tagore in passing the Indian Civil Service

1. Select Committee on East India (Transport of Troops).(382 of 1858)

examination in 1863 set in motion a flow of "England-going Bengalees" such as W.C. Bonnerjee who in 1865 founded the London Indian Society with Nairoji. The journey to Europe became thenceforward a new form of pilgrimage which produced England-returned officials and barristers as well as the less successful who failed their examinations or their probationary service. The first Indians to acquire country estates in England were Dulip Singh, the exiled son of Ranjit Singh, who bought Elveden in Suffolk in 1863, and David S. Sassoon, who bought Ashley Park in Surrey in 1867.

The shift of British power into the heartland of Moslem India was crowned by the transfer of the whole Government from Calcutta to the hill-station of Simla in the summer of 1866 at the behest of Lawrence, the only Governor-General of the fifteen between 1836 and 1899 who was trained in India. That move so increased the efficiency of administration that for the first time all the arrears of work in all the offices could be cleared. It ushered in the golden age of Anglo-Indian official society and made Simla the model for other little Englands in the hills of the other presidencies. It removed, however, for half of every year the Governor-General and the Government from the indigenous society of the plains and the public opinion of the Presidency towns to a "Hill Versailles". It also served to divorce the princes of India from their own subjects and their traditional way of life. The education of the princes by the English tutors began with the arrival in 1866 of C.E. Macnaghten. The influence of Protestant Christianity on Hinduism increased to a maximum in the two decades following the Mutiny through the Brahmo Samaj. Keshub Chandra Sen, who became a Brahmo in the year of the Mutiny, extended the Samaj from religious to social revolt. As a preacher he represented the establishment of the British Empire in India as providential for the regeneration of India but stressed to his audience of Hindu gentlemen and students the Asiatic origins of Christianity against the European distrust of Orientalism. "I rejoice, yea, I am proud that I am an Asiatic. And was not Jesus Christ an Asiatic? (Deafening Applause)".[1]

1. K.C. Sen, Jesus Christ: Europe and Asia. Being the Substance of a Lecture delivered extempore in the Theatre of the Calcutta Medical College by Kesub Chunder Sen, esq., on Saturday, 5th May 1866. (London, Snow, 1866), 24.

Bengali consciousness was thus not submerged beneath the rising tide of English influence but inherited the English interest in public questions as an integral part of English culture. The failure of India's first bid for independence nevertheless diverted indigenous energies into economic activity and increased the trade between England and India carried by sail around the Cape.

After the final departure of Stratford Canning Lesseps paid a third visit to Constantinople but found it impossible to destroy the Anglo-Turkish entente built up by Canning during 16 years, although he offered the Sultan a share of one third in the 15% of the profits allotted to the Government of Egypt with an advance of £400,000 thereon before the start of construction.[1] One month after Lesseps arrived in Constantinople Orsini tried on January 14 1858 to assassinate Napoleon III with bombs made by Joseph Taylor in Birmingham. That act detonated an explosion of ferocious anti-English sentiment in France and a corresponding outburst of anti-French sentiment in England, which overthrew the Palmerston Ministry for truckling to France. The new Derby Ministry did not alter in any way the unswerving opposition of the Government, the Foreign Office and the political nation to the Suez Canal, which Disraeli as Chancellor of the Exchequer dismissed as "a most futile idea - totally impossible to be carried out".[2] Immediately that crisis brought England and France to the verge of war, created grave anxiety in the money markets of Europe and made the prospect of raising £8,000,000 for the Suez Canal more remote than ever. Ultimately it united French and English in mutual opposition and precipitated the naval scare of 1858 after France ordered its first four ironclads in March 1858. In April 1858 Lesseps decided to capitalise on French irritation with the "insolence and selfishness"[3] shown by England in her opposition to the Canal and to float the Canal Company without the firman of the Sultan.[4] He accordingly left Constantinople after five months on May 19. On June 1 the motion of the Radical Roebuck in favour of "the greatest physical work ever

1. Georgi-Dufour, 191-2. Lesseps à Aali Pascha, 15 Janvier 1858.
2. Hansard, Commons Debates, March 26, 1858, 849, Disraeli.
3. N.W. Senior, Conversations with M. Thiers, M. Guizot... (London, Hurst, 1878) II, 186. Thiers to Senior, April 18 1858.
4. G. Edgar-Bonnet, Ferdinand de Lesseps. (Paris, Plon, 1951) I, 305

undertaken since man was upon the face of the earth"[1] was defeated after a debate of five hours by a crushing vote of 290 against 62 cast by radicals, liberals and peelites. "It is the greatest bubble which was ever imposed upon the credulity and simplicity of the people of this country".[2] Robert Stephenson lent the weight of his unrivalled authority to support Palmerston in the Commons and repeated his condemnation in the technical press two days after France inaugurated its Cherbourg fortress, only 70 knots distant from the Portsmouth base of the new Channel Squadron. "Nothing can be effected, even by the most unlimited expenditure of time, and life, and money, beyond the formation of a stagnant ditch between two almost tideless seas, unapproachable by large ships under any circumstances and only capable of being used by small vessels when the prevalent winds permit their exit and their entrance".[3] That judgment was based on Bourdaloue's survey of 1847 which had given Stephenson an excuse to withdraw from the Study Society of 1846. It was refuted by Conrad and Negrelli who showed that all the canals of the Netherlands were ditches without current but nevertheless eminently navigable.[4] English opinion was influenced profoundly by Stephenson's view of the Canal since he was the son of the inventor of the 'Rocket' and of railway locomotion, the builder of the Alexandria-Cairo Railway and the greatest engineer in the world.[5] The English mind retained a powerful impression that the Canal could not be practicable, that it would have been constructed long ago by English engineers if it had been, and that even if it were practicable it would be used only by the steamships which France was fast developing. English shipowners were encouraged to regard the whole project as a mirage.

The Suez Canal Company was floated in Paris between November 5 and November 20 1858 without the firman of the Porte or the sanction of Said. Its flotation was opposed by the French financial press and was unsupported by any great cosmopolitan banker. F.E. Erlanger had accompanied Lesseps on his first visit to the isthmus at the close of 1854[6] while Baron James de Rothschild had toasted Lesseps in Vienna

1. Hansard, Commons Debates, June 1 1858, 1366, Roebuck.
2. Hansard, Commons Debates, June 1 1858, 1380, Palmerston.
3. The Engineer, August 6 1858, 94-95.
4. The Engineer, October 8 1858, 278. F.W. Conrad, The Isthmus of Suez Canal.
5. Manchester Guardian, June 3 1858, 2iv-v.
6. L. Ganiage.. Les Origines ... 21v-v.

in 1857.[1] Lesseps failed however to secure their support any more than that of the Credit Mobilier of the Pereiras. He had offended "the vultures and lynxes of the money-markets"[2] by his creation of a company-journal[3] and by his campaign for the support of the small investor. Since he thought their general attitude too autocratic and their commission of 5% too high for their services he secured neither their capital nor their connexions. On November 20 Lesseps was left with 117,000 shares or 29% of the 400,000 which were unsubscribed. He nevertheless appointed on November 22 a works committee of seven with himself as chairman, having broken off relations with Linant. He persuaded Revoltella, who was a banker of Trieste, a friend of Bruck and a vice-president of the Canal Company, to sign a convention on November 30 subscribing to 50,000 shares on behalf of Austria.[4] When Revoltella repudiated that convention Lesseps attributed an additional 114,000 shares to Said, who had insisted that the French shares should not much exceed one half of the whole.[5] Said's allotment of shares which had risen from 30,000 in 1856 to 64,000 in 1857 thereby rose to 177,642. Lesseps was thus able formally to constitute the Universal Company of the Suez Maritime Canal on December 20, when he held the first meeting of his board of directors.

The attribution of 45% of the shares to Said raised the number of shares subscribed in countries bordering on the Mediterranean, including Russia and Portugal, to 396,324 or 99.7% of the total. In France 21,229 shareholders subscribed to 207,111 shares or 51.78% of the total.[6] Three-quarters of these shares were subscribed by small investors and one-quarter by large investors with 100 shares or more each. Of the 86 departments of France the four which centred around Paris, Marseilles, Lyons and Bordeaux subscribed to 62% of the 207,111 shares. Those investors represented French society from its summit to its centre, excluding the Republican lower orders of the great cities but

1. L'Isthme de Suez, 25 Novembre 1857, 490. Vienna banquet of November 11 1857.
2. F. de Lesseps, Lettres (1875) I, 58. 14 Décembre 1854; I, 109 22 Janvier 1855.
3. Georgi-Dufour, 157. Dufour an Negrelli, 28 Juni 1856.
4. G. Cervani, Il "Voyage en Egypte" (1861-1862) di Pasquale Revoltella. (Trieste, A.L.U.T., 1962), 224.
5. F. de Lesseps, Recollections (1887), II, 120.
6. F. de Lesseps, Lettres (1875) II, 389, 393, 397, 404.

including the Orleanist bourgeoisie, the Bonapartist peasantry and shopkeepers and even the Legitimist nobility who followed the example set by the Comte de Chambord. Landowners and merchants were powerfully reinforced by members of the great professions of State, by lawyers, magistrates, officials, soldiers, clergy and engineers. Those investors were united less by the desire for profits than by the pride of a great nation which focussed on the land claimed for France by Bonaparte, by the French servants of Mehemet Ali, by the French popularisers of Egyptology in the 1840s and by Mariette, who was appointed in 1858 by Said under the influence of Lesseps and Napoleon III as Curator of Egyptian Monuments. Thus France believed itself as much entitled to Egypt as to the left bank of the Rhine and assumed that the Canal would improve a property whose reversion had been assured to her by Bonaparte. The launching of the Canal Company would fling down the gauntlet of defiance to her hereditary enemy and thus secure revenge for Waterloo, for the bombardment of "our Beirut" in 1840,[1] for the overthrow of the Orleans monarchy and of the Second Republic, for the French blood shed in the Crimea in English interests, for English hostility to "imperialism" in France and for England's toleration of conspirators against the imperial regime. The imperial aspirations of France were recognised in the selection of Jomard Bey as the first of the three Honorary Presidents of the Company and of the Duke of Albufera as one of the three Vice-Presidents. E.F. Jomard (1777-1862) had accompanied Bonaparte to Egypt in 1798, had defended the cause of Mehemet Ali in 1840[2] and had foretold in 1855 a circumnavigation of the earth by steamship in 38 days: he was president of the Imperial Geographical Society, a member of the Institute and dean of the Academy of Sciences. Albufera, another imperialist, was the son of Napoleon's Marshal Suchet as well as the son-in-law of the Prussian banker Schickler and served as Lesseps' deputy in Paris as Ruyssenaers did in Egypt. The Emperor's cousin, Prince Jerome Napoleon, became the Protector of the Company since Lesseps could

1. F.S. Rodkey, The Turco-Egyptian Question... 1832-1841. (University of Illinois Press, 1921), 187.
2. F. Charles-Roux, Edmé-Francois Jomard et la Réforme de l'Egypte en 1839. (Caire, I.F.A.O., 1955).

secure neither the Emperor nor the Empress as an official patron. Thus the Company was created as an unofficial agent of the imperialist cause and as a medium for the extension of the French empire in the Levant.

Such powerful French support probably discouraged subscriptions by other countries. Lesseps in his superb optimism had entitled his company "Universal", had printed its shares in Turkish, German, Italian, English and French and had established 71 agencies abroad in addition to the 153 in France. He also reserved 20% of the shares for English subscribers and 5% for subscribers in the U.S.A. In accordance with the statutory provision for the representation on the board of directors of the principal nationalities interested in the enterprise, he appointed ten of the 38 directors, or over one quarter, from countries outside France, three from Italy, two from the Netherlands and one each from Spain, Portugal, Russia and the U.S.A. Foreign subscribers however numbered only 2,265 to 15,198 shares or 3.8% of the total.[1] Even that limited number was subscribed through Lesseps' own personal connexions. Lesseps himself profited by his Spanish ancestry and his consular service in Barcelona (1840-1848) to secure subscriptions to 4,161 shares in Spain, which thereby became the second largest subscriber after France. Lesseps' younger brother, Jules, helped to place 1,714 shares in Tunis where he had been consul between 1827 and 1832 and a merchant since 1833. Jules de Lesseps was the Bey's chargé d'affaires in Paris (1847-82) and the usual intermediary between the Bey and French financiers.[2]

French sponsorship of the Company precluded subscriptions by the English in their "innate pride and insular ignorance"[3] and their fixed belief that the scheme was a bubble-enterprise, if not a deliberate French plot to subvert England's control of the Cape route and establish French control over the road to India. "The South Sea bubble is reproduced in the Red Sea one.... The whole affair is a downright robbery of simple and deluded folks, as not one marvedi will ever be got out of the toll gates of an impossible canal".[4] England's

1. F. de Lesseps. Lettres (1877) III, 2.
2. Ganiage, 355.
3. F. de Lesseps, Lettres (1875) II, 346.
4. The Globe, November 30 1858, 2v.

calm assumption that her abstention would discourage investment by other nations in a new Darien scheme was justified by Austria, which did not wish to offend her best ally against Russia. Austria had rewarded Russia for saving the Habsburg Empire in 1849 by her malevolent neutrality during the Crimean War and thenceforward dreaded Russian revenge so much that she preferred the Euphrates Valley Railway to the Suez Canal as a barrier against Russia. She had ended the support given since 1856 to Lesseps from August 1857 after Palmerston's renewed expression of his hostility. She resented Lesseps' continued employment of Negrelli, whom the imperial government had dismissed in 1855 for his pro-Italian sympathies after Sardinia's entry into the Crimean War. She was most alarmed by the ententes concluded by France with Russia at Warsaw and with Sardinia at Plombières, under the influence of Orsini's abrupt reminder to Napoleon III of his revolutionary mission, and directed at the destruction of Habsburg hegemony in Italy. Jerome Bonaparte, the Protector of the Company, was most objectionable to Austria as a republican, a mason and an anti-clerical friend of Italian unity. He had served as Napoleon's secret agent in the conclusion of the Franco-Russian entente and he became the symbol of the Franco-Sardinian alliance by his marriage to the daughter of Victor Emmanuel II, which was arranged at Plombières. The anti-Austrian shift of French policy prevented Revoltella from disposing of his 50,000 shares despite all his efforts to publicise the cause of Lesseps which included the exhibition of a symbolic sculpture of "The Piercing of the Isthmus of Suez" by Pietro Magni in Trieste on February 24 1859.[1] Vienna's abstention discouraged subscriptions in Trieste, Lombardy-Venetia, the Italian duchies, the Papal States, Naples and Bremen, rendering fruitless Lesseps' publicity.[2] The Hanseatic ports did not relish the prospect of losing their entrepot trade to the Mediterranean. Genoa distrusted a project supported by both Sardinia and Marseilles. Spanish participation reduced Portuguese while Dutch participation reduced Belgian. Within

1. Cervani, 68.
2. F. Szarvady, Der Suezkanal. (Leipzig, Brockhaus, 1859.) F.W. Conrad, Reizen Naar de Landengte van Suez. (Hague, Nijhoff, 1859).

the Netherlands Rotterdam supported what Amsterdam opposed. The report of the Netherlands State Commission delivered on January 11 1859 expressed Amsterdam's hostility but studied the project in economic rather than in political terms. It concluded that the Canal would benefit steamships at the expense of the sailing ship, would save a steamship 13 days of the 53½ day voyage to Batavia and would therefore encourage the rise of Mediterranean shipping to the disadvantage of the Netherlands.

The Company was termed "Universal" because of its intended function and because of Lesseps distrust of the State dating from 1849. Its nationality was left in obscurity for the first eight years of its existence.[1] No specific statement of its nationality was made in 1858, although it was a private rather than a public company intended to make profits rather than to perform a service and governed by private rather than by public law. The Company was said to be constituted with the approval of the Egyptian Government as a joint-stock company but with the very distinctive privilege of being governed by the principles common to joint-stock companies approved by the French Government and with its legal domicile at its administration headquarters in Paris. The Imperial Decree of May 7 1859 was issued under the French Code of Commerce of 1807 at the request which Lesseps made to the Minister of Commerce on December 26 1858: it conferred on the Company a legal existence in France as a foreign company, enabling it to exercise all its rights in relation to third parties in accordance with the laws of the empire. Thus Lesseps sought to make the Company a quasi-state in a legal Alsatia between Egypt and France.

The enlistment of the capital of small shareholders in the creation of the Company confirmed Lesseps' breach of 1855 with Enfantin, the Saint-Simonians and high finance. Those shareholders were intended to pay on each £20 share within twelve months £8,[2] which was, however, reduced to £4. The statutes of the Company limited the rights of shareholders. They were debarred from bringing a civil suit against the Company but had to accept the arbitration procedure

1. J. Charles-Roux, L'Isthme et le Canal de Suez. (Paris, Hachette, 1901) I, 281.
2. F. de Lesseps, Lettres I, 103; III, 107

of the French Code of Commerce which had been abrogated in 1856. They could not bring a general suit against the Company except through the medium of the General Assembly, whose membership was limited to shareholders with 25 shares and so excluded the bulk of the shareholders. Thus a democracy of investors created an oligarchical company under a benevolent autocrat who could tolerate no associates. Lesseps separated himself in succession from Enfantin, Saint-Hilaire and Linant but recruited experts in finance, administration and jurisprudence for the service of the Company. The 38 directors included the chief founders and shareholders although founders' shares were held by 166 contributors of money, advice or influence, with the maximum held by Lesseps, Ruyssenaers, Linant and Mougel. The board included 8 diplomats and politicians, 8 merchants, 7 landowners and 6 bankers but no engineers, shipowners or naval officers. It also included Lesseps' brother Jules, his brother-in-law Victor Delamalle, his cousin De Lagau and his uncle Adrien Corbin de Mangoux, who together helped to give the Company the appearance of a family-firm during its first career. Lesseps also found employment for a distant relative, Charles de Lesseps, as editor of the Company journal. Egypt was represented by no director but by a commissioner, the first of whom was F.W. Conrad. The function of the board of directors was to confirm decisions taken by the executive committee, which was an emanation of Lesseps and held its first meeting on December 17 1858, three days before the first meeting of the board. Thus Lesseps sought to ensure a monopoly of the power and the glory of his great enterprise. His great difficulty after the death of Negrelli was the shortage of capital caused by the under-estimation of costs inevitable with a pioneer work and by the comparative failure of the initial flotation. His great gift was his ability to inspire his shareholders and his employees with confidence in himself and in his enterprise. As a true merchant of hope he minimised obstacles, magnified achievements and always exuded optimism. The Company was nevertheless compelled to rely on financial help from the Government of Egypt, to raise revenue in all possible ways, to develop its financial techniques and operations and so to allot financial considerations priority over

all others. Thus from its foundation the Suez Canal Company became a financial company rather than a construction company and a dependant on Egypt for capital as well as for labour and water.

THE CONSTRUCTION OF THE CANAL, 1859-1869

The Company was compelled to begin and to complete the construction works as soon as possible since it had to pay a statutory 5% interest to its shareholders during the anticipated six years of the construction period and thus repaid part of its working capital in token of the rich harvest which was yet to come. Its task was to excavate 125,000,000 cubic yards to pierce a maritime canal through the desert of the isthmus. The obstacles which it faced were magnified by opponents to include the storms and quicksands of the Gulf of Pelusium, the absence of any Mediterranean port, the alluvial drift from the mouth of the Nile, the liquid mud of Lake Menzaleh, the drift sands and solid rock of the isthmus, the simoon of the desert, the constant absorption of water by the insatiable sand of the bed and the evaporation of water from the extensive surface of the Bitter Lakes. These obstacles compelled the Company to learn by experience so that the least excavation was done in the early years and the most in the last two years. The greatest hindrances were the lack of water and labour in the isthmus. The essential preliminary to the construction of a maritime canal was thus the extension of a fresh-water canal from the Nile. Moslem Egypt moreover lacked both a labour market and its associated poor law. The few wants of its peasantry were satisfied in abundance by the Nile which they served. Those wants could not be enhanced since the fear of the evil eye restrained the peasantry from competitive expenditure. The fellahin were more deeply attached to their land than even the French peasantry and could not be tempted by any wage to leave their household without its head, least of all to venture into the desert in the service of the infidel.

The first contract for the construction of the canal and its harbours was signed on February 14 1859 with Alphonse Hardon whose construction of railway-stations had made him a millionaire. The works began on April 25 1859 when the Egyptian flag was hoisted on a surf-beaten sand-bank between the Mediterranean and Lake Menzaleh, 37 miles east of Damietta and 7½ miles east of the old fort of Ghemil.

Lesseps placed the earth excavated by European and Egyptian in a bag decorated with the colours of imperial France. The new "Port Said" thus came into existence as a European town, and a construction-camp with a single row of barrack-huts from the Crimea planted on piles on an open beach, a lighthouse inaugurated on May 20 1859 and a landing-jetty. The work of construction was begun in the absence of Said, without the sanction of the Porte, without the support of the French Ambassador at Constantinople or of the French Consul in Egypt and without the approval of Britain[1]. The crisis in Anglo-French relations which had arisen in 1858 became acute after England's Austrian ally went to war with Sardinia and France for the defence of Lombardy. England replied to the launching of the first French iron-clad, "La Gloire", by ordering on May 11 1859 the first English sea-going ironclad, "Warrior", and by launching the anti-French Volunteer Movement of May 1859. England and Austria thus combined with the Porte and the Pasha to oppose the unauthorised construction of "the French Canal". Cherif Pasha, Said's chief minister, ordered on June 9 the immediate cessation of works, so precipitating a crisis in the relations between Egypt and the Company.

The twenty Egyptian workmen at Port Said went on strike on July 8. The new port was cut off from Damietta so that the Company was compelled to hire its own vessels, to distil its own water, to bake its own bread and to catch its own fish. Nevertheless it began to found camps on defensible sites in the interior of the isthmus at Toussoum in July, at Geneifa in August and at Kantara in September. The crisis of 1859 compelled Lesseps to give up hope of Austrian subscriptions to 50,000 shares in the Company and his Works Committee to modify fundamentally on August 16-17 the 1856 plan for the Canal. The construction of an inland harbour on Lake Timsah was abandoned, the bottom width was halved from 144 to 72 feet, the curves were raised in number from 10 to 24, the cube of total excavation was reduced by 5% to 120,000,000 cubic yards and the estimates of cost were reduced by 15%. The reduction in the width of the Canal was intended to save as much excavation as possible in the three deep cuttings but transformed

1. The Times, May 26 1859, 8iii.

the plan from a two-way into a one-way channel: thereby it more than halved the value of the Canal and imposed a structural limit which the Company never surpassed.

In England the crisis encouraged the proposal of such rival schemes as a ship-railway to carry sailing-ships at 20m.p.h. across the isthmus,[1] an Ascalon-Akaba Canal and a Nile Valley Railway. In France Napoleon III became more confident after the success of the French army against Austria in Lombardy and ordered on October 13 a naval mission to the Red Sea and on October 19 the maintenance of the rights of the Canal Company. Lesseps led a deputation of his directors to the Emperor on October 23 and secured from him the first definite promise of support for his enterprise. He then postponed his first meeting of shareholders for six months and appealed on November 7 for support against the British Government to the kings and princes of Europe, securing favourable replies from Austria, Russia and Italy. D.A. Lange felt compelled to resign on November 12 from his prospective seat on the board whilst remaining Lesseps' agent in England. Delane concluded that England would hold her place in the world quite independently of the isthmus of Suez, just as she had survived the loss of the American colonies. "If, however, contrary to all probabilities, the project should be actually realized, we can only say that the Canal will be so far a British canal that it will be traversed by British ships, devoted to British traffic and maintained by British tolls".[2] Another English observer agreed that the Canal was in economic terms as practicable as steam balloons to the moon[3] and could conceal only an imperialist plot to place the overland route to India under the control of a French company, French forts, French police and French zouaves disguised as workmen.[4] It might also protect the pasha of Egypt against his sovereign by a military trench comparable to the Hythe Canal[5] which might become an Egyptian Dardanelles or an Egyptian Gibraltar. Such fears encouraged W.P. Andrew to revive the

1. J. Brunlees & E.B. Webb, Proposed Ship-Railway Across the Isthmus of Suez. (London, Reed, August 3 1859).
2. The Times, December 16 1859, 8ii-iii.
3. Saturday Review, December 24 1859, 763-4. The Suez Canal.
4. F. de Lesseps, Lettres (1879) IV, 461.
5. The Times, December 20 1859, 6iv.

idea of a Euphrates Valley Railway in December 1859 and the British Government to maintain an unflinching opposition to the use of conscript labour in the construction of the Canal.

British interests seemed to be more directly threatened by the Canal because of the simultaneous improvement of the overland route under the stimulus of the wars in India and China. The completion of the Cairo-Suez Railway on December 7 1858 linked Alexandria by 204 miles of rail to Suez. That triumph for British over French imperial communications confirmed for England the exclusive nature of British interests in the traffic across the isthmus.[1] The new desert railway eliminated the four-horse vans introduced by Waghorn in 1840 and provided "the last link of the chain of locomotion by steam from London Bridge through 180 degrees of longitude east".[2] The triumph of Suez over Kosseir was consolidated by Said's foundation in 1857 of the Medjidieh Steam Navigation Company, which began a steam service to Jedda in 1858. That first indigenous steam service in the Red Sea carried the Mahmal for the first time by steam to Jedda in 1861.

The Egyptian section of the overland route which had begun as a leisurely pilgrimage was transformed from 1858 into a brief and brisk transit, during which travellers were largely insulated from the life of the land through which they passed and young cadets en route to India provoked censure for their systematic outrages on the indigenous population and their Moslem faith.[3] To benefit by the railway a new Anglo-Egyptian Postal Convention was concluded in 1858 by Trollope and Nubar, Director of the Transit since 1857. That Convention reduced the time of transit for mails to 24 hours against the strong opposition of the P. & O., which was the greatest paymaster on the railway and feared competition as a result of acceleration.[4] Trollope left Egypt with a very strong bias against "M. Lesseps and his Suez Canal" and in favour of steam navigation by land through Egypt. The G.P.O. was encouraged by the new Convention to introduce sea-sorting on the Southampton mail-boat from 1858, to seek tenders in 1858 for a

1. The Times, April 7 1858, 8iii-iv.
2. G.F. Dassi, Notes on Sueis. (Naples, 1860), 8
3. The Times, April 23 1860, 6iii. The English in Egypt. Hansard, Commons Debates, April 27 1860, 221, 249-50, 455, Mildmay.
4. A. Trollope, An Autobiography. (Edinburgh, Blackwood, 1883) I, 155-6, 165-7.

new service from Suez to Australia and to oppose the Pacific mail service favoured by the Admiralty and by New Zealand. The P. & O. survived the competition of rival companies to which it denied repair facilities at Suez. Its 'Salsette' which left Sydney on February 12 1859 for Suez (which) sailed via Mauritius until 1861 and encouraged Lesseps to hope that Port Louis would become the entrepot of the Indian Ocean and the great port of call for mailboats from the Cape as well as Australia.[1] The first attempt to lay an Indo-European telegraph by the Red Sea route was undertaken by L. & F. Gisborne who had laid the electric telegraph from Alexandria to Suez in 1856 and had registered the Red Sea and India Telegraph Company Limited on August 2 1858. That company secured the guarantee of interest which had been refused to the Euphrates Valley Railway and which was granted by Ellenborough as President of the Board of Control for the third time. The first Suez-Aden cable was laid in 1859 and was extended to Bombay in March 1860. The cable was too hastily laid to survive the coral and the heat of the Red Sea and proved as unsuccessful as the first Atlantic cable, so diverting interest to the Constantinople-Bagdad telegraph completed in December 1860 as the basis for an extension to India. The overland route remained a rail and steamship route used by Indians as well as by Anglo-Indians, its hazards demarcated in a new series of railway guides[2] and romanticised in a most successful comedy.[3]

Work began again on the Canal after a stoppage of eight months on the return of the Egyptian workmen from mid-November 1859. Camps were established at Timsah in November, at El Firdan and Serapeum in December and at El Guisr in August 1860. Each camp had a well, an oven and an Arab village: if it were large enough, it had a church and a hospital. The construction of piers was begun at Port Said from April 1860 in order to create an outer port on the model of Venice. Small bucket-dredgers built in Lyons and Brussels and reassembled at Port

1. F. de Lesseps, Lettres (1875) II, 336.
2. Bradshaw's Railway.... Through Route and Overland Guide to India, Egypt and China. (London, Adams, 1857).
   Bradshaw's Hand-Book to the Bengal Presidency. (London, Adams, 1860), which was followed by similar guides to Bombay (1861) and Madras (1864).
3. T. Taylor, The Overland Route. (Theatre Royal, Haymarket, April 1860).

Said began work in June 1860 but proved only 19% as efficient as expected. The Company moved its offices from Cairo and Alexandria to Damietta but failed to secure the fishing rights of Lake Menzaleh which would have reduced the villages of the lake to feudal dependence.

The Turkish request of January 4 1860 to England and France for guarantees for the security of the Empire and of Egypt against any threat created by the Canal was supported by the massacre of the Maronite clients of France in Syria. The resulting French expedition of 1860 to Syria was intended to lay the foundations of a new French empire in Western Asia at the expense of Turkey and with the acquiescence of Russia. To that end an Arab state was to be created under Abd el Kadr of Damascus while a Jewish state was to stretch along the Mediterranean coast from Suez to Smyrna, encouraging the revival from 1860 of Jewish national consciousness under French patronage.[1] Thus the Sultan would be discouraged and debarred from maintaining his opposition to the Canal. Said was attracted by the prospect of independence from the Sultan and did not enforce his ultimatum of 1859 to the Company. Instead he raised his army from 10,000 to 64,000 and subscribed by the Convention of August 6 1860[2] to 177,642 shares in the Canal Company valued at £3,520,000. In payment of the first call of £604,000 Said issued at the suggestion of Lesseps three-year 10% Treasury bonds to circumvent the need for the Sultan's sanction to a foreign loan. Those bonds, together with the £1,100,000 borrowed by Said on July 17 1860 from C. Lafitte et Cie and the Comptoir d'Escompte of Paris[3] created the nucleus of an Egyptian Debt and attracted Levantine financiers to offer Said their services in raising a loan.

The Syrian expedition failed in its state-building aims but encouraged Lesseps to seek Maronites from Beirut as worker-colonists[4] and succeeded in securing the consent of the Porte on February 12 1861

1. M. Emérit, La Crise Syrienne et l'Expansion Economique Française en 1860. Revue Historique, Avril 1952, 217, 220.
   B.L. Tuchman, Bible and Sword. England and Palestine from the Bronze Age to Balfour. (New York University Press, 1956), 146-7.
2. F. de Lesseps, Lettres, III (1877), 381-2, 391-2; IV (1879), 99, 133-4, 190.
   Hansard, Commons Debates, August 23 1860, Danby Seymour.
3. M. Sabry, L'Empire Egyptien sous Ismail. (Paris, Geuthner, 1933), 63, 90.
4. Sabry, 262, January 23 1861.

to the preparatory works on the Canal. François Philippe Voisin arrived in January 1861 as Chief Engineer of the Company in succession to Mougel. A preliminary channel was then begun by manual labour through Lake Menzaleh. It was built by the robust fishermen of the lake who extracted 424,000 cubic yards of semi-liquid mud, squeezed it dry, spread it in successive thin layers to bake in the sun and so created a solid dyke without other tools than their hands. That channel became the precursor of the projected canal, a proof of its possibility and a pledge of its achievement. It opened a route southward for the dredgers which then widened and deepened it. The Porte's consent made possible the employment of conscript labour which remained on an unofficial basis in deference to English susceptibilities. The first monthly levy of 5,000 was expected from February 1861: its first contingent of 2,500 arrived at the beginning of March. After the fast of Ramadan recruitment by Hardon's agents went ahead through the 2,500 villages of Egypt, which were each asked for two men while Lesseps visited Palestine (March 21 - April 7 1861) to recruit labour for "a work announced in the Bible and in the Koran".[1] That conscript labour was employed on the construction of the Sweet Water Canal to Timsah as well as on the preliminary channel which reached Kantara in June 1861. After Lesseps secured the doubling of the monthly contingent to 10,000[2] a second parallel channel was begun, so opening up an independent passage for light traffic and permitting dredgers to work without interruption in the first channel. By the end of 1861 the preliminary channel had been extended 38½ miles south to El Firdan and 1,330,000 cubic yards had been excavated, mostly by dry excavation. Support for the Canal was extended by the French Academy's offer of a prize for a poem on the subject, which was won by Henri de Bornier's "L'Isthme de Suez" (1861).

The economic boom of the 1860s encouraged the demand for the Canal but also made its execution more difficult. Economic expansion was powerfully stimulated by the second China War and by the Civil War in the U.S.A. The Merchants' War of 1856-60 was provoked by the use of the British flag as a flag of protection by Chinese vessels,

1. F. de Lesseps, Lettres, (1879) IV, 32.
2. F. de Lesseps, Lettres, IV 82. Lesseps à Beauval, 7 Juin 1861.

especially by the "Arrow" which seems to have been as closely associated with Jardine, Matheson and Company as Governor Bowring whose son had been a partner since 1854 when Bowring became Governor of Hong Kong. The Treaty of Tientsin gave legal recognition to the opium trade and opened the great rivers of China to foreign trade and the Forbidden City to Western legations. It increased interest in Japan which was opened to foreign trade in 1859 and linked by a P. & O. service to Shanghai from 1859. The Treaty of Peking of 1860 finally ended the 25 years struggle to decide the basis of relations between Europe and China. It ceded Kowloon to Hong Kong and legalised Chinese emigration in English interests as well as the propagation and practice of the Catholic faith in French interests. The war produced a great boom in Hong Kong and encouraged Shanghai to aspire to become a free city of Asia on the Hanseatic model. It also encouraged the beginning of shipping services to China and Japan by the Ben Line in 1859, T. & J. Brocklebank in 1860 and the Shire Line in 1861. The opening of three ports on the Yangtze and the elimination of Chinese junks from the river below Nanking by the Tai-Ping Rebellion created new opportunities for foreign steamship enterprise and led to the foundation in 1862 of the Shanghai Steam Navigation Company with the American firm of Russell and Co. as Managing Agents. The great inland tea market of Hankow was first reached by ocean steamer in 1861, by the river steamers of the Shanghai Steam Navigation Company in 1862 and by ocean sailing vessel in 1863, giving Chinese merchants freedom of choice between the two markets of Hankow and Shanghai.

The opening of the lower Yangtze stimulated the expansion of Shanghai and completed the diversion begun in 1854 of traffic from Central China away from the overland routes to Canton to the river and coastal route via Shanghai. From 1863 Shanghai became a terminus of the European coasting trade and was linked to Hong Kong by the Shanghai Steam Navigation Company. Its population, trade and revenue expanded faster than those of Hong Kong in the 1860s when it became the main centre of European trade in China, benefiting by the opening of Japan to the east and of the Yangtze to the west and by the expansion of Japanese silk production into the void left by the disruption (1860-64)

of the Chinese industry. Shanghai with its deep-water outport of Woosung lay on the mainland while the offshore island of Hong Kong was cut off from direct contact with China by the barrier of Canton. Shanghai became the great centre of commerce for all the basin of the Yangtze which was 3,200 miles in length from the Eastern Sea to Tibet and was navigable for 1600 miles. The Yangtze had become more than ever the main artery of the empire with the shift of the course of the Hwangho to the north of Shantung in 1852. Thus Shanghai enjoyed direct access to the 100,000,000 inhabitants of the most fertile, productive and populous half of the empire: it could collect tea and silk for export from the richest silk-growing districts of China and channel imports of opium inland along the routes by which tea travelled for export. As the most northerly ice-free port on the coast of China it was the centre for transhipment between coastal navigation to north and south as well as between coastal and river navigation. As the Yangtze basin was the heart and focus of Chinese civilization Shanghai replaced Canton from 1863-64 as the great source of innovations from the outside world in the self-strengthening movement of the 1860s. The expansion of the China trade was also reflected in a corresponding growth of Singapore, in its shift from the orbit of India into that of China and in the five proposals made in 1857-63 to pierce the Kra Peninsula.

In India a sustained expansion of economic activity followed the suppression of the Mutiny. The large-scale investment of British capital was encouraged by the abolition of the East India Company, the introduction of joint-stock legislation from 1858, the rise of the managing-agency[1] and the establishment of the supremacy of the agent over his board of directors. The resumption of railway construction from 1858-9 helped to develop agricultural production for export since all the main railway lines led to the ports and since British administration had extended over all the fertile valleys of the peninsula, leaving the jungle and the desert to the princes. In the agricultural boom of the 1860s the last export of Indian manufactured

1. S.D. Mehta, The Cotton Mills of India 1854 to 1954 (Bombay, 1954), 49
Liu Kwang-Ching, Anglo-American Steamship Rivalry in China, 1862-1874. (Harvard University Press, 1962), 31

cottons took place while the provinces developed the cultivation for export of the new staples of jute in Bengal, tea in Assam, rice in Burma, coffee in Ceylon and cotton in Bombay. The plantation form of production was extended from the maligned crop of indigo to tea. The prodigious financial success of the Assam Tea Company (1839) and the Jorehaut Tea Company (1859) encouraged a mania in Bengal for tea companies and the reduction of the import duties on tea in England in 1864 and 1867. The export of jute from Bengal gave Liverpool compensation for the Cotton Famine and encouraged the building of jute clippers in iron. The rice trade from Bangkok and Rangoon was developed by R.C. Rickmers of Bremen and the teak trade of Burma by the Bombay-Burma Trading Corporation established in 1864. The Calcutta and Burmah Steam Navigation Company, established in 1856 after the Second Burma War by William Mackinnon, founder of the Bengal merchant-house of Mackinnon, Mackenzie & Co. in 1847, renamed itself in 1863 the British India Steam Navigation Company. It extended its operations to the Persian Gulf in 1862 in association with the Euphrates and Tigris Steam Navigation Co. Ltd., which had been established in 1861 by T.K. Lynch of Bagdad. Its affiliated Netherlands-India Steam Navigation Company Limited secured the Batavia-Singapore mail contract in 1862 and was registered in the Netherlands in 1865. In Java the reform of the culture-system in the interests of private enterprise rather than of 'the coffee and sugar machines, called "Natives"'[1] was undertaken from 1862. The great cotton boom in Bombay expressed its faith in the pro-Southern press of London and in the power of the South to resist the North. That boom tapped the most important single industry of the presidency, ended India's exports of cotton to China and first gave Bombay a staple export to England. The replacement of American by Indian cotton in the mills of Lancashire increased the shipment of bullion and specie through Egypt to India and stimulated the advance of the railways from 1863 into the heart of the cotton country. It also attracted J.N. Tata in 1864 to England and inspired him on his return to begin from 1869 the manufacture of cotton goods,

1. E.D. Dekker ('Multatuli'), Max Havelaar, or the Coffee Auctions of the Dutch Trading Company. (Edinburgh, Edmonston, 1868), 353.

so laying the foundation of a Parsi industrial empire. The cotton boom also kept freights high to the benefit of sail, which profited by the emergence of another staple of world trade. The Cape route thus came into increasing use by bulk cargo while expensive cargo was carried by the overland route.

The expansion of French ambitions in Asia gave France its mission to regenerate the East, brought the overland route into use by French troops from 1859-60 and increased French pressure for the Suez Canal. Debarred from expansion in the Lebanon and incited by British expansion in Burma and the prostration of China by the Tai-Ping Rebellion France forced open the port of Saigon to international trade in 1860. Thereby she established control of the Cochinese rice-granary of Annam at the same time as she developed her interests in Abyssinia, Zanzibar, Arabia and Persia. The law of July 3 1861 authorised a new mail service by the Messageries Impériales between Suez and Saigon. Marc Fraissinet's purchase of Obock on March 11 1862 gave France its first foothold on the Somali coast and a Cayenne in the Red Sea. The Messageries secured from Egypt what it had always refused to the P. & O., the construction of a dry dock at Suez under the contract of April 11 1862 with Dussaud and the construction in 1862-63 of the first three light-houses in the Red Sea. The 'Impératrice' opened the new mail service from Suez and brought the London mails of October 18 1862 to Singapore 35 days later on November 21.[1] The extension of the service of the Messageries to Hong Kong on January 1 1863 ended the monopoly enjoyed by the P. & O. since 1845. The new French mail service devalued Madagascar as a port of call but benefited Singapore and Suez which gained the imposing premises of the Messageries in 1863 and a French Hospital in 1863-4. The Messageries helped to transfer the raw silk market from London to Lyons, reduced the tribute paid by France to England for imports from the East and even drove the P. & O. out of the specie market in 1865. Its new service however consolidated the pattern of the overland route to the disadvantage of the Canal.

The P. & O. responded to the challenge of competition by ending its service to the Iberian Peninsula in 1862, using the Mediterranean

1. W. Makepeace, One Hundred Years of Singapore. (London, Murray, 1921) II, 110.

thenceforward solely as a through-route to Alexandria. It built its first vessel with compound engines in 1861 and its last paddle-steamer in 1864, when it began a massive rebuilding programme after failing to secure the Government contract for troop-transport or to prevent renewed complaints of its high-priced inefficiency. It rivalled the Messageries in creating a southern extension to the main overland route to the East. In 1864 both the P. & O. and the Messageries began branch services from Aden to Mauritius, where they linked up with a new service begun by the Union Line from Cape Town. Port Louis so gained compensation for the loss of the P. & O. Australian service to Galle in 1861 while Cape Town gained the object of five years' agitation. The Egyptian overland route reached its maximum extension in 1864, with Galle as the junction for the services from Calcutta, China and Sydney and Aden as the junction for the lines from Bombay and Mauritius.

The growth of shipping stimulated the foundation of dock companies the Tanjong Pagar Dock Co. Ltd. in Singapore in 1863 and the Hong Kong and Whampoa Dock Co. Ltd. established in 1865 by Jardine's and the P. & O. The development of the French overland route was followed in 1863 by the establishment of the Bombay and Bengal Steamship Company which began a monthly service between Bombay and Suez in the winter cotton-moving season and so linked up at Alexandria with the steamships of Moss & Co. from Liverpool and of Fraissinet from Marseilles. The expansion of the 1860s was especially marked in the ports of Marseilles, Beirut, Alexandria, Suez, Bombay, Karachi, Galle, Calcutta, Rangoon, Singapore, Hong Kong, Shanghai and Yokohama, the obscure village selected as the Canton of Japan. As Asia recognised the supremacy of Europe by sending to London the first embassies from Japan in 1862 and from China in 1866, Europe experienced a wave of Oriental influence through the renewed foundation from 1860 of chairs of Sanskrit, the historical romances of P.M. Taylor, "the Scott of India", the poetry of Edward Fitzgerald and Matthew Arnold, the leading articles of Edwin Arnold in the 'Daily Telegraph' from 1862, the music of Bizet from 1863 and the painting of Whistler from 1864. Flaubert projected from 1862 a novel on the modern Orient which would portray the interfusion of the two worlds, the barbarisation of the civilized

European, and the civilization of the Oriental.[1] Egypt in particular assumed a growing role in the thought-world of the West as a cradle of civilization comparable to Greece, as the source of the Phoenician alphabet deciphered in 1859 by the Vicomte J. de Rouge, as a proof of the specificity of race and the polygenesis of mankind[2] and as the exact geographical centre of the earth.[3]

After Said's first visit to the isthmus (December 6-8 1861) he issued written orders to his governors to raise the monthly levy of labour from 10,000 to 15,000 in December and to 25,000 in January 1862,[4] so replacing the unofficial levy by the official corvée and swamping European labour by Egyptian. Said also sent 5,000 demobilised soldiers from Upper Egypt to El Guisr and, after their large-scale desertion, Ismail Bey in February 1862 to maintain order in the isthmus. He graciously allowed his conscribed fellahin to accomplish their daily quota by night during the severe daytime fast of Ramadan in 1862. He also negotiated his first public loan through Hermann Oppenheim Nephew & Co. in 1862. The Sweet Water Canal was completed to Nefischa[5] to the west of Timsah on January 23 1862 and opened on February 2 by a celebration of the arrival in the isthmus of the fresh water of the Nile. The town of Timsah was founded on April 27 as a planned city of stone houses along the avenues around three squares, with Lesseps' chalet off the central Place Champollion in "Lessepsville", an Arab village to the east and a Greek village to the west. The Sweet Water Canal was followed by the first telegraph line to the isthmus in 1862, after the landing of the Malta cable at Alexandria in 1861. That canal was used with caution by Nile river-boats from 1862. It also made possible the renewal of settlement in the Wadi Tumilat from Zagazig to Tel el Kebir, which were linked by a carriage-road from 1861. The Company bought a 28,000 acre estate in the Wadi

1. E. & J. de Goncourt, Journal des Goncourt. (Paris, Charpentier, 1891) II, 23-24, 29 Mars 1862.
2. J.C. Nott & G.R. Gliddon, Types of Mankind: or, Ethnological Researches. (Philadelphia, Lippincott, 1854) 141-179, 210-245, 667-688.
   A. Maury, J.C. Nott & G.R. Gliddon, Indigenous Races of the Earth; or, New Chapters of Ethnological Enquiry. (London, Trübner, 1857), 100-124, 321-323.
3. C.P. Smyth, Our Inheritance in the Great Pyramid. (London, Isbister. 1864, 1874). 65-69, 460, 480-485
4. F. de Lesseps, Lettres (1879) IV, 110
5. Voisin Bey, Le Canal de Suez, IV (1904), 339-357.

Tumilat in 1861, appointed Guichard as its manager and so became the landlord of fellahin and beduin. Guichard doubled the population of the valley in a year and doubled the production of Sea Island cotton, under the influence of the wartime cotton boom. Thus the Company encouraged the extension of the margin of cultivation towards Egypt's desert-frontier. At Port Said buildings were laid on concrete foundations from 1862 and masonry cemeteries were created above-ground because the presence of salt water in the sub-soil made burial impossible. Its Arab village had suffered from the erosion of the east beach and was transferred from the east to the west of the port from April 1862.

The labour contingents reached their maximum number of 23,318 in the month of April 1862 and were especially employed on the deep cutting through El Guisr,[1] the backbone of the isthmus which stretched for eight miles at an average height of 33 feet above sea-level. Their sustained manual labour made possible the ceremonial admission on November 18 1862 of the waters of the Mediterranean to Lake Timsah amid the strains of the Egyptian national anthem, although Said did not occupy the new kiosk built for him by the Company. The corvée was wasteful because of the monthly turn-over of the contingents but it supplied the labour of born navigators, men who worked like oxen, lived on an onion a day and ventilated their resentment only in song.[2] The Company paid its conscript labourers double the customary wages to perform double their customary daily task. At first it supplied provisions but then allowed the workmen to bring their own.[3] The wages were swallowed up by the high cost of food, whose price was raised by transport costs, by the cotton boom in the Delta and by the enterprise of Greek shopkeepers from 1862. Wage-rates were fixed too low and the wages were paid short in money and in rations, causing many desertions. The high cost of living in the isthmus was increased by the Company's discouragement of the use of small currency.[4] The selected labour-force excluded the very young and the very old but was

1. Illustrated London News, January 31 1863, 125, 130; February 14 1863, 176.
2. N.W. Senior, Conversations and Journals in Egypt and Malta (1882) II, 133.
3. G.P. Badger, A Visit to the Isthmus of Suez Canal Works. (London, Smith, 1862), 67.
4. O. Ritt, Histoire de l'Isthme de Suez. (Paris, Hachette, 1869),247

harassed by disease because of the high concentration of labour, the mixture of labourers and the absence of social organisation in the isthmus. The Company published no full statistics of mortality and thus could not check the spread of rumours of high mortality.[1] It bore no costs of travel for its labourers, despite the great distances and imperfect communications. In order to employ 20,000 per month it absorbed, with those in transit, 26,000 or 3.6% of a rural male labour force of 720,000.[2] The Company's demands thus diverted the fellah from his primary duty in life, the cultivation of the soil and the payment of the land-tax, at a time when the cotton boom in the Delta created a growing strain on the available supply of labour.

The admission of the Company's shares, 200-francs paid-up, to the Paris Bourse on May 19 1862 after three and a half years ended any doubts about the regularity of the constitution of the Company in 1858 and committed the Company thenceforward to the defence of its market quotation. At the annual meeting of shareholders on May 22 1862 Lesseps raised the forecast of the tonnage expected to use the Canal from the 3,000,000 of 1854 to 4,000,000. His officials nevertheless turned English travellers back from the Canal works down to 1862.[3] The first English notable to tour the works was Bulwer, the ambassador to Constantinople, on December 18-19 1862. He persuaded Said not to double the contingents and urged on Lord John Russell on January 3 1863 that England should defend the yellow sands of Egypt from French invasion almost like the white cliffs of Albion: he suggested the improvement of the Alexandria-Suez Railway as a counterpoise to French influence in the isthmus. His report was less important than that made at Said's request by John Hawkshaw, president of the Institution of Civil Engineers, and published on February 5 1863.[4] It showed that by December 1 1862 7,484,800 cubic yards had been excavated between

1. J. Steele, The Suez Canal: its Present and Future. (London, Simpkin, 1872) 16.
   D.M. Wallace, Egypt and the Egyptian Question. (London, Macmillan, 1883), 268-9, 310-11.
   E. Dicey, The Story of the Khedivate. (London, Rivingtons 1902), 36
2. Ritt, 286.
   H. Vierne, Les Intérêts de la Compagnie du Canal de Suez et ceux de la Gouvernement Egyptien. Revue Contemporaine, Janvier 1864, 340-341
3. Hansard, Lords Debates, May 6 1861, 1555 Lord Carnarvon.
4. L'Isthme de Suez, 15 Juin 1863; The Engineer, July 31 and August 7 1863, 60-75.

Port Said and Timsah and £1,984,000 had been spent. Thus 6% of the reduced total cube had been removed instead of the half expected in 1858 and with the expenditure of 25% of the Company's initial capital, since unit-costs were at least six-fold those estimated in 1855. Hawkshaw doubled the 1859 estimate of cost of £5,000,000 but clearly established that the scheme of "the great projector"[1] was not an engineering impossibility and so refuted Stephenson. His report was followed by the Company's termination of Hardon's contract on February 14 and by the beginning of a reappraisal of the venture in the English political mind.[2]

On the death of Said at the age of forty-one the Company's shares slid down by 3.2% (January 17-19 1863) and the labour contingents were held up until Lesseps secured a confidential interview with the new pasha on January 24. Ismail had been educated in Paris and was more captivated by French civilization than Said had been but was less dependent on intermediaries and was never under the spell of Lesseps.[3] He lacked the belief in Islam which Said had retained and was as scared of cholera as Mehemet Ali had been. Haunted by fear from childhood he became "a throned Ishmaelite"[4] who paid eight visits to Constantinople between 1863 and 1873 but none at all to Mecca. He allowed the standing of the Egyptian Haj to decline at Mecca and Egypt's status in the community of Islam to deteriorate. Without the will-power to become an unbeliever Ismail believed in 'Progress' and 'Civilization' which he identified with Europe and with economic development rather than with the legal reforms undertaken in contemporary Tunis and Constantinople. He spoke of himself as a man of the nineteenth century and decorated the walls of his palaces with Arabic inscriptions from Smiles' "Self-Help". He had a mania for public works and for racing,[5] loving building as much as Abbas and movement as much as Said. As the richest and most progressive

1. B. Oliveira, A Few Observations upon the Works of the Isthmus of Suez Canal. (London, Harrison, 1863), 18.
2. Saturday Review, August 1 1863, 150-151. The Suez Canal.
   The Economist, August 8 1863, 870-871. The Suez Canal.
3. E. de Leon, The Khedive's Egypt. (London, Low, 1877) 165.
4. (C.F.M. Bell), Khedives and Pashas. (London, Low, 1884), 23.
5. E. Dicey, 68.
   F. Petrie, Seventy Years in Archaeology. (London, Low, 1931), 40.

landlord in the country he thought of Egypt as his estate, of his subjects as taxpayers and of Western techniques as the best means to increase their taxable capacity. He also sought to enlarge their number through the military conquest of peoples less technically advanced and to make himself "as rich as the Rothschilds"[1]. As the first Oriental autocrat to accept Western techniques,[2] save for Mongkut of Siam, he sought to buy from the Sultan the freedoms which Mehemet Ali had failed to win by force of arms.

Lesseps was compelled to readjust his plans to take account of the will of the new pasha and especially of his professed hostility to the corvée in the isthmus. Timsah was renamed Ismailia on March 4 in honour of the pasha and became the headquarters of the Company in succession to Damietta. It did not become a workshop centre as planned but became the centre of communications in the isthmus and eclipsed Toussoum, which had been the first camp in the vicinity. It became the site in 1863 of the Ismailia Waterworks and became more of a French community than any other settlement. By the Convention of March 20 Ismail accepted 177,642 shares in the Canal Company to the intense annoyance of the British Government. By the Convention of March 30 with the Alexandria bankers, E. Dervieu and H. Oppenheim,[3] the Company disposed of its £252,800 of Treasury bonds at a profit of 55% and so raised its shares by 9% (April 7-11 1863). These conventions were followed by the severe crisis of 1863 in relations between the Company and Ismail.

The Porte and Ismail were both determined to withdraw forced labour from the Canal works and the Company's rights to the lands along the Sweet Water Canal. Ismail was especially concerned to prevent the creation of an Arab principality under Abd el Kadr who had visited the Canal works in 1863 en route to Mecca and who on his return had become a mason at Alexandria in 1864. Lesseps offered Abd el Kadr the estate of Bir-Abu-Ballah by Lake Timsah[4] as a winter

1. Wallace, 342-3.
2. W.B. Jerrold, Egypt under Ismail-Pacha. (London, Tinsley, 1879),174
3. F. de Lesseps, Lettres (1879) IV, 298-300.
4. J. Guichard, Colonisation de l'Isthme de Suez, 1861-1866. Nouvelle Revue, 1 Février 1882, 242; Charles-Roux, II, 143; Sabry, 289-290

residence and as compensation for his dream of Arab empire in Syria which had crumbled after the departure of the French expedition in 1861. In return he was expected to colonise an area west of the Canal thirty times the size of his estate, so creating an isthmian complement to Napoleon III's "Arab kingdom" of Algeria. Ismail was supported by Britain which remembered the origins of its Indian Empire in a grant similar to that made to Lesseps and which began the ostentatious extension of its harbour at Malta in 1863. The surrender of the Ionian Isles to Greece provoked Disraeli's protest against the removal of one link in "a chain of Mediterranean garrisons, which secured our Indian empire".[1] The necessary policy for England was outlined in the spirit of Palmerston by Robert Gascoyne-Cecil, who was fascinated by the new power of locomotion: "As the greatest of commercial Powers, she can never suffer the highway of nations to fall into hands that may close it. The Sound, the Bosphorus and the Straits of Gibraltar, the Isthmus of Suez, and the Isthmus of Darien, must never be subject to the will of a first-rate Power".[2]

The Porte's Note of April 6 1863 expressed its hostility to the French colonisation of the isthmus and reduced the value of the Company's shares by 9% (May 5-11). The contingents declined in number from July. The Porte's Note of August 1 reaffirmed its opposition to the enterprise. Nubar, newly-created the first Christian Pasha in Egypt, was despatched by Ismail to Paris in order to by-pass Lesseps and appeal directly to the Imperial Government. There Nubar enlisted the support of French lawyers, politicians and journalists against the French shareholders of the Company. The report made on January 16 1864 by Emile Ollivier of the Liberal Opposition favoured Ismail's claims against the Company. Prince Jerome's public defence of the Company against England's opposition at a banquet to 1600 on February 11 left the Paris Bourse unaffected but won the approval of the Cobdenite 'Morning Star', whose editor was the brother-in-law of Bright: "As regards the Suez Canal project, Prince Napoleon is perfectly right in supposing that any English Government which attempted to drag England into a war about the Suez Canal would fall beneath the

1. Hansard, Commons Debates, February 5 1863, 95. Disraeli.
2. R. Gascoyne-Cecil, The Danish Duchies. Quarterly Review, January 1864, 284

contempt and ridicule of the English people.... No English Minister, be he ever so old, has any notion of setting on a war directly or indirectly to interfere with the Suez Canal".[1]

Ismail's acceptance of imperial arbitration[2] was welcomed by an outburst of imperialist sentiment among the shareholders at the annual meeting on March 1 1864 but it offended the Porte and compelled Nubar to sign the compromise of April 21 with Lesseps. The decision of the arbiter of Europe was embodied in the award of July 6 1864 which allotted the Company compensation for the withdrawal of its labour, its land and the Sweet-Water Canal and for the loss of the anticipated revenues therefrom. The Company had first claimed £3,750,000, then £4,250,000 and finally £5,160,000[3] but accepted the award of £3,360,000 to be paid over sixteen years. It had also claimed compensation first for 133,000 hectares of land and then for 573,700 hectares but accepted compensation for 60,000 hectares, which was all that the Sweet-Water Canal would be able to irrigate. The compensation was, however, generously based on the future improved value of the desert lands rather than on their negligible current value. That award was a political rather than a judicial decision and the greatest legal victory in the history of the Company. The compensation was lamented in the isthmus as inadequate[4] but was treble the amount expected by Ismail, who became greatly irritated with France, the Emperor and the Company. Nubar's campaign in Paris had cost £160,000[5] and compelled Ismail to dispose of 1,040 of his shares in the Canal Company at a par value of £20,000. Ismail refused to receive Lesseps, dismissed the fifteen French officers in his service and replaced Conrad as the Egyptian Commissioner with the Company by Emile Ollivier from April 5 1865. He also made the isthmus into a province and appointed Ismail Bey as its first Governor in 1864. He ordered Abd el Kadr to leave Egypt and made plans to link the isthmus

1. The Morning Star, February 16 1864, 4v.
2. G. Douin, Histoire du Règne du Khédive Ismail (1933) I, 91-92.
3. F. de Lesseps, Lettres (1879) IV, 493; IV, 384, 22 Janvier 1864; IV, 470-471, 15 Mars 1864.
   M. Sabry, 280-281.
4. W. von Tegethoff, Der Kanal ueber den Isthmus von Suez. Oesterreichische Revue, März 1866, 107.
5. M. Sabry, 311.

to Cairo by a new Sweet-Water Canal and a railway. In the summer of 1865 he cut off the supply of Nile water to the Wadi estate of the Company, ruining the crops and envenoming relations between the Company and its tenant-farmers. He also confided his first public loan in 1864 to the Anglo-German house of Oppenheim and raised no objection to the beginning of English troop transport through Egypt to India. Nubar sought to regain favour by recommending the establishment of an international court in Egypt to judge all claims against the Government, so renewing the campaign for judicial reform.

The withdrawal of the contingents of forced labour during May 1864 after three years and three months compelled the Company to increase its European employees and its wage-rates, to introduce cost-accounting from 1865 and to mechanize its operations as far as possible. The delay to the works, estimated first at one year, became the two years necessary for the construction of machinery. The contingents had nevertheless excavated 18,500,000 cubic yards, or 15% of the reduced cube of 1859. They had executed the most difficult and arduous part of the works and so made possible the triumph of European machinery and labour. They had pierced the plateau of El Guisr, removing 5,200,000 cubic yards or 46% of the total 12,000,000 cubic yards and opening up the heart of the isthmus. They had completed a second channel to El Firdan by July 15 1863, so creating an independent passage for traffic to El Guisr and outlining the basic width of the Canal by two channels separated by a wide causeway. They completed the extension of the Sweet-Water Canal from Timsah 56 miles south to Suez, where it was inaugurated by Ruyssenaers on December 29 1863. The arrival of the blessed Nile deprived the Wells of Moses of their monopoly of the local water supply and made water cheap and plentiful at Suez for the first time in history, suggesting to true Moslems that such wonder-working Europeans must also be children of Allah. That canal enabled Suez to capture the pilgrim trade of Kosseir from 1864 and made possible the rapid growth of the town in population, commerce and agriculture. It also gave Suez an advantage over Port Said, to which water was first brought by pipe-line from Ismailia on April 10 1864.

The Company divided the work of excavation into four sections and

concluded four large contracts, with Alphonse Couvreux on October 1 1863 for the El Guisr cutting, with Dussaud Brothers on October 20 1863 for the harbour moles of Port Said, with William Aiton of Glasgow on January 13 1864 for the 37 miles from Port Said to El Guisr and with Borel & Lavalley on March 26 1864 for the whole of the 54 miles from El Guisr to the Red Sea. The main contract was that of Aiton since all the others were dependent on its execution. Aiton had successfully dredged most of the Clyde but was almost ruined by the high cost of dredging the ooze of Lake Menzaleh and surrendered his contract to Borel & Lavalley on December 12 1864 after the English credit crisis of 1864. Thus the Company entrusted 90 miles to a single great contractor and so began to revert to its original approach. By the end of 1864 15,580,000 cubic yards had been excavated, or 13% of the total cube, by the expenditure of 37.6% of the Company's original capital. Machinery thenceforward proved increasingly important. Trough dredgers had been first introduced in 1862 with troughs of 30-45 feet in length as a new means of carrying spoil and proved successful beyond all expectation and far more productive than the small dredger. The mechanical excavator of Couvreux was a land-based chain-bucket dredger which used an endless chain of buckets revolving around an iron frame to scoop up earth like a carpenter's plane and load it directly into wagons on the upper bank. Patented in 1860 it first came into use from March 1865 at the El Guisr cutting, which thenceforward was undertaken at maximum speed by the greatest labour-saving device developed on the Canal. At Port Said the first sea-going hopper barges ordered by Aiton from Scotland were delivered from April 1865 for the removal of spoil dredged from the harbour. Dussaud Brothers had completed the jetties of Cherbourg in 1858, Algiers in 1860 and Marseilles in 1863. At Port Said they used the rubble-mound method of construction because harbour sand was abundant for the local manufacture of concrete blocks with imported hydraulic lime. Their first concrete block of 22 tons was sunk into place on the harbour mole on August 9 1865.

In November 1865 the attack began on the second elevation of the isthmus at Chalouf, a prolongation of the plateau of Geneifa, using the inclined plane as well as Piedmontese miners from the Mont Cenis

Tunnel. Work was temporarily interrupted by the epidemic of cholera which broke out at Suez on May 21 and at Alexandria on June 2. The disease was brought from the Delta by refugees fleeing to the disease-free isthmus and broke out at Ismailia on June 24 and at Port Said on June 29. The epidemic caused a panic flight of workers led by the Greeks, reducing the labour force from 6,000 to 3,000. It impelled Ismail to depart from Egypt and Lesseps to return from France to the isthmus as "the father of our great family".[1] It afflicted Ismailia more severely than Port Said or Suez,[2] killing 6% of the population of 4,000, including the only grandson of Lesseps and the wife of Voisin, before its ravages ceased in August. The opening of the locks on the Sweet-Water Canal at Ismailia on the Emperor's birthday (August 15 1865) enabled 300 tons of coal to pass on twelve barges from Port Said to Suez (August 13-26) by means of the preliminary channel in the northern half of the isthmus and the Sweet-Water Canal in the southern half. The returning workmen helped to raise the population of the isthmus from 10,000 in 1865 to 18,000 in 1866.

Meanwhile Lesseps had maintained his efforts to persuade Ismail to accept the arbitration award of 1864, because the number of his shareholders had increased from 20,000 in 1858 to 40,000 in 1864[3] and so swelled the French interests in "the greatest and most fruitful enterprise of the century",[4] "the most stupendous work of modern ages".[5] To rally support outside France Lesseps invited 120 chambers of commerce to send delegates to visit the works. 84 delegates, mainly French and Italian, observed in mid-April 1865 an activity partly factitious,[6] picknicked by day and banqueted by night. Lesseps himself was portrayed as the presiding deity of the Suez Canal in Manzotti's ballet 'Excelsior'.[7] The Canal Company began to issue its own 5-franc silver tokens from 1865[8] for use in the stores of C. & A. Bazin. To counteract the growth of French influence Bulwer recommended on March

1. O. Ritt, Histoire de l'Isthme de Suez (1869), 224.
2. Voisin Bey, Le Canal de Suez (1906), VI: i, 379-382.
3. F. de Lesseps, Lettres, IV (1879), 439; V (1881), 216.
4. F. de Lesseps, Lettres, V (1881), 58. 9 Novembre 1864.
5. T.K. Lynch, A visit to the Suez Canal. (London, Day, 1866), 71-72, November 12-19 1864.
6. Voisin Bey, VI: i, 365-366.
7. L. Manzotti, Excelsior. (Milano, Ricordi, 1865). Hansard, Commons Debates, March 16 1865, 1760. D. Griffith.
8. New York Times, November 30 1941, XX: 7: iv, Pay Checks on the Suez Canal.

10 1865 that a British warship should be stationed at Suez and that British warehouses and hospitals should be established in the isthmus.[1] British opposition to the Canal was however restrained by the death of Palmerston and by the free-trade reaction provoked by the victory of the protectionist North in the American Civil War.

The Egyptian reply to the imperial arbitration of 1864 was contained in the Conventions of January 30, February 19 and February 22 1866, which were the first conventions concluded between the Company and the Government. The Convention of February 22 1866 removed any doubts about the Company's legal status and nationality after it had been subjected to taxation as a foreign company in France from 1865. That convention established Egyptian jurisdiction over the Company and the Egyptian nationality of the Company,[2] despite the protests of Lesseps. "It puts the fate, the interests, the existence of the Company in the present and in the future, unconditionally at the discretion and beneath the despotism of all succeeding Egyptian governments... In a word, Article VII makes the Universal Suez Company an Egyptian fellah unconditionally liable to taxation and forced labour at the will of any pasha or viceroy".[3] In return for that sacrifice which made the Company a supporter of judicial reform in Egypt, Ismail accepted the 1864 Award and the Porte granted on March 17 1866 the long-desired firman sanctioning the construction of "the great work", despite the abandonment of the Porte's proposals of 1863 for the guarantee of the security of the Canal and for the restriction of its navigation to merchant-vessels. Thus Ismail insured against a repetition of the arbitration of 1864 and compelled the Company to abandon all objects other than the creation and operation of a maritime canal. He had prevented the establishment of a French fief in the isthmus and had deprived the Company of control over its own water-supply. He established a customs post in 1866 at Port Said which was entered by the vessels of Marc Fraissinet on January 27 1866 and of

1. K. Bell, British Policy Towards the Construction of the Suez Canal, 1859-1865. Transactions of the Royal Historical Society, 1965, 131.
2. L'Isthme de Suez, 15-18 Avril 1866.
   G. Douin, Histoire du Règne du Khédive Ismail (1933) I, 180-181.
3. F. de Lesseps, Lettres (1881) V, 213-214. Lesseps to Drouyn de Lhuys, 17 Octobre 1865. Article VII became Article XVI of the final Convention.

the Russian Steam Navigation and Commercial Company on January 28. Port Said held its first regatta in April 1866 and became the largest workshop in the world,[1] its population rising from 5,000 in 1864 to 8,000 in 1867. Ismail countered the growth of French influence in Suez by signing the contract of January 1 1867 with Dussaud, the builders of the dry dock at Suez (1862-66), for the construction of the Egyptian deep-water harbour of Port Ibrahim. He also appointed in 1867 an Egyptian as Inspector of the Suez Canal. His experience with the Canal Company impressed the Chinese Government with the danger from enterprises with foreign capital.[2]

The imperial and economic expansion of the 1860s fostered the demand for speedier communication between Europe and Asia which was supplied by cable, steamship, clipper and railway. The completion of the Indo-European telegraph via Fao and Gwadur to Karachi on January 27 1865 first established cable communication with India, enabled London to receive its first through telegram from Karachi on March 1 1865 and stimulated efforts to improve the overland route by the use of the developing Italian railways.[3] The voyage of Alfred Holt's 'Cleator' in 1865 pioneered the regular use of the steamship on the Cape route to China and provoked the greatest race ever sailed by the tea clippers of 1866. The economic crisis of 1866 shook the structure of European trade and finance throughout the ports of Asia, where it benefited the new enterprises of the Hong-Kong and Shanghai Banking Corporation established in 1864 and Butterfield and Swire established in 1867. The Hong Kong Bank successfully opposed the attempt of the London banks to reduce the usance of bills on China from six to four months' sight and opened branches in Calcutta in 1867 and Bombay in 1869. The post-crisis extension of communications was encouraged by the completion of the Atlantic telegraph to try to girdle the globe, and especially to span the Pacific, by steam navigation. The Panama New Zealand and Australian Royal Mail Company, a subsidiary of the

1. A. Roussin, L'Isthme de Suez et les Travaux du Canal Maritime. Revue des Deux Mondes, 15 Juillet 1867, 392.
2. M.C. Wright, The Last Stand of Chinese Conservatism... 1862-1874. (Stanford University Press, 1957), 280. Alcock to Foreign Office January 1 1868.
3. H.W. Tyler, Routes of Communication with India. Journal of the Royal United Service Institution, March 2 1866, 285-6.

Royal Mail Steam Packet Company, began the longest steam service in the world from Panama to Sydney in 1866. That company carried Dilke on his journey around "Greater Britain" (1868) to the most distant of the colonies from Suez, opened a rival steam route to the Pacific and compelled the P. & O. to launch its first vessel with an Australian name in 1866. The Pacific Mail Steam Ship Company began a service in 1867 from San Francisco to Hong Kong as a harbinger of the Pacific Railroad and carried the influence of the Re-United States into Asia, buttressed by the conclusion of the Burlingame Treaty with China on a reciprocal basis. The P. & O. followed the example of the Messageries in 1866 and extended its service to Yokohama in 1867, thereby linking India for the first time to Japan. The two new services spanning the north and south of the Pacific Ocean encouraged L. Simonin to estimate in 1867 that a trip around the world could be made by rail and steamship in 86 days. The direct steam route from Valparaiso through the Straits of Magellan pioneered by the Pacific Steam Navigation Company in 1868 became the complement to the steam services to China around the Cape of Holt and Robertson.

The monopoly of the P. & O. was under vigorous attack in 1866 and 1867 at home as well as abroad. The Treasury under a Conservative administration even solicited in a spirit of "Free Trade gone mad"[1] the competition of the Messageries as a weapon against the P. & O. The justest tribute to that "great national undertaking" was penned in November 1867 when it was most in need of protection: "The importance of this enterprise of a private company to the interests of the mother-country, and her eastern dependencies, it would be difficult to overrate. It has given a character of solidity and compactness to the British empire in the Eastern world, which enables us to contemplate its expansion without any feeling of apprehension. It has linked the most distant countries of the east with the European world, and for the first time after the lapse of more than twenty centuries, given full effect to the views of Alexander the Great when he founded Alexandria, and destined it to be the highway between Europe and Asia. It has

1. Hansard, Commons Debates, August 1 1867, 669. R.W. Crawford. Saturday Review, August 3 1867, 145. The Peninsular and Oriental Company; August 24 1867, 251. Eastern Postal Contracts.

covered the Red Sea with steamers, and converted it into an English lake. It has given a political importance to the land of the Pharaohs, which constrains England to consider the maintenance of its independence, even at the hazard of war, an indispensable article of national policy. The empire of India belongs to the nearest European power, and it is the enterprise of this Company which has conferred the advantage of this position on England. Our base of operations in Asia is the sea, but while transports were four or five months going round the Cape, our interests were always exposed to adverse contingencies. It is the spirited exertions of this Company which have brought the ports of India within four weeks' reach of the resources of England, and completed our ascendancy in the east".[1]

Under the new P. & O. contract, grudgingly approved in a thin House on November 29 1867, Bombay did not replace Aden or Galle as the great junction-point of the P. & O. but gained an increase in the number of its annual mails from 24 to 52, together with a sea-sorting service between Suez and Bombay. From 1868 Bombay received its mail in the contract time of 24 days, Calcutta in that of 29 days and Madras in that of 30 days. The P. & O. remained the reserve navy of the Indian Empire with its annual subsidy increased from £230,000 to £400,000. The overland route made a great gain from the Cape route when the regular transit of British troops through Egypt began in the 1867-68 season. That service was not undertaken by private enterprise but by the Government which rejected the tenders of the British India Line in 1862 and of the P. & O. in 1863. Five large new screw-steamers were built as Government transports and operated by the Admiralty for the Secretary of State for India as "a quiet little marine of his own on the other side of the world".[2] Two of the transports operated between Plymouth and Alexandria while three operated between Suez and Bombay, which thenceforward became the sole trooping port of India. The sailing troopships were transferred to the expanding emigrant trade to Australia and New Zealand. St. Helena suffered most by the transfer of trooping to the overland route. Mauritius was afflicted at the same

1. J.C. Marshman, The History of India from the Earliest Period to the Close of Lord Dalhousie's Administration. (London, Longmans, 1867), III, 62.
2. Hansard, Commons Debates, June 30 1865, 1023, A.S. Ayrton.

time by an epidemic of cholera which ended the services to the island by the P. & O. in 1866 and by the Union Line in 1867. England was enabled to maintain a European army double the pre-Mutiny size in India by trebling the number of annual reliefs. The replacement of a cheap Indian army by an expensive European army was essential to protect England against sepoy disloyalty and the Russian advance in Central Asia. It also made India more than ever before the great training-school of the British Army and "an English barracks in the Oriental seas from which we may draw any number of troops without paying for them".[1] The young sailor-advocate of sea-power and empire, J.C.R. Colomb, even recommended the emergency use of the overland route to send out sailors in two months to man a steam-reserve fleet for the defence of the coast of India from Bombay as "the Portsmouth of the East".[2]

The Austro-Prussian War of 1866, which occasioned Colomb's counsel, transferred Venice from Austria to Italy, sealed the Prusso-Italian entente by the Brenner Railway of 1867, drew France and Austria together in an anti-Prussian entente and delayed the completion of the Mont Cenis Railway Tunnel between France and Italy. As a temporary expedient the Mont Cenis Summit Railway was constructed (1866-68) with J.B. Fell's central rail and cog-wheel. That railway was first crossed by a locomotive on August 25 1867 and was opened to the public on June 15 1868. It made possible the use of the Italian railway to Brindisi as a supplementary route to that via Marseilles,[3] made Brindisi a port of embarkation for Egypt and compelled the French Government systematically to obstruct the French rail link to Italy in the interests of Marseilles. It also encouraged the competition with the P. & O. from Brindisi of the Adriatic and Oriental Steam Navigation Company, founded in 1864 by C.A. Palmer of Newcastle with an Italian subsidy. The first viceroy-elect to use the Brindisi route to India was Mayo, who also visited (November 27-29 1868) the Canal works

1. Hansard, Commons Debates, November 28 1867, 406. Viscount Cranborne.
2. J.C.R. Colomb, The Protection of our Commerce and Distribution of Our Naval Forces Considered. (London, Harrison, May 1867), 23. J.C.R. Colomb, The Distribution of our War Forces (January 15 1869). Journal of the Royal United Service Institution 1871, 271.
3. Illustrated London News, January 23 1869, 94ii. The New Overland Route and the Mont Cenis Railway.

in Egypt.[1] The new rail route encouraged proposals for a Channel Tunnel and for a Euphrates Valley Railway[2] in the hope of accelerating the passage to India even more.

The Canal Company itself entered into competition with the Egyptian section of the overland route by introducing from August 2 1866 a transit service across the isthmus under Guichard via the preliminary channel as far as Ismailia and then via the Sweet-Water Canal to Suez. That transit service was undertaken at competitive rates specified in the Company's Circular of May 1 1867 to the Chambers of Commerce of Europe and America and reduced coal prices at Suez in competition with the railway. The new route was used by the 80-ton brig 'Primo' of the Austrian Lloyd (March 11-16 1867) which brought back sulphur from the Red Sea mines and became the first cargo-ship to cross the isthmus. The Austrian Lloyd also began the bulk shipment of cotton from India via the overland route from 1867 in cooperation with the Bombay and Bengal Steamship Company. Port Said gained a French Post Office on June 16 1867 and was first visited by the Messageries on June 18. The expansion of the trade of the Mediterranean encouraged Trieste, Fiume and Barcelona to begin harbour works from 1868, followed by Venice in 1869 while Bordeaux considered a Biscay-Mediterranean Ship Canal as a complement to the Suez Canal.[3] The expansion of cosmopolitan "Bult Said" "a rapidly-increasing Venice"[4] like to "a slice of great Nijni fair"[5] brought the Egyptian Customs into conflict with the Canal Company and the local merchants, who both hoped to make Port Said a free port. That hope inspired four French merchants to lead fifty Europeans on August 24 1868 to seize their merchandise from the Port Said Customs, so precipitating another crisis between the Company and the Government. The new Cairo-Suez Railway which was completed by forced labour in four months as Ismail's reply to the Company's transit service benefited the Government as well as

1. The Times, December 29 1868, 4i-ii. The Viceroy of India and the Suez Canal.
2. The Engineer, March 19 1869, 202. From London to Bombay. The Spectator, July 10 1869, 811-812. The Proposed Backstair to the Continent; July 31 1869, 895-6. The Heroic Remedies for Channel Sea-Sickness.
3. The Engineer, May 14 1869, 346.
4. The Times, March 27 1868, 5v. The Duke of St. Albans, February 29.
5. J. MacGregor, The Rob Roy on the Jordan, Nile, Red Sea and Gennesareth & c. (London, Murray, 1869), 2, October 28 1868.

the P. & O. when it was opened on September 8 1868. Its route followed that of the Sweet-Water Canal via Ismailia and possessed superior traffic-potential to the desert-railway of 1858 as well as better gradients and access to water. Its competition ended the Company's branch transit service between Zagazig and Ismailia and captured the pilgrim traffic from the Company's transit service. Thenceforward Cairo and Suez were placed within three hours of Ismailia, which became more than ever the communications-hub of Egypt's new frontier-march. The west bank of the Canal secured a virtual monopoly of communications within the isthmus. The Government's victory over the Company was sealed by its ban on the Company's issue of postage-stamps and on its short-lived postal service (April 18 - Sept 30 1868).[1]

The expansion of European trade in Asia produced widespread efforts to introduce steam navigation on the rivers of Asia from 1867, especially in the Yangtze boom of 1867-68. Attempts were even made from 1868 to reach India from Hankow and so create an Irrawaddy-Yangtze axis from Rangoon to Shanghai. At the same time the voyage around the Cape was accelerated under the spur of the tea-clippers and the steamships, the 'Ajax' of Holt reaching London in 75 days (June 19 - September 2 1867) from Foochow. Shaw and Maxton's 'Titania' reached Hong Kong in 83 days (October 14 1866-January 6 1867) from Gravesend. Donald Currie's 'Tantallon Castle' reached Calcutta in 80 days and returned to England in 78 days on November 3 1868.[2] The 'Thermopylae' reached Melbourne from Gravesend in the fastest passage ever made of 63 days (November 7 1868-January 9 1869). Thus the sailing ship responded superbly to the new challenge of steam on the long ocean routes.

The economic crisis of 1866 produced a collapse in the price of the Company's shares by 39% from 360 francs on June 1 to the low-point of 220 francs on June 23. That crisis compelled the Company to adopt on July 19 new profiles for the Canal which reduced the cube of excavation from 120,000,000 to 97,000,000 cubic yards,[3] extended a

1. J. Boulad, Le Service Postal dans l'Isthme de Suez... de 1859 à 1869. Bulletin, Société d'Etudes Historiques et Géographiques de l'Isthme de Suez, 1947, 69-73.
2. The Times, November 6 1868, 6ii.
3. Engineering, July 24 1868, 84i.

subterranean shelf throughout the whole course of the Canal and provided for the construction of passing-stations from 1867. The Universal Exhibition of 1867 at Paris marked a stage in the spread of Oriental influence in Europe, especially through its Egyptian Pavilion. The Exhibition was used by the Canal Company to display models of the machines of Borel & Lavalley, to publicise its hopes as well as its achievements and so to prepare for the flotation of a loan necessitated by the near-exhaustion of its capital. To that end Lesseps foretold on July 1 1867 the completion of the Canal by October 1 1869.[1] He became the only recipient of a gold medal at the hands of Napoleon III to win the applause of the vast assembly in the Hall of Industry.[2] He commissioned another book to enlist English support for "this great victory of peace"[3]. The loan was issued (Sept 26-30 1867) at the same time as the Credit Mobilier, Luxemburg and Montana crises and proved a failure, reducing share prices by 23% (September 16-October 2). "The shares of the Suez Canal are offered to us with the persistence with which the Sibylline Books were laid before the old Roman King".[4] The Company was rescued from its plight by the Imperial Government which gave as powerful help as it had in the crisis of 1859 and authorised a lottery-loan. The additional attraction of a lottery ensured the success of the loan when it was reissued (July 6-9 1868), raising £4,000,000 at a nominal interest rate of 5% and a real interest rate of 8$\frac{1}{2}$%.

Thenceforth the works of the Canal went forward without interruption. The trough-dredger was improved by Lavalley and came into increasing use. The trough deposited spoil directly on the bank without intermediary barges, cranes, boxes or wagons. The trough was lengthened from 115 feet in 1865 to 164 feet in June 1866 with the support of a barge and to 197 feet in September 1866[5]. Up to that maximum length it became increasingly efficient in the disposal and

1. The Times, September 27 1867, 5ii.
2. C.C. Coffin, Our New Way Round the World. (Boston, Fields, 1869)62
3. W.F.V. Fitzgerald, The Suez Canal, The Eastern Question and Abyssinia. (London, Longmans, 1867), 25.
4. The Times, October 10 1867, 6v.
5. Voisin Bey, Le Canal de Suez, (1904) V, 470-475.

distribution of spoil. During 1866 it was introduced into one northern section after another. It could be moved however only with great difficulty and could not be used in deep cuttings. The smaller dredgers were more mobile and encouraged Lavalley & Voisin to develop the elevator for the disposal of spoil from November 1866. The elevator was the last important machine to come into operation on the Canal works and the least efficient, since it was purely a distributor rather than an excavator. Essentially it was an inclined tramway on a gigantic cantilever which carried boxes of spoil from a barge upwards along an endless chain for deposit on the top of the bank in these cuttings where neither excavator, trough or crane could function because of the rock or the height. It began work in the Ballah section from February 1867 and at El Guisr from September 1868.

The elimination of the causeway between the two channels began in 1866, so creating a wide navigable channel. The waters of the Mediterranean were first admitted on December 12 1866 through El Guisr into Lake Timsah, which so became a lake of salt rather than of fresh water. At the limestone plateau of Serapeum, which was on the same level as the Sweet-Water Canal to Suez, that canal was tapped during the successive high Niles of 1865, 1866 and 1867 to turn three large depressions into artificial lakes of fresh-water. Within these lakes dredgers worked from January 1867, dredging their way down from a height of 33 feet above sea-level and so replacing dry excavation by dredging. They disposed of their spoil with the help of side-emptying lighters introduced from December 1866 and were reinforced by trough dredgers which arrived via the preliminary channel from April 1867. Lake Timsah held its first regatta on May 12 1867 and admitted its first dredger on June 20 and its first lighter with base-valves on July 2 for the discharge of dredgings from El Guisr. By August 15 1867 the lake had reached the level of the Mediterranean, in eight months rather than the 4½ anticipated. At El Guisr Couvreux made rapid progress during 1866 and 1867 and completed his contract by January 31 1868, having perfected his mechanical excavator in the process. By the end of 1867 44,000,000 cubic yards or 45% of the new cube of excavation had been removed at 71% of the total costs. By

February 15 1868 49,000,000 cubic yards or 49.5% of the cube of excavation had been removed, leaving only half to be excavated at steeply-falling unit-costs as the Company at last reaped the advantages of its large-scale overhead investment in mastering the techniques necessary to conquer the desert.

The Abyssinian War of 1868 was an engineering rather than a military campaign, commanded by an engineer and organised from Bombay. It benefited the P. & O. and brought a war time boom to the Red Sea, especially to Aden and Suez. Suez became a supply base, a mule depot and a hospital camp, gaining the Victoria Military Hospital for use in conjunction with the new trooping service to Bombay. The Canal works were denuded of workmen who became muleteers at higher pay. The Company benefited by the surplus of mules at the victorious close of the campaign, using them on its inclined planes. The war ended the British consulate at Massawa but strengthened the demand for a Red Sea cable to India and encouraged the incorporation of three cable companies, the Indo-European Telegraph Company Ltd. (April 8 1868), the Anglo-Mediterranean Telegraph Company Ltd. (May 18 1868) and the British Indian Submarine Telegraph Company Ltd. (January 28 1869), so ushering in the cable company boom of 1868-69. For Britain the Red Sea remained a through-route rather than a base of empire. Italy, however, was inspired to consider the establishment of a penal colony at Assab, France to purchase in 1868 Sheikh Said opposite Perim and Assab, and Ismail to begin extending his own empire in the south after the cession of Suakin and Massawa in 1865 and the destruction of the Abyssinian threat to the Sudan.

The trough dredger was brought to Suez on January 20 1867 along the Sweet-Water Canal but found the clay of the Suez Plain recalcitrant and was abandoned in favour of dry excavation. For that task the inclined plane was introduced into the Suez Plain from March 4 1868 and facilitated the disposal of spoil as it had in dynastic Egypt. At Port Said the west mole was completed on September 10 1868 to a length of 1¾ miles, which was exceeded only by that of the breakwaters of Holyhead, Cherbourg and Marseilles. That mole provided the protection essential for the new harbour but destroyed the equilibrium of the coastline and led to the accumulation of a

sandbank fifty times as fast as had been expected,[1] the formation of an inner submarine beach and the enforced displacement eastward in 1868 of the access canal to the maritime canal. The sandbank accumulated more rapidly at first than later and more rapidly after the Nile floods than before them. On January 31 1869 the less important east mole was completed, having required only 40% as much concrete as the longer west mole. Together those moles created a harbour where few experts had thought it possible and where no materials existed for its construction. The area of the outer port enclosed by the two moles was trebled at no extra cost by a far-sighted decision in 1865. The moles had been reduced by 27% in length from that intended in 1859: thus they reached out to a depth of only 28 feet instead of to the recommended 32 feet and did not afford complete protection from the prevalent north-east wind.

By December 15 1868 69,000,000 cubic yards or 70% of the cube of excavation of "this enormous cut"[2] had been extracted. Faced by the impending completion of the great Salt-Water Canal English opinion reluctantly abandoned its Palmerston belief in its impossibility and proclaimed that it would be a financial failure even if it could be successfully maintained.[3] "A hole in the sand is an excellent place for sinking capital".[4] Ismail was impressed by the magnitude of the Company's achievement on his first visit to the isthmus (March 14-18 1869) when he gained a jubilant reception from the Arabs of Port Said. For that visit the Serapeum barrages were cut (March 12-16), releasing a destructive avalanche of fresh water.[5] Ismail then gave the signal on March 18 for the admission of the Mediterranean to the Bitter Lakes, whose area was tenfold that of Lake Timsah. "The conception of M. de Lesseps is raised out of the limbo of possibilities".[6] Thereafter Ismail came to the financial rescue of the Company after Lesseps abandoned on April 22 his claim to exemption from customs duties on

1. A. Cialdi, Port-Said. A.M. Ferdinand de Lesseps. (Rome, Les Beaux-Arts, 1868), 16, 20.
2. J. MacGregor, The Rob Roy on the Jordan (1869), 12.
3. The Times, February 18 1869, 4i-iii, 9iv-v. J. Fowler.
4. J. MacGregor, 3.
5. O. Ritt, 440-441.
6. W.H. Russell, A Diary in the East during the Tour of the Prince and Princess of Wales. (London, Routledge, 1869), 442. March 26 1869.

the import of machinery.[1] The Convention of April 23 1869[2] arranged for a joint commission of the Common Domain and surrendered the interest on Ismail's shares for 25 years. The Company then capitalized the expectations of profit on those shares by the issue on August 13 of delegations, which raised £1,200,000 in immediate funds. That sacrifice by Ismail enabled the Canal to be completed but committed the Company to the payment of maximum dividends for each of the next twenty-five years. Ismail also ordered the construction of four light-houses on the Mediterranean coast between Rosetta and Port Said for the guidance of shipping approaching the Canal.

Ismail visited Europe in May 1869 to pursue his dream of full sovereignty over an Egypt identified with Europe. That visit infuriated the Sultan, from whom Ismail had extorted the title of khedive in 1867. Abdul Aziz was disturbed by Ismail's order of three iron-clad frigates, by his raising of £28,000,000 in foreign loans (1864-68), serviced in 1868 by 23% of the revenues of Egypt, and by his apparent revival of the great aspiration of his fathers tothe throne of the Golden Horn. Ismail invited to the opening ceremony all the Moslem princes of Asia and Africa as well as all the Christian princes of Europe and America but not the Sultan since Ismail would have been deprived by the presence of his suzerain of the opportunity to play host to his fellow-monarchs. The resulting Turco-Egyptian conflict of June-Dec 1869[3] centred around the supreme issue of status in a hierarchical society.

By July 15 1869 90,000,000 cubic yards or 91% of the cube of excavation had been extracted. The fixing of the date for the opening of the Canal for November 17 1869[4] raised the Company's shares 23% above par to 615 francs by August 1 and created a sensation in England. It stopped sailing shipowners from buying new vessels and gave a marked impetus to enterprise in steam shipping, especially in Marseilles, Trieste, Genoa, Odessa, Barcelona and Amsterdam. In

1. G. Douin, II, 152.
2. The Times, May 20 1869, 6i; Economist, May 22 1869, 5971.
3. G. Douin, II, 309-742.
   A. Sammarco, Le Règne du Khédive Ismail de 1863 à 1875. (Le Caire, 1937), 169-189.
4. The Times, June 26 1869, 6ii, July 19, 5v; Economist, June 26, 74911.

Liverpool where shipowners suffered particular depression T.H. Ismay formed the Oceanic Steam Navigation Company (September 6 1869) with steamships only, probably for the Australian rather than the Atlantic trade, and ordered his pioneer steamship "Oceanic" with a 10 : 1 ratio of length to beam suitable primarily for the Suez Canal. The completion of the Canal took place almost un-noticed,[1] although it provided the subject of the last chapter in the first history of the isthmus.[2] On August 15 the barrage at the Suez end was cut and the restless waters of the Red Sea stormed through the gap with torrential violence into the 22-mile dry cutting which reached through the Suez Plain and the Chalouf cutting to the Bitter Lakes, causing £40,000 of damage, the suspension of dredging for fifteen days and a consequent delay in the completion of the works. On the pay-day of August 16 several thousand armed workmen surrounded the Company offices to prevent any attempt to decamp without settling accounts and so necessitated the protection of the Company by Egyptian troops and artillery. Lesseps made the first direct and continuous passage from sea to sea in fifteen hours on September 28[3] while Jules Verne sent the 'Nautilus' through an inclined Arabian Tunnel beneath the isthmus in twenty minutes and praised Lesseps as "one of the men that honour a nation more than the greatest captains".[4] By October 24 the 100,000 acres of the Bitter Lakes had been filled and equilibrium established between the Mediterranean and Red Seas in 7 rather than in the 10 months anticipated: thus the Bitter Lakes were filled faster and Lake Timsah slower than had been expected. The union of the two seas on the surface as well as beneath the earth[5] began the rapid dissolution of the salt crust of the Bitter Lakes and extended the tidal influence of the Red Sea as far as those lakes which became thenceforward the great reservoir of the Canal and the regulator of the sea-level at either end. The absence of current between the two ends proved the accuracy of Bourdaloue's survey of 1847. The Canal became a northward

1. The Times, September 21 1869, 51.
2. O. Ritt, Histoire de l'Isthme de Suez. (Paris, Hachette, 1869), 476-479.
3. The Times, September 30 1869, 101.
4. J. Verne, Twenty Thousand Leagues under the Sea (1870, written in 1867-70), chapter 28, The Red Sea.
5. E. Suess, The Face of the Earth. (Oxford, Clarendon Press, 1904), I, 377.

prolongation of the Red Sea, renewing the slow fusion of the marine fauna of the Atlantic and Indo-Pacific Oceans despite the saline barrier of the Bitter Lakes. The creation of large surfaces of evaporation increased the rainfall in the isthmus but did not produce any extension of the area of cultivation nor influence its climate in the same degree as the vast water-surface of the Delta.[1]

The Company issued its Navigation Regulations on August 17 for ships with a maximum draught of 24½ feet. Three English shipowners advertised the departure of seven vessels for the new route between October 16 and November 20. Donald R. MacGregor of Leith advertised on October 20 the 'Leith' for Bombay and the 'William Miller' for Hong Kong, T. & W. Smith of Newcastle on October 20 the 'Blue-Cross', the first of a Calcutta line, and Gellatly, Hankey Sewell & Co. of London on November 3 the 'Tszru' for Japan. To service the expected steamships two French coaling firms opened at Port Said, C. and A. Bazin of Marseilles on July 2 and Hippolyte Worms of Bordeaux on November 5. The isthmus which had been a construction camp with a population in May 1869 of 22,800 Europeans and 19,600 Arabs began to prepare for its transformation into a highway of commerce.

The works were carried to their triumphant conclusion by Voisin who had also served the Company as its Principal Agent in Egypt since 1867 and who earned his high reputation in civil engineering by his nine years of service in the isthmus. Borel and Lavalley were no ordinary contractors but were both graduates of the Ecole Polytechnique. They had appeared first in 1864 but had successfully adapted their techniques to the conditions of the isthmus and had devised machinery rivalling English machinery in its ingenuity. They perfected the construction of the most powerful bucket-dredgers ever built as Couvreux perfected that of the small-bucket mechanical excavator. They had signed their ninth contract with the Company on October 30 1868 and raised their share of the work from one-third to three-quarters. They gave employment to 20,000 men and excavated

1. T. Login, The Suez Canal, Egyptian Agriculture and Egyptian Cotton. Manchester Guardian, January 1 1870. 61.
W.G. Black, The Meteorology and Climate of Suez before and after the Opening of the Canal. Journal of the Manchester Geographical Society, 1888, 249-255.

74,000,000 cubic yards along ninety miles of the Canal, the greatest task ever allotted to a single contractor.[1] They ordered their cranes, their large dredgers, their troughs and their elevators from the Société des Forges et Chantiers de la Méditerranée, which had been established in Toulon in 1855 and which built the fleet of the Messageries Impériales as well as Ismail's ironclads. Their dredgers and barges were supplied by Ernest Gouin et Cie which had been established for locomotive construction at Batignolles near Paris in 1846 and which thereby undertook the first of its colonial construction enterprises.[2] Paul Borel died on October 17 1869 under the pressure of the work while Alexandre Lavalley, who had been Gouin's manager from 1846 to 1863, gave his name to two steamships, one belonging to Ismay of Liverpool and one launched by Gouin at Nantes on February 18 1870.

As an engineering achievement the Canal derived its grandeur from the sheer magnitude of the material excavated even more than from the technical skill with which obstacles had been overcome. 99,400,000 cubic yards had been excavated to create "a mighty river"[3] 24 feet deep and 98 miles long. 50,000,000 cubic yards of the total had been dredged, including 31,000,000 by trough dredgers, 13,000,000 by dredgers with barges and 6,000,000 by dredgers with elevators.[4] Three new ports had been created at Port Said, Port Ibrahim and Ismailia. The achievement was not complete. No harbour had been built on Lake Timsah while the works at Port Ibrahim were more like river than marine breakwaters. The surface-width of 328 feet was deceptive since it concealed the wave-eroding submarine shelf. The bottom width of 72 feet was half the width laid down in 1856 as the absolute minimum so that the channel was equivalent to a one-way railway and required passing-stations. The curves in its course numbered eighteen and reduced the magnificent arrow-straight section from Port Said southwards to Ballah from 40 miles to 26 miles in length.[5] Above all, the depth was reduced from 24 feet to 17 feet by two beds of rock

1. Voisin Bey, Le Canal de Suez (1904), V, 408.
2. J. Caniage, Les Origines du Protectorat Français en Tunisie (1861-1881) (1959), 468 Note.
   Voisin Bey, Le Canal de Suez (1904) V, 442-3.
3. Daily News, November 9 1869, 5ii-iii. A Voyage on the Suez Canal, October 27 1869.
4. Voisin Bey, V, 465.
5. Voisin Bey, IV, 123-126, 131-2.

discovered at Serapeum in late October 1869.

The time taken for the construction of that restricted channel was double the six years estimated in 1856, while Lesseps himself emphasized that the eleven years of construction had been preceded by five years of meditation and five years of investigation.[1] The total costs were £18,144,000 or 108% in excess of the 1856 estimate. Those costs included £11,652,000 for construction, with costs per cubic yard treble the estimates of 1856.[2] Costs were increased by the replacement of cheap local labour by expensive machinery and European labour, by the local manufacture of concrete blocks for the moles of Port Said, by the rock-facing of the African bank through Lake Menzaleh and, most of all, by the lack of comparative studies inevitable with a pioneer work. Costs were also raised by the British and Turkish opposition to the project, by the excessive centralization and over-administration of the Canal Company, by its employment of the black-sheep sons of the French aristocracy in sinecures[3] and by its continuous payment of the 5% statutory interest to shareholders. Thus interest payments, estimated at 12.8%, formed 19.7% of total costs while administrative expenses, estimated at 2½%, formed 5% thereof. France and Egypt supplied 91.7% of the total capital. France supplied £8,182,000 or 45.09% in its shares, the 1867 loan and the 1869 delegations. Egypt supplied £8,460,000[4] or 46.62% through its shares and the compensation under the 1864 award, or 5.3% of Ismail's total expenditure between 1863 and 1874.

The inauguration ceremonies of November 16-20 took place under the eye of the painter rather than of the photographer and were described to the public of Europe in accounts transmitted by sea-mail rather than by telegraph. Ismail was disappointed in his hope that the ceremonies would enhance his status in relation to the Sultan by associating him with the crowned heads of Europe. Of the 38 reigning sovereigns of Europe, including the 20 German sovereigns, only two attended the

1. F. de Lesseps, Lettres, (1881) V, 360 10 Avril 1870.
2. The Engineer, December 10 1869, 375ii.
3. G. Ebers, Durch Gosen zum Sinai. (Leipzig, Engelmann, 1872), 26.
4. Excluding the cost of the graving dock and the breakwaters at Port Ibrahim, of the lighthouses on the Mediterranean coast and of the inauguration ceremonies.

ceremonies in person, the Emperor of Austria and the Grand-Duke of Hesse-Darmstadt, or fewer than the three sovereigns who attended the 1867 Exhibition. Francis Joseph attended to ensure that no Prussian prince was given precedence over an Austrian prince and was commemorated by a quay at Port Said and by an avenue in Ismailia. The Empress Eugenie reigned supreme in the absence of both the Empress Elizabeth of Austria and the Crown Princess Victoria of Prussia. Eugenie fostered the Franco-Austrian entente against Prussia which she had supported since 1863, shunning the Crown Prince of Prussia in favour of the Emperor of Austria. The Crown Prince displayed his own lack of confidence in the Austrian Chancellor Beust as the architect of the Ausgleich, the opponent of German unification and the aspirant to a war of revenge against Prussia: he spent less time with Beust than with the Magyar Andrassy, who assured him of the monarchy's desire for peace.

"The greatest drama ever witnessed or enacted in Egypt"[1] began on November 16 at Port Said where on the beach west of the mole in front of the Eugenie Quay three pavilions had been erected, with that of Ismail's guests overshadowing both those devoted to Islam and Christendom.[2] Ismail's special request that the Moslem, Catholic and Greek Orthodox creeds should be given equal status in the ceremony did not satisfy the priests who showed only hate and scorn for each other.[3] The blessing of the Canal was undertaken by the representatives of each creed in succession, beginning with the Grand Ulema of Cairo: "Allah! Bestow thy benediction upon Europe, who, as Thou seest, has come among us today. Bestow thy benediction upon the enterprise which promises to enrich our poor nation. Bestow thy benediction upon our master and father Ismail, who has presided over these great labours. Bestow thy benediction upon all peoples. And we prostrate ourselves at thy feet, O Allah!"[4] The festivities at Port Said took place amid

1. H.M. Stanley, My Early Travels and Adventures in Africa and Asia. (London, Low, 1895), II, 50.
2. Illustrated London News, December 11 1869, 588-589. W. Simpson, Opening of the Suez Canal: Blessing the Canal at Port Said, in the Presence of the Imperial and Royal Visitors.
3. A. Russel, Egypt: The Opening of the Great Canal. (Edinburgh, The "Scotsman", 1869), 63.
4. Putnam's Monthly Magazine, March 1870, 334. Our Trip to Egypt as Guests of the Viceroy.

the indifference of the local Arabs[1] and were counterbalanced at Ismail's express wish by the Arab festivities at Ismailia.

A fleet of 130 merchant vessels assembled at Port Said for the opening ceremony. Most were warships or yachts while merchant vessels were in a minority, except in one case. Italy was represented by six trading steamers but not a single warship, ambassador or consul-general, because of the sudden illness of King Victor Emmanuel. The Company had promised a depth of 26 feet and admission to vessels of 24½ feet but confessed at the last moment that vessels over 18 feet could not pass through, so that the deepest vessels became the 'Péluse' of 17 feet, the Russian 'Yachut' of 17'2", the Norwegian 'Nordstjernem' of 18 feet and the 'Delta' of 18 feet. At 8.30a.m. on November 18 a fleet of 46 vessels led by the 'Aigle' and three Austrian vessels began to enter the Canal to undertake the first journey by water across Africa.[2] Without pilots and without convoy, many ships grounded slightly over and over again, especially in the curves following the first straight stretch. Only six ran fully aground through bad steering or eagerness to pass through quickly. The 'Péluse' of the Messageries ran aground on November 19 on the gypsum bed at Serapeum, with twelve directors of the Canal Company and their guests on board. The first vessel to reach Suez on November 20 was not the imperial 'Aigle' but J.L. Ashbury's racing yacht 'Cambria'. Suez celebrated the achievement as Port Said had on November 16 and Ismailia on November 18, appearing that evening like "a New Paris of Egypt".[3] The southern half of the Canal, the last undertaken and rumoured to be the most imperfect, proved to be the most advanced in workmanship and the easiest to navigate although it also suffered the heaviest erosion from the tremendous scour created by the paddle-steamers. "It is as easy sailing through the Canal as going through the Pool".[4] Surveyors found only 5% of their soundings under 24 feet while 73.5% gave 27 feet and over.

1. A. Lang, Life, Letters and Diaries of Sir Stafford Northcote. (Edinburgh, Blackwood, 1891) I, 354. November 16 1869.
2. M. Fontane, Voyage Pittoresque à travers l'Isthme de Suez. Aquarelles d'après Nature par Riou. (Paris, Dupont, 1870, Aquarelle No. XXIII, 84-85. Passage à El Guisr des navires venant de Port Said.
3. Manchester Guardian, December 7 1869, 5vi.
4. E. Dicey, The Morning Land. (London, Macmillan, 1870), II, 163.

The creation of the Canal had been an achievement of French enterprise and French diplomacy even more than of French capital. France supplied 300 of the 1600 guests at the opening ceremony, the most brilliant representatives of civilisation and the most literate publicists. In Paris the Comédie Française staged Henri de Bornier's cantata of 1861 on November 17 to provide France with a brief distraction after the disasters of Sadowa, Queretaro and Mentana. France was less impressed by the opening of the Canal than by the rise of Prussia and by the appointment of a liberal administration under Ollivier. The ceremonies could have given proof of the French capacity for organisation. Unfortunately the arrangements for the reception of the guests broke down and frustrated Ismail's good intentions and his lavish expenditure because Ismail and Nubar could not be ubiquitous, co-ordination proved ineffective between the Government and the Company and the number of guests increased unexpectedly from 600 to 1600, producing disorganisation, overcrowding, discomfort and malversation. That disorder culminated at Ismailia on November 18[1] in the ball attended by 3000 men and 200 ladies. Ismail's intended select assembly of monarchs and enlightened minds degenerated into a trampling plebeian herd, "a rough kind of democratic fete... a great excursion train from Europe to Africa".[2] The celebrations cost Ismail £1,410,000[3] and the approval of the Old Turks. They did not improve relations between Europeans and Egyptians, who at Ismailia found each other beyond comprehension or tolerance. They weakened rather than strengthened the moral authority of the Christian West in Asia.[4] They provided a political festival of commerce which served as a harbinger of the neo-mercantilism of the 1870s and improved the quotation of Egyptian stocks in the money-markets of Europe. A commercial congress, the first international congress ever to meet in Egypt and designed by Nubar to further the cause of judicial reform, held its last session in Ismailia on November 18. It recommended from Cairo on November 24 the international recognition of the neutrality of the Canal, the

1. The Standard, December 9 1869, 5iii, G.A. Henty.
2. T.W. Reid, The Life, Letters and Friendships of Richard Monckton Milnes, First Lord Houghton. (London, Cassell, 1890) II, 210, 214 November 22 1869.
3. T.W. Reid, 211
   A.M. Hamza, The Public Debt of Egypt 1854-1876. (Cairo Government Press, 1944), 173 Note.
4. Spectator, November 27 1869, 1389. The Egyptian Carnegie

unification of tonnage-measurement, the exemption of coal from Canal dues and judicial reform in Egypt. Neutralization was favoured by Austria, Prussia, England and Italy but was opposed by France and Russia[1] and remained an aspiration.

No worthy memorial of the occasion was produced by the intellectual elite present, despite the 245 books, articles and pamphlets published on the subject of the Canal in 1869-70. Lesseps himself left no account of the ceremony. No book was published by W.H. Russell, H.M. Stanley, G.A. Henty,[2] Gautier or Zola. Fromentin never wrote the book he hoped to produce as a sequel to his studies of the Sahara and the Sahel. Charles Blanc brought to the critical attention of France the Islamic art of Egypt rather than the Canal.[3] The account of Eça de Queiroz, the Portuguese disciple of Flaubert, was published only in 1957.[4] Ibsen contrasted the mighty engineering of the Canal with the pettiness of life in Norway but was more impressed by the Nile than by the Canal. He was fascinated by the spectacle of a dead culture and forced to conclude that it could never really have been alive. "The stay in Egypt has been the most interesting and instructive period in my life".[5] He required seven years to absorb that experience before hurling his dramatic thunderbolts at the bourgeoisie. The Khedive's Hymn but not 'Aida' was first officially played at the opening ceremonies. Verdi twice refused to compose an opera for the occasion and only accepted the commission on June 2 1870, a year after Mariette had provided the scenario. Egyptology and tourism were both popularized by the ceremony,[6] which attracted at least seven Egyptologists as well as Thomas Cook. The construction of the Canal had destroyed many ancient ruins in the isthmus and engulfed two miles of the 'Canal of the Pharoahs' near Chaloufa. Nevertheless it enabled the greatest geologist of the century

1. Appleton's Annual Cyclopedia, 1869, 238-239, Egypt.
2. The Times, November 30, December 7, December 17 1869, W.H. Russell.
   The Standard, November 30, December 7, December 9, G.A. Henty.
   The Scotsman, December 1, 6, 7 and 14, A. Russel.
   Daily Telegraph, November 30, December 7, E. Dicey.
3. C. Blanc, Voyage de la Haute Egypte. (Paris, Renouard, 1876).
4. Eça de Queiroz, "Von Port Said nach Suez". Aufbau, Januar 1957, 92-103.
5. H. Keht, The Life of Ibsen. (London, Allen, 1931) II, 77.
6. A.F.F. Mariette, Itinéraire des Invités aux Fêtes d'Inauguration du Canal de Suez. (Paris, Vieweg, 1869).

to make observations and even excavations at Chalouf.[1] Above all it inspired Brugsch to suggest in 1874 the Pelusium route for the Exodus in preference to the traditional southerly routes via Timsah or Suez.

The dispute between Turkey and Egypt reached its climax immediately after the ceremony, at which England and Russia were both represented by their ambassadors to Constantinople, to signify the subordination of Egypt to the Porte. Ismail's dispute with the Sultan eliminated from the ceremonies the inauguration of a trilingual memorial modelled on the Rosetta Stone with a reference to the "renowned government of the illustrious Padishah Abdul Aziz".[2] England's support of Turkey prevented the unveiling of a bust to Waghorn at Suez.[3] When the 'Psyche' with the British ambassador, Sir Henry Elliot, arrived at Suez no Egyptian warship saluted it. The firman of November 26 1869 forbade the Khedive to raise foreign loans without the prior approval of the Sultan and strictly curtailed the administrative autonomy of Egypt. Ismail did not consent to publish that firman without a struggle. He undertook extensive military preparations. He massed his army on the Mediterranean coast since the Canal, as Palmerston had feared, supplied effective protection to the most exposed flank of Egypt and barred the traditional route for the invasion of Africa from Asia by a great wall of water spanned by neither bridges nor tunnels. He replaced his French military mission by twenty American officers. Lacking the support of any great power he was compelled to capitulate on December 8. Thus the ceremony brought him to the nadir rather than to the zenith of his power. Thenceforward he increased his floating rather than his funded debt, sought to undermine the Turkish position in Egypt, Africa and Arabia[4] and established an entente with Russia from March 1870 against their common foe. England relied more than ever on Constantinople rather than on Cairo.

For England the successful completion of "the grandest enterprise which has been achieved in Egypt since the days of the Pharoahs"[5]

1. E. Suess, The Face of the Earth (1904) I, 376-386.
2. The Engineer, December 10 1869, 385.
3. The Times, November 11 1869, 10i. H. Stephan, Der Sueskanal und seine Eröffnung. Unsere Zeit, 1870, 118
4. The Times, January 17 1870, 10iii. G. Douin, Histoire du Règne du Khédive Ismail, II, 493, 558.
5. Daily Telegraph, August 26 1869, 4v. Edwin Arnold.

was an undoubted humiliation. "The Queen of England has opened the Holborn Viaduct, and the Empress of the French is going to open the Suez Canal".[1] The decorations at Port Said everywhere studiously excluded the British colours.[2] Every vessel in the harbour was dressed with flags but not the vessels of the Mediterranean Fleet anchored outside. Two of the English ironclads had run aground on November 14 on a new sandbank not shown on their charts while trying to enter the harbour without a pilot: refloated on the next day they remained outside because they were deemed too deep to enter even the outer harbour. Thus they demonstrated the incapacity of the Canal to admit the largest ironclads. The P. & O. failed to display a just appreciation of the potentialities of the new highway. It did not inform the Government of Egypt or the Canal Company that it intended to send a ship through on November 17. Consequently the 'Delta', its most beautiful paddle-steamer, had no place assigned to it on the opening day, waited at Port Said until November 18 and then entered the Canal, the 45th of 46 vessels. The 'Delta' arrived at Lake Timsah on November 19, the day after the great ball. The three sceptical directors of the P. & O. which it carried then decided to return to Port Said instead of continuing to Suez. Thus they limited their experience to the worst rather than the best section of the Canal and left the P. & O. unrepresented at the final triumphal entry into the Gulf of Suez unlike the Messageries.[3]

Many of the English guests revealed the same lack of hope or belief in the Canal. The nine English engineers however were favourably impressed. Hawkshaw agreed with the extremely favourable verdict returned by experienced sailors.[4] 'The Engineer' bestowed restrained praise on the Canal as "the greatest engineering work ever executed, since the opening of the Manchester and Birmingham Railway".[5] The English deputation included at least ten Manchester men and led by the Mayor of Manchester presented on November 23 an address of thanks

1. Saturday Review, November 13 1869, 636.
2. F. Arrow, A Fortnight in Egypt at the Opening of the Suez Canal. (London, Smith, 1869), 14.
3. Manchester Guardian, December 7 1869, 5vi. A Russel, Egypt: The Opening of the Great Canal (1869), 91
4. Russel, 87.
5. The Engineer, November 26 1869, 351 ii

to Ismail, who replied in Arabic rather than in his customary French. From Suez Admiral Milne, commander of the Mediterranean Station, cabled the Admiralty on November 20 "Canal is a great success" and from Malta on December 3 "19 feet through Canal". C.R.M. Talbot's 'Lynx' tested the capacity of the channel when used by a single vessel rather than by a fleet and returned from Suez in 10 hours, against the 48 hours of its southward transit. "The Canal is truly wonderful".[1] The Duke of Sutherland, a great railway enthusiast and the largest landowner in Britain, agreed with Stafford Northcote and became the first Englishman to conceive the idea of purchasing the Canal. E.T. Gourley of Sunderland, the only English shipowner present, cabled to London on November 20 to freight two 2,000-ton ships for Bombay via the Canal.[2] The P. & O. announced on November 22 a reduction in the first-class passenger fare to Bombay. A serious fall in freight rates by sailing-vessel via the Cape to India and China occurred in November 1869 since "the success of the Suez Canal means the revolution of half the Maritime Trade of the world".[3] The new waterway was publicised in London by the Suez Quadrille[4] and by stereoscopic slides[5] and in Sunderland by the s.s. 'Suez' built by R.M. Hudson. Lesseps earned the congratulations of the Foreign Secretary on November 27 but not the medal of the Royal Geographical Society for 1869 which was awarded to Mary Somerville. Ruskin used the French success to condemn the machine-civilization of England in his address at the Royal Artillery Institution, Woolwich, on December 14 1869. "On the Baltic and the Nile your power is already departed. By machinery you would advance to discovery; by machinery you would carry your commerce; — you would be engineers instead of sailors; and instantly in the North seas you are beaten among the ice, and before the very Gods of Nile, beaten among the sand".[6]

Alfred Holt also recognised that England's second-rate appearance at the ceremony was deserved but thought that England would benefit by

1. A. Lang, Sir Stafford Northcote (1891) I, 356, November 17 1869.
2. E. Dicey, The Morning Land (1870) II, 163.
   Le Canal de Suez, 1 Janvier 1870, 13
3. Mitchell's Maritime Register, November 20 1869, 14861-11; November 27, 15161.
4. Illustrated London News, November 27 1869, 538iii.
5. The Times, December 18 1869, lvi.
6. Ruskin, The Future of England, December 14 1869. The Crown of Wild Olive, 201.

the Canal more than all the nations of the earth put together. He was justified by the first departures of English vessels, the 'Leith' and the 'Blue Cross' for the new route on December 9. Rathbone Brothers of Liverpool even announced on December 10 a Calcutta-direct line of screw steamers via the Cape, on the model of Holt's line to China and the Magellan service of the Pacific Steam Navigation Company. The Admiralty's Notice to Navigators of December 10 embodied the information on the Canal supplied by Captain G.S. Nares.[1] Childers, the First Lord of the Admiralty, ordered the Radical engineer, Andrew Clarke, on December 30 to undertake a survey of the Canal with a view to its use by troopships. The English reply to the French Canal did not take shape in the construction of the Panama Canal[2] but in the support of cable-laying to India by private enterprise and in the improvement of the railway route to India via Brindisi and Bombay, so encouraging proposals for a Channel Tunnel,[3] a Channel Ferry,[4] and a Euphrates Valley Railway. Support for a Euphrates Valley Railway was sought by G. Jenkinson from the Turkish ambassador in London on February 16 1870 and from the Foreign Secretary on March 18 but was refused by the Cabinet on April 9. Thus England sought to preserve its essential interests but also to reap the benefits of the French achievement.

The opening ceremony was attended and applauded by at least a dozen Americans.[5] The American Zerah Colburn placed the enterprise in clear technological perspective. "The present year, moving forward slowly amidst the stagnation of depressed trade and the absence of engineering activity, has, nevertheless, witnessed the achievement of the two greatest constructive works that have ever been undertaken - the Pacific Railroad and the Suez Canal".[6] Colburn ranked the Pacific Railroad above the Suez Canal as a triumph for its engineer over all

1. Proceedings of the Royal Geographical Society, XIV, December 13 1869, 75-78.
2. Once a Week, January 1 1870, 494.
3. The Times, August 27 1869, 6ii.
   The Engineer, August 27 1869, 140, 144.
4. Engineering, March 11 1870, 168
   E. Leigh, Plan for Conveying Railway Trains Across the Straits of Dover (Manchester, Ireland, April 1870)
5. New York Times, November 18 1869, 4v; December 20, 1.
6. Engineering, November 26 1869, 353i

the obstacles arrayed against him by Nature in her most formidable aspects across 1775 miles of mountain and plain. The new American Consul-General to Egypt at his reception by Ismail in 1870 spoke of the U.S.A. and Egypt as two nations which had "simultaneously accomplished the greatest triumphs of nineteenth century civilization".[1] The prospective completion of the transcontinental line had revived the idea of a Darien Ship Canal:[2] its completion on May 10 1869 encouraged proposals for a Panama Ship Railway[3] and for a Nicaragua Canal[4] in competition with the Colombian route. It also encouraged the publication of a handbook for intending voyagers round the world via the Pacific Railroad and the Suez Canal.[5] It inspired Whitman, the Camoens of the Oriental Renaissance, to compose his "Passage to India" (1868-71) in which he sang of the modern wonders which outvied the antique seven, of the "Year of the marriage, of continents, climates and oceans", the fulfilment of the dream of Columbus, the welding of the lands together and the rediscovery by the West of its own past through the passage to primal thought, "not for trade and transportation only, But in God's name, and for thy sake O soul". The Pacific Railroad also provoked the incorporation by special act of the New York State Legislature in May 1869 of the Mediterranean and Oriental Steam Navigation Company, to carry mail to Port Said and to import Indian and Chinese labour via the Suez Canal to the Southern States. The company hoped thereby to solve the postwar "labour shortage" and to make the Suez Canal for the defeated South what the Pacific Railroad promised to be for the North, East and West.[6] Thus the Canal seemed to offer new economic opportunities to the South as Ismail opened staff employment to ex-Confederate officers in 1870.

The completion of the Suez Canal revived the Saint-Simonian dream of Suez and Panama and inspired two youths, Theodor Herzl in Budapest and Philippe Bunau-Varilla in Paris,[7] to determine to imitate at

1. Le Canal de Suez, 23 Juin 1870, 268. Le Nouveau Consul des Etats-Unis en Egypte.
2. Engineering, April 23 1869, 270.
3. The Engineer, June 11 1869, 409.
4. Engineering, August 13 1869, 112. The Times, December 18 1869, 5
5. C.C. Coffin, Our New Way Round the World. (Boston, Fields, 1869)
6. The Times, April 8 1870, 10i; Le Canal de Suez, 30 Juin 1870, 283-4
7. P. Bunau-Varilla, Panama. The Creation, Destruction and Resurrection. (London, Constable, 1913), 35.

Panama what Lesseps had achieved at Suez. The Americans who disliked being surpassed in anything were moved to revive the scheme of a Darien Ship Canal, which was recommended by the Secretary of State for the Navy on December 1 1869.[1] Five naval expeditions were despatched to Central America[2] but found the Darien route impracticable. Two new Canal Treaties between the U.S.A. and Colombia in 1869 and 1870 ignored British rights under the Clayton-Bulwer Treaty of 1850 and encouraged the counter-proposal for a Tehuantepec Ship Canal[3] across the southern isthmus of Mexico. In Canada which had been shocked by the speedy completion of the Pacific Railroad proposals were made for Canadian Ship Canals between Lake Huron and Lake Ontario[4] or between Quebec and Montreal to divert the commerce of the American West into the St. Lawrence and the ships of Hugh Allan. The one positive result was that the U.S. Government took over the Sault Ste Marie Canal between Lake Superior and Lakes Huron and Michigan from the State of Michigan in 1870 and converted it into a ship canal. American tours around the world became possible by the use of the new rail and steamship services in tours lasting from a year to 90[5] days but using the overland route rather than the Suez Canal.

The successful completion of the first trans-isthmian canal produced a mania for cutting through isthmuses, for banishing peninsulas and continents from the face of the earth, for reducing the physical subdivisions of land to islands and for providing vessels with a direct course. The success of Lesseps thus encouraged proposals for a Corinth Canal,[6] a Holstein Intermaritime Canal,[7] a Bridgewater-Exeter Ship Canal[8] and a Manchester-Liverpool Ship Canal.[9] Even a Calcutta-Calais Canal was proposed by Sir Arthur Cotton,[10] the champion of irrigation canals for navigation and the bitter opponent of railways in India, in order to link India to Manchester by cheap water

1. J.E. Nourse, The Maritime Canal of Suez. (Washington, Philp, December 10 1869)
2. The Times, December 14 1869, 4i; February 10 1870, 4vi.
3. The Times, March 21 1870, 5i. Manchester Guardian, March 26 1870, 6i. H. Stuckle, Interoceanic Canals. An Essay on the Question of Location for a Ship Canal across the American Continent. (New York, Nostrand, 1870), 137.
4. Engineering, December 17 1869, 408. The Times, April 5 1871, 4ii, April 10 1871, 4iii.
5. The Times, January 17 1870, 9iii, February 3 1870 11ii.
6. The Times, December 8 1869, 4i. The Engineer, January 21 1870, 37-38; February 18 1870, 98. The Times, June 25 1870, 10i.
7. The Engineer, January 28 1870, 55. The Great Canal from the North Sea to Kiel.

communication. In France proposals were made for a Darien Canal, a Susa or Gabes Canal in Tunisia and a sea-port of Paris, Those widespread proposals paid homage to the pioneer achievement of Lesseps who became "the most celebrated civilian hero of our time"[1] at the expense of Linant, Enfantin, Negrelli and Voisin and erased the stain on his honour left by the mission to Rome in 1849. He was not created Duke of Suez as had been expected[2] and he delivered an outspoken attack on the Imperial Government on November 17. He gave his name to nothing connected with his creation, though the inhabitants of Port Said spoke of the Place de Lesseps in defiance of his prohibition. He survived the orgy of speculation which followed the issue of the delegations and drove down the price of Suez shares by 42% from 615 francs on August 1 to 359 on December 31. His dictatorship survived the protest made on November 23 by the twelve directors on board the 'Péluse' and the resignation of five directors on January 14 1870. His company remained a highly centralised autocracy, balanced uneasily between France and Egypt as a creation of the Empire and a personal fief of the Khedive, a quasi-state which aspired to the distinctive status of Belgium, Switzerland or the Vatican.

The Company commemorated the inauguration by the issue of a medallion in 1869 and stamps in 1870. Then it shifted over from enterprise to administration and discharged its contractors and workmen so that many Greeks were freed to make their way down both coasts of the Red Sea as the trading pioneers of Levantine civilization. It kept only one dredger in partial employment[3] and hired pilots in place of foremen. Its immediate task was to prove the prophets of doom wrong. It ended the free transit which had been granted to vessels arriving for the inauguration. It petitioned the Emperor on December 17 in favour of judicial reform in Egypt, to accelerate the revenue from the sale of land, and so opposed itself even more to the merchant community of Alexandria. To rally Lesseps closer to the Liberal Empire Ollivier proposed his name on February 12 1870 with that of Pasteur

1. K.H. Brugsch, Mein Leben und Mein Wandern. (Berlin, 1894), 286.
2. London and China Express, November 19 1869, 917, 936.
3. Daily News, December 29 1869, 5iv. The Suez Canal at Work.

as a senator. The Company ceased to pay the statutory dividend of 5% after January 1 1870 but could not satisfy those shareholders who petitioned Lesseps to ask Ismail for a temporary guarantee of interest, which even the malleable Said had never granted. It renamed its official journal from January 1 1870 "Le Canal de Suez" instead of 'L'Isthme de Suez', which had ceased to exist when the most creative phase in its history closed.

THE COTTON TRADE OF BOMBAY IN 1870 AND THE CANAL'S FIRST TRANSITS.

The Canal of the Two Seas failed to attract much traffic during the first four months after its opening. Only nine of the 46 vessels which passed through the Canal during its inauguration continued on route to the Indies. Those nine included warships as well as merchant vessels. The Prussian frigate 'Herta' even made its way out to Japan and became the first Continental ironclad to use the Canal and to break the Anglo-French monopoly of the Red Sea. Commercial traffic was more cost-conscious than naval and proved slow to use the Canal which was completely new and incompletely finished, more suitable for steamships than for sailing vessels, and highly taxed. In November 1869 only one ship, the 'Sin-Nanzing', paid toll to pass through the Canal, in December only ten ships.

Cotton supplied the first cargo shipped through the Canal, although it had not been a main export of India when the Canal was first projected and when its construction was begun. It had become a staple export only during the Bombay boom of the 1860s induced by the American Civil War and the Cotton Famine in Lancashire. Although some cotton had been shipped by the Egyptian overland route since 1867 it was mainly exported via the Cape to Liverpool, where it arrived in the period from May to September following the arrival of the American harvest between January and March. The small American cotton crop of 1869 raised the imports of Indian cotton above those of American cotton for the first time since 1862-66, enabled Surat to maintain a strong position in the Liverpool market and enccuraged India to hope that it might become "the cotton field of Europe".[1] Liverpool anticipated the possibility of another short crop, encouraged by American shippers who wished to maintain the price of their cotton. Accordingly forward contracts were made in November and December 1869 for the shipment of Indian cotton via Egypt as it reached Bombay and Liverpool developed an interest in the new Canal route which would save three of the four

1. Manchester Guardian, January 3 1870, 4i. An Indian Cotton Trade with the Continent.

months required by the Cape route from Bombay. The cotton brokers of London, whose cotton came from Calcutta and Madras rather than from Bombay, discounted the possibility of the large-scale use of the Canal for the shipment of cotton to England, because steam freights were so much higher than sail freights.[1] The cotton brokers of Liverpool, however, expected the first arrivals by the new Suez route in February-March 1870, a great increase in the shipments of cotton by the Canal and a large increase in the supply of Surat cotton, which would otherwise be very scarce in March and April.[2]

Liverpool's demand for cotton gave a new impetus to steam shipping in a port whose only steamship lines were those of Cunard, Inman, Holt and Bibby. Steam tonnage entering and leaving Liverpool, however, exceeded sail tonnage in the year ending June 24 1869, uninfluenced by the Suez Canal. The first departures via the new route were advertised by Holt on December 4 for Calcutta and by T. & J. Harrison on December 27 for Bombay. The Merchants' Trading Company was formed in Liverpool for the specific purpose of trading to Bombay by the new Canal route and so employing vessels displaced from the South American trade by the expansion of the Pacific Steam Navigation Company. That company provided the first two ships to use the Canal in December 1869, the 'Brazilian' and the 'Queen of the South', and shipped out coal rather than piece-goods as cargo. The 'Brazilian' had to discharge 40% of its 4,000 tons of coal in Port Said to reduce its draught for the Canal and became the first English steamer to reach Bombay by the new route, in 49 days (November 6 - December 25 1869) from Liverpool. English enterprise followed the example of France and incited Russia to emulation. The 'Asie' of Fraissinet was the pioneer vessel of the first shipping line to adopt the new route, the first vessel built specially for the Canal and the first commercial vessel to pass through the Canal, on November 29, although it did not pay toll. It became the first steamer to reach Bombay by the new route in 33 days (November 11 - December 16) from Marseilles.[3] A Russian steamship

1. Manchester Guardian, November 10 1869, 4iv.
2. Manchester Guardian, December 2 1869, 4iv; January 1 1870, 5ii.
3. Le Canal de Suez, 15-17 Janvier 1870, 24; 1 Février 1870, 38-40.

line was projected between Odessa and Bombay via the Canal with contracts from a Moscow firm for 4,000 bales of cotton per week, threatening to undermine Liverpool's entrepot trade in cotton with the Continent.[1] Thus India provided an effective weapon against America. The larger estimates of the Indian crop and the expectations of its early marketing through the Canal annihilated American hopes of a rise in cotton price, rendered the American cotton market dull and heavy throughout the first week of January 1870 and compelled London opinion to recognise that the decisive gain in the rapidity of transactions would by itself suffice to make the Canal a "rude competitor" of the Cape route.[2]

From January 17 1870 advertisements offering ships for the new route increased, while orders began to flow to Clyde shipbuilders for steamships for the new route. In Liverpool activity increased as the cotton-moving season approached, prompted by the fear of losing the entrepot trade with Western India to accelerate the transfer of its trade from sail to steam and fill the void left by the demise of the Merchants' Trading Company. That company had lost the unseaworthy 'Golden Fleece' off Cardiff on September 10 1869 and was dragged through the courts by the underwriters, the Universal Marine Insurance Company Ltd. It had renamed four of its steamers 'Port Said', 'Ismailia', 'Suez' and 'Aden'. Its'Mauritius' reached Bombay in 50 days (December 23 - February 11 1870) but the 'Port Said' never passed through the Canal after leaving Liverpool on January 16 1870 for Bombay. The enterprise of Liverpool encouraged imitation by Hull which hoped to benefit by its low port charges. The 'Calypso' of Charles Henry Wilson (1833-1907), joint manager of his father's firm since 1867, was the first Hull vessel to pass through the Canal, in January 1870. The first Hull departure for Calcutta was advertised by Hornstedt and Garthorne from January 21, four days after T. & J. Harrison had advertised their first departure for Calcutta. The first departure from Hull for Bombay was advertised from January 31 by C.M. Norwood.

The 'Asie' of Fraissinet reached Marseilles from Bombay on

1. The Times, December 15 1869, 71.
2. The Economist, January 15 1870, 67. The Profit of Using the Suez Canal.

January 22 after a round voyage of 70 days and became the first steamer to complete the round trip: the 813 bales of cotton it carried were less important than the 3,448 sacks of sesame since Marseilles was a market for oil-seeds but not for cotton. The freight-rates from Bombay to Marseilles, which in 1869 had been £7 per ton by the overland route through Egypt and £2.10.0. by sail round the Cape, were in January 1870 £3.10.0 by sail round the Cape but £2.17.0 to £3.0.0 by Fraissinet's steamers direct through the Canal. The outward freights from London to Bombay fell sharply from £2 in November 1869 to £1. 5. 0 by February 1870. Thus outward freights were reduced more than homeward freights, the reduction in which seems to have competed more with the overland route than with the Cape route. The concentration of steam shipping at Bombay became so great that the demand for sailing vessels was annihilated. The mail of February 12 reported 70,000 tons of unfixed vessels in harbour at Bombay while that of February 19 confirmed that the demand for sail in Bombay was nil. The P. & O. was so alarmed by the growth of French and English competition that it considered the establishment of a line of cargo steamers via the Canal to India, the opening of a branch office in Liverpool[1] and even the replacement of Southampton by Liverpool as the port for the heavy mails. Thus the opening of the Canal brought a flood of English shipping into the Bombay freight market, shattered the P. & O.'s monopoly of overland freight transport, began the transfer of the trade of Bombay from sail to steam and encouraged the entry of the steamship into the country trade between Bombay and Calcutta. The Governor of Bombay expressed the appreciation of the merchant community in his invitation of February 12 to Lesseps to visit Bombay and be presented to the city. British and French shipping were followed in February 1870 by Spanish, Austrian and Italian vessels. The 'Ebro' which passed through the Canal on February 2 was the pioneer of a Barcelona-Bombay line for J. Cassanova of Seville. The 'Apis' which passed through on February 5 and 6 was the first toll-paying Austrian steamer and the pioneer of the first service outside the Mediterranean by the Austrian Lloyd, which had made Port Said a port of call on April 13 1869. The 'Africa' which passed through on March 1 was the

1. The Times, February 1 1870, 8vi.

pioneer of a monthly service between Genoa and Bombay by R. Rubattino.

The failure to improve the quality of Indian cotton inspired Sir Thomas Bazley, the president of the Cotton Supply Association, to hope that English agriculturists would use the Canal to visit India and help to improve its cotton cultivation.[1] Speedier shipment of the crop offered some compensation for its low quality. The 1869 crop supplied the cargo of the 'Brazilian' which reached Suez in nineteen days and took two days to lighten cargo and pass through the Canal[2] but still grounded with its record length and cargo of 13,000 bales of cotton (including 1,000 for Havre) and 2,500 bales of wool: it required 58 days (January 31 - March 27) to return to Liverpool. The transport of the 1870 crop was pioneered by MacGregor's 'Danube' which carried 4,000 bales of cotton for Stoddard Brothers of Liverpool and was followed by a stream of other steamers, mainly English. The 'Danube' reached Liverpool in 39 days (February 12 - March 22) and discharged its cargo in the record time of nine hours. On March 25 Learoyd Brothers of Huddersfield received some of the bales of cotton and promptly wove it into yarn: on March 29 the 'Danube' left Liverpool, one week after its arrival and 45 days after leaving Bombay, with samples of the cotton yarn for the chambers of commerce in Bombay, Singapore, Hong-Kong, Shanghai and Yokohama.[3]

The shipment of cotton dominated the traffic of the Canal during March 1870. In that traffic the southbound flow was supplemented for the first time by a comparable northbound movement, as those vessels which had passed southwards in January returned home with their cargo. Southbound vessels continued to outnumber northbound vessels despite the end of the one-way movement of the first four months. The Canal had established its basic pattern, a double flow through a Canal whose width restricted it to one-way traffic. The Company had acquired its first clients who were prepared to pay toll on both the outward and the homeward voyage. If the Company had been under less severe pressure to complete the Canal it might have delayed the opening for a full two months and further improved the channel in the

1. Journal of the Society of Arts, March 11 1870, 367
2. Journal of the Society of Arts, March 11 1870, 368, 370, 371.
3. The Times, April 4 1870, 12111; Manchester Guardian, April 5, 7iv.

meantime. The cotton carried on the 21 northbound vessels in March proved the salvation of the Company in its hour of need after Lesseps had denied on March 8 the rumour of a new loan.[1] Receipts rose by 90% and first exceeded £24,000, enabling the Company to begin from March the regular publication of its monthly receipts. Cotton also provided a bulk commodity precisely adapted to the needs of the new route since it required a considerable amount of ballast for stability and was best shipped in shallow vessels most suited to the shallow depth of the Canal. The trade linked Bombay more closely to Liverpool, which built up its fleet of steamships, supplied the return freight of Manchester piece-goods and attracted shipments of cotton-seed from Egypt via Ismailia. The Canal was thereby established as a route for ships, commerce and passengers, who began to make large-scale use of it from March 1870 when the Company admitted ships up to 20'8" in draught. Port Said established its first newspaper, the 'Journal de Port Said' on March 10, and completed its new lighthouse on March 20, with three others from May 1 at Rosetta, Burlos and Damietta. On the Continent preparations were made in Amsterdam and Hamburg in March for steamship services via the Canal.

Cotton supplied the first commodity-season of the Canal's year. In April 1870 the cotton-moving season ended and the Canal experienced its first depression of traffic: no ships arrived at Port Said between April 10 and April 25. The number of transits was reduced by 34% and their tonnage by 41.5%. British tonnage fell by 60.5%, reducing the British share of the total tonnage from 75% in March to 50% in April. Thus the seasonal pattern of Canal shipments was established, a busy season in spring followed by a slack season in summer. Bombay was the destination of the overwhelming bulk of the Company's first clients. Of the southbound transits in the six months from November 1869 to April 1870 45 out of 98 vessels went only to Bombay while 10 went to Calcutta, 2 to Singapore, 2 to Hong-Kong, 2 to Yokohama and 6 to Shanghai. These 45 vessels made 67 transits through the Canal, or 46% of the total number of 145 transits, and so made short-haul traffic the source of most of the Company's revenue from tolls. The concentration on Bombay was a clear demonstration of the saving in

1. The Times, March 9 1870, 12i.

distance by the Canal route, a saving which was 77% of the distance from London to Bombay but only 44% of that to Bengal.

The Canal undoubtedly enhanced the competitive capacity of Indian cotton in the markets of Europe in relation to American cotton. Even so the early expectation of Bombay that every bale of cotton would be exported as it arrived leaving no stocks were disappointed: when the monsoon began on June 6 stocks stood at 200,000 bales. The Canal opened the markets of the Mediterranean markedly to Indian cotton, carried to Marseilles by Fraissinet and to Trieste by the Austrian Lloyd in competition with the overland route even more than with the Cape route. It also brought Indian cotton to Liverpool in the spring and early summer rather than in the autumn as thitherto, so placing it in competition with the cream of the American crop. Under the spur of Indian competition the American crop for 1870 exceeded the most sanguine expectations while the Bombay cotton crop proved short, fell short by the exact amount of the increase in supply from the U.S.A.[1] and so encouraged speculation by importers of Indian cotton in the Liverpool market. Thus India did not become the cotton field of Europe nor the destination of improving English agriculturists. The new s.s. 'Suez' was employed not on the Suez route but in bringing cotton from Galveston to Liverpool, while Inman also diverted his new White Star Line into the Atlantic trade.

The local population showed as much enterprise as that of Europe in its use of the new route and was not discouraged by the Canal Company in the hour of its greatest need. During the first six months of the Canal's operation from November 21 1869 to May 1 1870 940 transits were made by Arab boats and 145 transits by ships.[2] The boats were far less profitable to the Company than the ships, each of which paid on the average 200 times as much in toll as a boat. The average tonnage of a boat was 2/5 of a ton while that of a sailing ship was 400 tons and that of a steamship 790 tons net (1180 tons gross).

1. The Economist, May 21 1870, 629. Cotton Prospects.
2. Le Canal de Suez, 12 Mai 1870, 164-165. E. Desplaces, Résumé de la Navigation sur le Canal au 1er Mai.
   Le Canal de Suez, 19 Mai 1870, 183-185. M. Fontane, Le Mouvement Maritime dans le Canal depuis l'Inauguration jusqu'au 30 Avril 1870.
   Le Canal de Suez, 19 Mai 1870, 187. M. Fontane, Recettes Mensuelles Exploitation.

The hope that sailing ships as well as steamships would use the route were disappointed. Only six of the 145 transits by ships were made by sailing vessels. Such maritime nations as Greece, Portugal, Scandinavia, Germany and the Netherlands remained committed to sail but supplied none of the 110 ships which made the 145 transits. The Company's Regulations would permit a sailing vessel to pass through only if it were towed, so adding a towage fee to the Canal toll. Steamships passed through under their own power and were taxed by the Company from February 1 1870 on their net official tonnage (ie. excluding their engines). The first sailing ship to use the Canal route, the barque 'Noel' from Bordeaux was wrecked on November 28 1869 85 miles south of Suez. Since sailing ships did not use the Canal they were not diverted from the Cape route, although two tea steamers of Holt and Robertson were: Cape lines continued to be maintained even by firms which made experimental use of the Suez route. Nor did the Messageries Impériales or the P. & O. divert their vessels from the service of the Alexandria-Suez overland route. 32 ships made 67 of the transits: thus one quarter of the ships furnished nearly half the transits. Two thirds of the 145 transits were southbound, a dominance of southbound traffic which remained characteristic of the Canal until 1886 and reflected the enterprise of Europe and the passivity of Asia.

The Canal Company fixed its attention and its hopes upon vessels from France and Austria, encouraged by the anti-Prussian Franco-Austrian entente of 1869. France supplied at least four of the ships which passed through free from toll during the inauguration ceremony including the 'Asie' of Fraissinet and the 'Thabor' of the Messageries. France also supplied the first warship to pay toll, the sloop 'Adonis' en route in December 1869 from Reunion to Toulon. The first toll-paying French merchant vessel the 'Malta', chartered by Rabaud of Marseilles for a voyage to Zanzibar, did not pass through until the end of December 1869. The sole port which despatched steamships by the new route was in France Marseilles, in Austria Trieste and in Italy Genoa. In Marseilles the firms which responded to the opening of the Canal were new firms established in the trade with Egypt such as Rabaud and Pastré and Fraissinet. Fraissinet was even compelled to

seek freight in Glasgow for his line to Bombay but found fewer offers of freight there than in Marseilles. French enterprise proved better adapted to coaling British steamers at Port Said than to sending French vessels through the Canal. In Genoa Rubattino, whose ships had carried Garibaldi and the Thousand to Sicily, was a new and isolated entrepreneur in a community still resentful of its incorporation in Piedmont. In Trieste the Austrian Lloyd was heavily dependent on the aid of the monarchy and on the cooperation of the Austrian railways. The Russian and Dutch schemes to establish a steam service via the Canal had provided orders to the shipyards of Britain but no clients to the Canal.

The lines established by the Austrian Lloyd and by Rubattino continued to exist when those of their English competitors had disappeared. They were the pioneers of a political civilisation which regarded the Red Sea as an extension of the Mediterranean and which thought in the limited terms of State-aid, mail-contracts, coaling-stations, colonial expansion, the naval protection of commerce and the traditional political economy epitomised in the belief that "trade follows the flag" (1872). Italy was the first state which sought to acquire a port in the Red Sea, so compensating for the absence of her official representatives from the inauguration of the Canal. Giuseppe Sapeto, who had visited Abyssinia as a Lazarist missionary in 1838, was empowered by Victor Emmanuel in September 1869 to buy a suitable port in the Red Sea. In November he determined on Assab,[1] 40 miles north of the Straits of Bab el Mandeb on the inhospitable Danakil coast, as the best of five sites and as a possible rival to Massawa and Obock. He concluded the Convention of November 15 1869 with two Danakil sultans, who ceded seven square miles in return for the promise of payment within a hundred days from December 3. On his return to Florence Sapeto was told to consider himself in the service of Rubattino, who signed the secret contract of February 2 1870 with

1. R.G. Woolbert, The Purchase of Assab by Italy. D.C. McKay, Essays in the History of Modern Europe. (New York, Harper, 1936), 114-129.
A. Ramm, Great Britain and the Planting of Italian Power in the Red Sea, 1868-1885. English Historical Review, May 1944, 214-215.

the head of an anti-colonial cabinet and paid cash for the purchase of Assab. Sapeto left Genoa on Rubattino's 'Africa', which became the first Italian steamer to use the Canal, and reached Assab on March 9 within the 100-day limit. There he signed a new convention on March 11 on board the 'Africa', raised the Italian tricolour on March 13 and planted boundary signs on March 14. The Italian flag seems to have been accepted by the Danakil as reluctantly as the Egyptian.[1] The 'Vedetta' which passed through the Canal on March 1 was sent by the Italian Government to explore the coast of Abyssinia and to help in the establishment of the coaling station of Assab and of Italy's first colony. The first vessel of the Royal Italian Navy to use the Canal suffered a severe mishap on the shoals of Jedda and only reached Assab on April 5.

The Italian activity on the west coast of the Red Sea provoked the forceful re-assertion of Egyptian suzerainty over Assab[2] and the extension of French aspirations from Obock to the east coast. The voyage of the 'Rethimo' which became the first Turkish vessel to pay dues for its passage of the Canal on February 7 1870 seems to have alarmed Ismail, since it was preceded and followed by Egyptian vessels, the first Egyptian ships to pay toll for the use of the Canal. Its purpose was to establish a quarantine and naval station on the coast of Arabia south of Bab el Mandeb. That intention was only fulfilled after Fraissinet's 'Afrique' made its third transit through the Canal in May and landed at Sheikh Said on the south-west promontory of Arabia pointing at Perim and forty miles from Assab two Europeans, an interpreter and a large supply of stores on behalf of the three merchant firms of Marseilles of Rabaud, Bazin and van der Bork.[3] Thus France masked her expansion behind merchant firms as Italy did behind a shipowner and encouraged even the Netherlands to consider the establishment of a similar station. Turkey replied by establishing a quarantine station with a garrison of 150 troops and Ismail by appointing a governor of the whole African coast from Suez to Cape Guardafui.

1. A. Codignola, Rubattino. (Bologna, Cappelli, 1938), 338-343.
2. The Times, July 11, 1870, 9v; July 12, 12iii.
3. H. Stephan, Das heutige Aegypten. (Leipzig, Brockhaus, 1872), 522-523.

French expansion also alarmed Britain, whose vessels predominated in both numbers and tonnage from the opening of the Canal to commercial shipping. British vessels led the way with the 'Sin-Nansing' or all the toll-paying tonnage for November 1869 and supplied 96% of the tonnage in December and 80% in January. Only in the depression of April 1870 did their contribution fall below their average share of 69.8% over the whole of the first six months. Those British ships came from no single port but from Liverpool, Leith and London, Hull, Newcastle, Sunderland and Glasgow. They represented the enterprise of young shipowners in the service of a world commerce which extended to Shanghai and Yokohama. 29 of the 68 British vessels were new, including some built specially for the Canal route. The average tonnage of the new vessels was 686 net (1025 gross) or 13.2% below the general average of 790 tons net. Most of the British ships were diverted from other trades, especially from the trades to the Baltic, the Black Sea, the North Atlantic, the Gulf of Mexico and South America. Some used the Canal on a one-way voyage to service in Eastern waters while others were intended as the first of a regular line. As pioneers they all reaped a rich harvest of experience from their navigation of the new route pivoting around the "great, long, straight, deep ditch".[1]

The limited depth and width of that ditch necessitated care in navigation, while an occasional sandstorm provided an unusual hazard for ocean shipping. The difficulties of navigation were exaggerated by the merchants of Alexandria but were minimised by the Company. The Serapeum ridge restricted the use of the Canal to ships of 16-feet draught until a uniform depth of 19 feet was announced on February 8.[2] The one-way channel would also have increased stoppages if traffic had been greater because the passing-stations were too few and too small. Steering was hampered by the limited width of the fairway, by the two sharp curves at Guisr and Timsah and by a cross-section half the necessary size. That restricted cross-section reduced the depth of water under the keel unequally, since a ship tended to "sit down"

1. The Times, January 13 1870, 4iv. J.B. Blow, builder of the 'Sin-Nansing'.
2. Le Canal de Suez, 15-18 Février 1870, 49.

in the trough between the bow-wave and the stern-wave, and compelled the use of more power to maintain a given speed than in the open sea. Steering was made more difficult by differential pressures created in the water by the varying cross-section and by the eleven passing-stations. In the southern half of the Canal the velocity of the diurnal Suez tides was enhanced by the limited cross-section, making a passage with a following tide especially hazardous.

To limit the erosion of the banks the Company imposed a maximum speed of five knots, which was a half or one third the speed usual in the open sea and made the slow response of the rudder to the helm more dangerous. The Company also applied to the Canal the railway block system of signalling invented in 1853 so that it could maintain central control of transit through the telegraph, the Company stations and the sidings. For that central regulation of transit a model of the Canal with miniature vessels was devised by Chartrey, who was Chief Superintendent of Transit at Port Said (1870-71) and Suez (1871-97). The Company insisted that its pilots should accompany each vessel to advise the captain and charged pilotage dues as well as transit-dues. For piletage it divided the Canal into northern and southern halves, which enabled pilots to be changed at the half-way house of Ismailia, with double the number of pilots possessed by either Port Said or Suez. The Company had not anticipated such an overwhelming British predominance as developed in the traffic because its pilots were not English, could not speak English and sometimes could not understand English.[1] They gave directions which were contrary to English custom, sought to travel faster than captains thought wise and were sometimes regarded as a curse rather than as a blessing. The combined difficulties of navigation under such conditions made groundings easy by the unwary, with a consequent blockage of the whole channel. The prudent sailor, however, found no unavoidable difficulties in his path. "The river Avon to Bristol, or the Wye to Chepstow-bridge, or the Thames to Richmond, I think, would give a clearer idea of the Canal than any description I could give, unless you look at the Clyde from Dumbarton to Glasgow".[2] An auxiliary rudder proved the best way of

1. The Times, October 11 1870, 4iv-v. The Suez Canal.
2. The Times, February 1 1870, 4iii. J.B. Kennedy, Captain of the 'Blue Cross', The Navigation of the Suez Canal.

increasing control in the shallow channel rather than steam-steering, which had been first used in 1867 and was recommended for the new route but would have been too insensitive.

England found a common link at Suez between the new route and the overland route and began to transfer its familiarity with the overland route to the alien waters of the isthmus. Delane's prophecy of 1858 was justified by the predominantly British use of the Canal, facilitated by British resources for the building of steamships and by the accord between the British Government and a commercial people.[1] The bulk of the tolls imposed from November 21 1869 was paid by British shipowners, for whose alleged convenience the Company on January 13 1870 permitted tolls to be paid in Paris. The Company would not open a branch office in London and would not express its toll other than in French francs or its maximum permissible draught other than in metres. The dues which a French economist deemed exorbitant[2] were paid by the British as a tribute to the achievement of the French in creating "this greatest naval work of modern times".[3] 90% of the Company's receipts came from tolls, 10% from passenger dues and the rent of buildings and lands. The sale of lands[4] was blocked by French resistance to judicial reform in Egypt. Transit revenues proved inadequate in the dead season of the second quarter of 1870 to meet the Company's expenses which remained high for the completion of the works and the settlement of accounts with the contractors, for which the Company resorted to arbitration.

The Admiralty's surveyors, G.H. Richards and Andrew Clarke, thought that the limited width of "a continuous dock ninety miles in length"[5] would necessitate the building of smaller troop transports. The first transit by one of H.M. Indian troopships was successfully made on May 3-5 by the 3,000-ton 'Jumna',[6] the largest ship to pass

1. The Times, February 3 1870, 5vi. B. Frere, The Suez Canal and Trade with India.
2. C. Boissay, Le Canal de Suez. Historique et Description. Journal des Economistes, 16 (1869), 267.
3. J. d'A. Samuda, On the Influence of the Suez Canal on Ocean Navigation. Transactions of the Institution of Naval Architects, April 6 1870, 6.
4. The Times, May 30 1870, 9i.
5. G.H. Richards and A. Clarke, The Suez Canal. Proceedings of the Royal Geographical Society, XIV, August 15 1870, 270.
6. Le Canal de Suez, 19 Mai 1870, 178, 195. Le Passage de la Jumna.

through the Canal during 1870. Outward-bound steamers were held up by its passage so that Holt's 'Priam' required seven days (May 2-9) to pass through en route to Shanghai. That passage proved that the Canal could be used by the existing troopships built in 1864-65 and that smaller ones did not need to be built. England communicated its intention to the Khedive but signed no convention and was not restrained by Ismail from sending through the Canal what were very close to ships of war. After the passage of the 'Jumna', which reached Portsmouth from Bombay in 40 days (April 15 - May 25), a uniform centre depth of 24 feet was reported.[1] The 'Nubia', the first transit by the P. & O., was however compelled to return to Suez for repairs on April 2. After the P. & O. declared to its shareholders on May 9 that the Canal was not yet in a fit state for use by the Company, the Canal Company's shares fell by 14% (May 5-19).

France and England set the example of the military use of the Canal which was followed by the other imperial powers of Turkey, the Netherlands, Spain and Portugal. The Imperial Government sent the naval sloop 'Surcouf' from Brest on May 21 through the Canal on July 8 to New Caledonia and the troopship 'Sarthe' with a draught of 20¾ feet through the Canal on July 5. The Canal was also used by the Portuguese 'Africana' (June 20-25), en route from Lisbon to Macao with 200 passengers, and by the Royal Portuguese Navy transport 'Saida' (July 1-13), also en route from Lisbon to Macao. The Messageries Impériales had lacked faith in the Canal like the P. & O. It experimented with the use of the Canal from April 17 so that seven French steamers supplied 26% of the total tonnage in April and the P. & O. was forced to experiment with the use of the Canal for sending out new steamers to the East.[2] In consultation with the Imperial Government the Messageries began a new fortnightly mail service to Indo-China on July 23, so providing a weekly mail service in conjunction with the P. & O. The Messageries anticipated a saving of £120,000 per annum from the use of the Canal route over and above the Canal dues. It therefore made Marseilles rather than Suez the home-port of its line to Indo-China, saving the cost of sending out its vessels for the

1. The Times, May 6 1870, 10i.
2. The Times, April 8 1870, 5iii.

first time to Asiatic waters and the higher wages required by sailors formerly in exile in Asia. That re-organisation was associated with the revival of the oriental aspirations of France, with French expansion in Syria, Arabia, Abyssinia, Zanzibar, with the erection of a memorial to Dupleix in Pondichery in 1870, with the hope to make Saigon a counterpoise to Singapore and Shanghai and with the proposal to establish an Australian service via the Canal. Thus the energies suppressed in France under the Empire continued to be diverted outwards.

The Canal Company announced on June 26 1870 the postponement of the payment of dividend and interest on its shares[1] and therefore also on the delegations. Its directors renounced from July 1 half of their annual fees until the resumption of dividend payments, cut the salaries of all Company employees by 10-15% and disbanded the Advisory Works Commission from September 1. In July a seasonal fall in transits, tonnage and receipts took place while passenger traffic declined from July to October during the heat of the Red Sea summer. In desperate need of financial help, Lesseps unveiled the bust of Waghorn on the Waghorn Quay at Suez[2] and visited England for the first time since 1857, arriving first at Liverpool on June 25. In London he arrived at the height of the season and received ovations usually reserved for crowned heads of state. He was toasted by the Prime Minister at the Duke of Sutherland's banquet on July 4[3] and presented with a gold medal by Lloyds of London on July 5. At the Lord Mayer's annual banquet to the archbishops and bishops on July 6 230 guests heard the Lord Mayor toast Lesseps as one worthy of canonization.[4] The propagation of the Gospel which was the primary purpose of the banquet was subordinated to the celebration of Lesseps' achievement in placing Madras within 21 days' journey of London. Thomas Hughes, the chairman of the directors of the Crystal Palace toasted Lesseps on July 7 at a great firework-display in his honour attended by 26,000. The achievement of Lesseps was given full recognition, despite its lack of financial success and Gladstone's reticence about

1. Le Canal de Suez, 30 Juin 1870, 273.
2. Le Canal de Suez, 8 Septembre 1870, 410, Le Monument Waghorn.
3. The Times, July 5 1870, 12iv.
4. The Times, July 7 1870, 5iii.

a loan. "It is a much grander exploit to make the Suez Canal than to make a railway between Pedlington and Muddletown!"[1] Lesseps was also presented on July 8 with the Albert Gold Medal by the Prince of Wales on behalf of the Society of Arts[2] and nominated on July 11 for the award of the G.C.S.I. and the honorary freedom of the City of London for the achievement of "the wonder of the age. (Cheers)."[3] Thus England paid tardy homage to the creator of the work which it had so strongly opposed.

1. Saturday Review, July 9 1870, 47. The Visit of M. de Lesseps.
2. Journal of the Society of Arts, June 10 1870, 649; July 15, 733.
3. The Times, July 12 1870, 10.

THE FRANCO-PRUSSIAN WAR, 1870-1871

The outbreak of war came six months after the flurry of talk in Egypt about peace and universal brotherhood and evoked pessimistic reflections by Ibsen and Flaubert. Ibsen perceived the similarity between the civilization of the Pharoahs and that of the Hohenzollerns. Flaubert recognised in the great collective work of the Suez Canal the harbinger of the unimaginable conflicts of the coming century between the whole East and all of Europe, a war of races between the old world and the new world.[1] The prewar crisis compelled the withdrawal on July 16 of the International Communication Bill for a Channel Steam Railway Ferry after its sanction by the Commons. The outbreak of war created the panic of July 18-19 in Liverpool which broke up speculation in the cotton market and reduced prices sharply. The heavy losses suffered by the importers of Indian cotton caused many failures and transmitted stagnation to Bombay, benefiting the Cape route at the expense of the Canal. The war also paralyzed the markets for coffee and tea and thus for two other major components of the Canal's traffic. The stimulus given to the market for silk by the elimination of Lyons benefited the overland route more than the Canal.

Three days after France declared war on Prussia Childers, who had ordered the survey of the Canal and had been advised by Clarke to buy the Canal, urged on July 22 1870 the purchase and neutralization of the Canal on Granville, so bringing Lesseps to London on July 24. The Cabinet under Gladstone, Granville, Cardwell and Lowe peremptorily set aside the idea of purchase and found no reason to pursue the question of neutralization. Lesseps received the Freedom of the City at Guildhall on July 30, the first Frenchman and the second foreigner after Garibaldi to be so honoured, while Lange was knighted on August 9. Lesseps could secure no financial help however in England or in France, where the war prevented the Imperial Government from guaranteeing another loan to the Canal Company. The war did not bring

1. G. Flaubert, Correspondance. (Paris, Conard, 1930)VI, 137-8. Flaubert à G. Sand, 3 Aout 1870.

Austria in on the side of France and so failed to consummate the Suez entente of 1869. Eight months after his trip to Egypt the Crown Prince of Prussia as Commander of the German Army won the twin victories of August 4 and August 6 on the frontier of France which paralysed the French High Command and enabled the Empress Eugenie to end on August 9 the seven-month old ministry of Ollivier and the Liberal Empire. Ollivier went into exile as the scape goat for the dynasty and the nation, resuming his post as the Commissioner of the Egyptian Government with the Canal Company which provided him with £1,200 per annum, his chief means of support during three years of exile.

The existence of the Canal enabled the French Navy to send a warship, the 'Belligéreuse', at full speed to Saigon, which first heard the news of the war on August 5. No provision had been made to regulate the use of the Canal by the warships of belligerents. On August 15 a French and a German vessel of war met in Lake Timsah. Because Germany was not the first party to the war to send a warship through the Canal she might have complained to France. The warships, however, took no action against each other nor against the free use of the Canal: they saluted and passed on. The Canal Company took no stand on the issue because France herself was a belligerent and so condoned a precedent for the future use of the Canal by other belligerents. Neither the Porte nor Ismail took action to prevent the breach of the neutrality of the Ottoman Empire, implying by their inaction that the Canal was part of Egypt's maritime domain rather than of her landed domain. An important precedent was thereby set in a legal vacuum[1] in favour of the unrestricted use of the Canal by warships, troopships and military personnel, to the ultimate benefit of all imperial powers and the revenues of the Canal Company.

The war slowed down the immediate use of the new route by merchant shipping. In August fifty ships had been loading in the ports of Europe for Asia via the Canal. The French retreat from the Rhine to Metz and Sedan led to the suspension of all departures planned for the new route, diverting the ships of Italy, Austria,

1. R. de Marees van Swinderen, Het Suez-Kanaal. (Groningen, Huber, 1886), 229.

Spain and Russia and reducing the number of English ships. In September transits through the Canal fell to 32, the lowest level since February, while receipts fell from the level of August by 12%. Cotton shipments by the Canal went out of favour in Bombay, despite the low steamer freights, because Indian consigners hoped that shipment by the Cape would benefit by a further rise of price in the home market, where recovery from mid-August was inspired by the continued German successes.[1] The war diverted German interest from East Africa to home development, reduced German trade with China and postponed the formation of a direct German steamship line to the Far East. It also compelled the evacuation of the French garrison installed in 1849 from Rome and diverted Italian interest to Rome from the Red Sea. The Assab venture was buried by the parliamentary committee (May 8 - June 5 1871) under Negri,[2] who had attended the inauguration of the Canal as President of the Italian Geographical Society. Thus the war fixed the memories of Italy more than ever on the Risorgimento, restricting the Italian support of Rubattino's service to Bombay to a subsidy equivalent to the Canal dues under the contract of 1871. It also dampened French mercantile enthusiasm for the new route and ended the eastern ventures of Fraissinet and Rabaud. The Messageries suspended from October 16 its new fortnightly service to Indo-China, reverting to a monthly service, and raised the fear that its monthly service to Mauritius might be suspended. French interests were diverted from Arabia, the Red Sea, Ethiopia and the Great Lakes, Madagascar, Annam and China. France could not follow up its 'occupation' of Sheikh Said and send the expedition planned to conquer Ethiopia in 1870. It could not even send a punitive expedition to China after the Tientsin massacre of 18 missionaries which led England to consider the establishment of fortified consulates in China on the pattern of the East India Company. It abandoned Sheikh Said after a north-east storm drove several French ships on to the rocks in February 1871, so relieving Gladstone's fears. Thus the war reinforced all those influences which discouraged France from the fullest use of the Canal and diverted her energies from external expansion first to

1. The Economist, September 24 1870, 1182. (Bombay, August 23)
2. R.G. Woolbert, The Purchase of Assab by Italy (1936), 125.

self-defence and then to reconstruction at home. It ended the period when France had led the way in the use of the Canal by mail-boats, removed the material content from the threat to British power represented by the Canal and so enabled English Liberals to denounce Palmerston for his well-founded opposition to the project. It reduced the French share in the Canal tonnage from 19.4% in 1870 to 11.7% in 1871, reinforced the English domination of the new route and moderated Anglo-French friction in the Mediterranean and in its new southward extension.

The French Navy established a partial blockade of the North Sea and Baltic coasts, to the benefit of neutral Holland and Belgium. It captured 80 German ships and removed German shipping from the sea. A single German army corps achieved the victory of Sedan, where Napoleon III capitulated on September 2, making possible the immediate siege of Paris. Imperial Paris ended with the attack of September 4 on the Tuileries, where Lesseps was dining with Eugenie and facilitated her escape.[1] A Spanish question had ended the history of the Spanish Empress, leaving her only the hope of a restoration and the memory of her last great international appearance in 1869. The end of the Empire marked the end of an era for the Canal Company with the loss of its titular Protector in Prince Jerome Napoleon and of its Vice-President, Albufera, who resigned on September 4 to retire into private life with the Empire he had served. The war also tightened the money-market at a time when the Company was in desperate financial straits and postponed the Company's revaluation of tonnage, which would have helped to rescue it from its plight. The war which was an utter disaster for Imperial France nevertheless provided the Company with a welcome diversion since it remained within besieged Paris, unlike the Bank of France, and was cut off from communication with the departments and with Egypt. The Company was compelled to suspend the publication of its journal after the issue of September 15 1870 until that of January 5 1871 and was hindered in its financial operations in

1. E. Malet, Shifting Scenes, or Memories of Many Men in Many Lands. (London, Murray, 1901), 282.
T.W. Reid, The Life, Letters and Friendships of Richard Monckton Milnes. (London, Cassell, 1890), 234, 235, Lord Houghton to his daughter, September 10 1870.

so far as they depended on the collection of monies due. It could provide its shareholders with an explanation for the slow growth of traffic through the Canal and postpone the annual general meeting. It was, however, forced on September 15 to postpone interest-payment on its bonds and so came under the greatest pressure to redeem its reputation on the Bourse from the stigma of near-bankruptcy.

Two days after Bazaine surrendered at Metz on October 27 with 173,000 troops Russia denounced the Black Sea clause of the Treaty of Paris of 1856. The denunciation was not unexpected.[1] The clause had lasted for fifteen years, or for five years longer than the ten years alletted to it by Palmerston in 1856, but succumbed to the rise of Russian nationalism fifteen years after the humiliating treaty of peace. The opening of the Canal had increased rather than decreased the strategic importance of the Straits and had reinforced the Russian drive to Constantinople in quest of Saint Sophia as much as of the keys to her house and navigable ice-free water. The Russian ambassador at Constantinople secured Ismail's promise of neutrality at the beginning of a Russo-Turkish war.[2] The alarming prospect of a Russo-Egyptian alliance compelled Constantinople in November 1870 to send 10,000 Turkish troops to the Yemen, to threaten Ismail's rear.[3] In London fears were aroused for free access to the Canal and for the security of the Mediterranean against the threat of Russo-American Alabamas, which would make British vessels their first prey.[4] Thus the British fear of the use of the Canal by France against English interests gave way to the fear of a Russian threat to its free use by Britain. Derby, the reluctant Abyssinian Warrior of 1867, was prepared to go to war for the neutrality of Egypt but not for the neutrality of the Black Sea. Gladstone considered but dismissed the possibility of seizing the Canal. "As long as the Canal is not fortified I do not see much to fear. It would be a less strong measure to seize it in war than to go to war about it: and this we ought always to be able to do.

1. Spectator, September 24 1870, 1133.
2. F.J. Cox, Khedive Ismail and Panslavism. Slavonic Review, December 1953, 156.
3. Cox, 158.
4. Economist, November 26 1870, 1425.

But never was there less danger or likelihood of our being overpowered in the Mediterranean".[1] Sedan and Metz had transferred the military primacy of Europe from France which hated England by tradition to Germany which had never hated England.

The war destroyed French influence in Cairo, so increasing Turkish pressure on Egypt. It paved the way ultimately for the English purchase of Ismail's Canal shares, the French acceptance of judicial reform in Egypt, the German instigation of the deposition of the Khedive and the English occupation of the Nile valley. Immediately it brought about the return to France of a large number of Frenchmen from Port Said and accentuated the decline in its population. It deprived the Company of Egyptian acquiescence in the "French Canal" and encouraged a series of English proposals for its future management. In November 1870 Egyptian bonds suffered a decline and complaints began to be made in England about the Canal's capacity to handle traffic, followed by rumours in December about a sale of the Canal Company, its conversion into an English joint-stock company under the Duke of Sutherland[2] and the establishment at Bismarck's request of an English protectorate over the Canal.[3] The Company's receipts in December however rose by 36% and first exceeded the record receipts of the cotton-moving month of March. The war also overcame the reluctance of the G.P.O. to use any route other than that through France and Marseilles and diverted the India mails, first from the Dover-Calais to the Newhaven-Dieppe route and then from Marseilles to the Ostend-Brindisi route from October 21 after the Marseilles-Malta service by French steamers was reduced from three to two per month. That shift to the Brenner route inspired Georges Nagelmackers, the Belgian engineer who sought from 1869 to become the Pullman of Europe, to introduce sleeping-cars on the through-route from Ostend to Brindisi. The Postal Convention of Florence (December 7 1870) between England and Italy came into operation from January 1 1871,

1. A. Ramm (ed), The Political Correspondence of Mr. Gladstone and Lord Granville 1868-1876. (London, Royal Historical Society, 1952) I, 156. Gladstone to Granville, November 13 1870
2. The Times, December 5 1870, 5iv.
3. Manchester Guardian, December 13 1870, 6vi.

seven years after England's surrender of Corfu to Greece. The last mail steamer for Marseilles left Alexandria on December 11, the first steamer from Brindisi left on December 18. Thenceforward the mail was diverted from Marseilles while the Great East India Hotel was opened for passengers on the quay at Brindisi in December 1870. Brindisi received its first ship direct from Bombay through the Canal on December 26, and so became a port on the Canal route as well as on the overland route.

Ismail's aspirations to take over the Canal Company were fostered by new rumours of its projected sale which were published on December 29 1870 but immediately denied by Lesseps.[1] Ismail suggested on December 30 to the English Consul-General, Stanton, the transfer of the Canal to an English company as the only way to make it really serviceable to general navigation.[2] T.H. Farrer, the Permanent Under-Secretary of the Board of Trade, recommended on January 26 1871 neutralization and management by an international commission on the model of the Danube[3] and was thus prepared to encroach on the independence of Egypt in the interests of universal freedom of trade if not to accept the expropriation by an English company favoured by Argyll at the India Office. The antiquary F.B. Zincke who chartered his own small steamer at Suez in February 1871 to steam to Port Said encountered the little steamers of the Canal Company more frequently than any other vessel. He met only three large steamers on each of the two days of his transit and concluded "The rarest object on the Canal is that for which it was constructed".[4] Zincke learned that the Company's daily receipts were about £1,000 which represented the toll of 10/- per ton paid by only one 2,000-ton ship in 24 hours. He found that the Company could not meet a daily expenditure of £3,000 to complete and maintain the Canal nor offer any prospect of paying a dividend in the life-time of the existing shareholders.[5] Finally, he noted the extreme unpopularity of the French in Egypt and in the three

1. Le Canal de Suez, 5 Janvier 1871, 3-8.
2. Egypt No.2 (1876) Correspondence Respecting the Suez Canal (C-1392) 133. Stanton to Granville, December 30 1870.
3. ibid., 135-8
4. F.B. Zincke, Egypt of the Pharaohs and of the Kedive. (London, Smith, 1871), 426.
5. Zincke, 431.

towns of the Canal.[1] Since the Canal provided a defensible route through land-locked seas from Gibraltar to Hong-Kong[2] and would have to be occupied in wartime by England he recommended on May 13 1871 the establishment of a protectorate by England over Egypt as a fellow-Aryan race.[3]

In February 1871 the Canal Company sought an advance in vain from the Credit Lyonnais and from the Credit Foncier in order to maintain payment of its bond-interest and began to think anew of charging toll on the real tonnage of ships. The Duke of Sutherland in his yacht 'Cornelia' passed through the Canal (February 15-17 1871) en route from Brindisi to Suez and returned through the Canal on February 20-21. Sutherland and John Pender then visited Port Said with Lesseps in March and offered a loan of £2,000,000 in return for reductions of toll, renewing rumours of the Company's sale.[4] Farrer suggested to Granville on March 29 management of the Canal by an international commission while Lange made on April 3 an unofficial and unauthorised proposal for British assistance and British management of the Canal, a suggestion which Granville discouraged on May 4. Those suggestions were encouraged by the establishment of the Paris Commune which Lesseps first heard of in Ismailia on March 27 and which created a new crisis in the Company's affairs. Lesseps returned to France with the subscription raised by the Canal Company personnel for the French wounded, widows and orphans. He suspended the publication of the Company's journal after its issue of March 30 and postponed the meeting of shareholders from April 29 until July 20. His trip to London on April 18 to raise a loan of £600,000 proved indecisive. Lange suggested to Granville on June 2 the acquisition of all the ordinary shares for £480,000 plus the obligation to pay £400,000 per annum interest over the next fifty years, a proposal which Granville dismissed as premature on June 28. The Company resumed publication of its journal on June 8 after the suppression of the Commune and announced on June 12 a depth of 26 feet through the Canal, ie. the the depth scheduled in 1859. On June 15 Lesseps announced that the

1. Zincke, 423.
2. Zincke, 434.
3. Zincke, 20, 30
4. The Times, March 14 1871, 9v.

Company had no funds to pay the interest on its bonds and that an English loan would be proposed to the next meeting of shareholders, so evoking English complaints about the shallowness of "the great Canal"[1]. The Company ended the transit service it had begun in 1866 and ceased to be a carrier from July 15, relying thenceforward solely on its transit revenues supplemented since August 1870 by its revenue from its telegraph and water-supply services. Its contemplated recourse to an increase in dues[2] encouraged Bagehot to favour management of the Canal by Egypt as a Government enterprise rather than by the Company as the best solution.[3]

The Company's shareholders were undoubtedly disappointed in their expectations when the first year's tonnage proved only 22% of the expected 4,550,000, the first year's receipts proved only 23% of the £1,600,000 they had been led to expect by Lesseps' estimate of 1855, the losses of the Company totalled £383,570 and the price of the 500-franc share averaged 272.9 francs for the year 1870. They were disturbed by the end of the war which removed the last excuse for the Company's financial failure and by the rumour of an English loan at 14%. They were encouraged to revolt against the great Caesar of the Canal Company by the overthrow of Caesarism in France and by the failure of Lesseps to secure election as a deputy for Paris in 1871. The most vocal of the dissenters emulated the directors of 1869 in their revolt against the Turkish despotism of Lesseps and were stigmatised as "the Communist element" by friends of the administration. Share prices opened at 190 francs on July 18 and fell steadily to close at 167.50: they reached their all-time low-point of 165 francs, or 33% of par, on July 20, the day of the annual general meeting. The shareholders at that meeting were too few in number to sanction the loan desired by the administration to pay the interest on the Company's bonds. They refused to accept Lesseps' financial report for the year 1870 and resolved to elect new directors.[4] Lesseps thereupon postponed the meeting for a month because modification of the statutes

1. The Times, June 20 1871, 10i; June 22, 7ii.
2. The Times, June 26 1871, 7ii; July 17, 9i; August 24, 7ii
3. Economist, July 29 1871, 903. The Financial Condition of the Suez Canal.
4. Le Canal de Suez, 3 Août 1871, 190-193.

required a representation of one-tenth of the total number of shares. The Company appointed on August 22 a commission of inquiry into the Canal tolls. In the heated session of the postponed shareholders' meeting on August 24 Lesseps repeatedly invoked the sovereignty of the General Assembly to impose the closure and to deny the floor to shareholders who wished to speak in favour of a ballot.[1] He successfully diverted the attack of the dissenters against Egypt but was compelled to accept a ballot. The meeting adopted by 767 to 235 votes, amid sustained applause,[2] the base of 223,398 shares instead of 400,000 shares for questions requiring the representation of one-tenth or one-twentieth of the shares, depriving the Egyptian shares of their right to representation because of the mortgage of their coupons in 1869. It then deprived the Egyptian shares of their voting-rights by a show of hands, although some shareholders vainly demanded a ballot. Thus it increased the voting-power of the shares held in France by some 44%. The meeting also reduced the number of directors from 32 to 24 and their collective share in the profits from 3% to 2%. That constitutional amendment made the board of directors almost wholly French in membership, reduced the vacant seats from 16 to 5 and prevented the election of ten new members, who might have reduced the influence of Lesseps. It also increased the share of the profits available for the shareholders from 70% to 71%. These two meetings revealed Lesseps' capacity for surviving an initial assault on his position and for securing an ultimate victory over the forces of discontent.

A loan of £480,000 was necessary to pay the £600,000 due on three coupons of bond interest and to stave off legal action begun by the Company's creditors before the Commercial Court of Paris. The levy of a surtax of one franc per ton to pay the interest on the loan was sanctioned by both the Khedive and the Sultan, so enabling the Company to meet its current commitments out of its future revenue. The loan was sanctioned by the meeting of shareholders on August 24 and issued in the form of thirty-year bonds at the high nominal interest-rate of 8% and a real interest-rate of 10%. The Company was prepared to accept

1. Le Canal de Suez, 31 Août 1871, 255-263.
2. ibid., 262.

coupons in payment but received (September 9-18) subscriptions to only one-quarter of the total number of bonds. The Company kept the loan open and made an interim payment of the first coupon of bond interest from October 25.[1] It did not levy the surtax and remained for several months faced by the threat of liquidation and harassed by new rumours of a sale of the Company. Financial help by some of its directors made possible the payment of the second coupon from December 15. Transit receipts began to grow rapidly from October 1871 when they first exceeded £40,000, with the aid of British vessels, and the Canal was definitely accepted as a preferable imperial route to a Euphrates Valley Railway.

A Select Committee of the House of Commons on Railway Communication between the Mediterranean, the Black Sea and the Persian Gulf was requested not by the Government but by a private member, Jenkinson, on June 23 and appointed under Northcote on July 4. That defensive reaction to the new Russian advance into Central Asia after Sedan encouraged proposals for a railway via Vienna and Salonika as an eastern Brindisi and as the western complement to a Euphrates Valley Railway,[2] for a railway from London to Karachi via Trieste and Constantinople,[3] for a railway via the Black Sea coast of Asia Minor[4] and for a railway from Port Said to Basra via Jerusalem, Damascus and Palmyra.[5] In October 1871 the negotiations of the Admiralty for the purchase of an establishment at Port Said were finally concluded[6] and the Canal was first used by a British cruiser and by British troopships, to the full satisfaction of the Government of India. The 'Iron Duke' en route from Plymouth to the China Station became the first capital ship and the first British ironclad to pass through the Canal. It drew 22'11", even with its fuel unloaded, and was towed through by three tugs in 51 hours (October 20-22 1871), coaling at Suez rather than at Port Said. The great white troopships also began to make regular use of the Canal from October 1871 for the transport of troops from England to India, confirming the military

1. Le Canal de Suez, 19 Octobre 1871, 365.
2. The Times, June 22 1871, 7i-ii; July 19, 10v; October 5, 4v. W.P. Andrew.
3. The Times, July 14 1871, 4v. W. Low & G. Thomas, To India in Five Days. The Times, September 19, 4iii-iv; October 11, 12ii.
4. The Times, July 13 1871, 4vi. R.M. Stephenson, The Euphrates Valley Line to the East.
5. The Times, October 28 1871, 6vi. Colonel H. Drummond, R.E.

rather than the naval advantage enjoyed by Britain over Russia in India. The time for the journey from Portsmouth to Bombay was shortened by more than one day while its comfort was increased by the elimination of transhipment at Alexandria and Suez. The troopships available in reserve at Portsmouth during the summer were increased in number from two to five. The India Office reduced the overhead costs of the transport service substantially, closed the Victoria Military Hospital at Suez and coaled its ships at Port Said rather than at Suez or Aden. Indian revenues benefited by the decrease in married establishments and by the increased use of young recruits, who enlisted for six years under the Short Service Act of 1870 and were best suited to stand the heat of the plains of India. The Indian Army nevertheless remained one of the most expensive in the world. The revenues of the Canal Company benefited by £1400 per troopship per passage or by £28,000 per annum. The 'Serapis' became the largest vessel to use the Canal from 1871 onwards. The number of military personnel using the Canal rose by 127% from 15,535 in 1870 to 35,291 in 1871. The conversion of the Canal into a trooping route confirmed military opposition to the Euphrates Valley Railway since sleeping-cars could hardly be provided for soldiers crossing the Syrian Desert any more than Indian kit could be supplied to soldiers for the winter passage of the Red Sea. Ismail failed to prevent the use of the Canal either by warships or by troopships and did not even secure a limitation upon the number of troops passing through the Canal at any one time. Ismail and the Company interpreted the silence of the firman of 1866 as consent to such transits. The Sultan may have deemed it more politic to make England dependent on Turkey for the use of the Canal as a military route to India than to protest against the use of the Canal by the warships of his potential protector against Russia. He thereby opened to the warships of infidel Europe a military highway flanking the birthplace of the Prophet and the holy cities of Islam. The British ambassador at Constantinople sought to maintain the tradition of Anglo-Turkish cooperation by opposing on October 28 Farrer's idea of the management of the Canal by an international commission. The example of England was followed by Portugal, whose 'Estafania' first carried Portuguese troops through the Canal (Oct. 17-19 1871), en route to suppress a military mutiny in Goa and so avoid calling on Bombay for help. The subsequent disbandment of the Portuguese Indian Army increased the

influence of the local Christians at the expense of the mestizos of Goa who had supplied the army's officers.

The Messageries renamed itself in 1871 the Messageries Maritimes, a dedication to the sea which was more fundamental and prudent than its earlier dedications to the Nation and the Empire. It resumed its service to Indo-China from June 23 1871 and extended its mail service to Shanghai with the 'Meikong' which reached Shanghai in 42 days (August 6 - September 17 1871) from Marseilles. The postwar crisis of France was liquidated by the shipment of three condemned Communards with 260 convicts on the transport 'Jura' through the Canal (November 26-28) en route to New Caledonia, which received more convicted Communards from Toulon in 1872. The Canal Company's share prices were never at a lower annual average than that of 208 francs during 1871. Lesseps admitted his readiness on November 7 to examine proposals made by interested Powers, especially by the Italian Government. A new rumour of the sale of the Company[1] aroused French opposition to the idea of a sale to the English and compelled Lesseps to disclaim the idea in his circular of December 22. Lange then proposed on December 29 that Turkey should purchase the Company's shares on behalf of the British Government. The Porte's rejection on January 10 1872 of the idea of sale or purchase forced the Company back upon its own resources, the greatest of which seemed to be its control of the Canal.

The Franco-Prussian War marked the end of a generation of change in Europe, precipitated by the Crimean War and dominated by the unification of the central powers of Germany and Italy. The remaking of Europe without British participation reduced English prestige and diverted the support of the national classes from Gladstone's Government to the Queen, the Prince of Wales and Disraeli, who in 1872 at the age of 68 gained a popular reception for the first time in his career at Manchester, the home of the political economy which he had named in 1846 and which he had always rejected. The new military spirit diffused in Europe by the war was the antithesis of the spirit

1. The Times, December 20 1871, 5ii.

of free-trade and infected even the Canal Company, which elected in 1871 its first general, Clerembault, to its board of directors as brutal Germany replaced perfidious Albion as the great object of French hatred.

United Germany gained with Alsace and Lorraine 4,781 shares in the Canal Company, or 2.6% of the shares held in France. It also revived the project for its own canal from the German Ocean to the Baltic.[1] Its pioneers of trade with the South Seas and East Africa from Hamburg supplied the first German transits through the Sues Canal. The 'Sedan' of J.C. Godeffroy & Son was the first German toll-paying ship to pass through the Canal (July 15-17 1871). The Canal Company pocketed the insult and the dues. The second German vessel was the 'Africa' of Albrecht P. O'Swald & Co which passed through on October 25-26 1871 en route to Zanzibar.

The 'Sedan' which reached Shanghai in 82 days (June 8 - August 28 1871) was the pioneer vessel of the German Steamship Line, the first German steamship line to the Far East and the first direct German steamship line to use the Canal. The Deutsche Dampfschiffs-Rhederei was founded in Hamburg in June 1871 under the stimulus of the competition of Trieste wihout any specific field of operations in its title and with its small capital raised with some difficulty by O'Swald. As a German line it was offered goods for China and Singapore at freights which proved remunerative. It began regular departures every two months in 1872 with five small steamers but was compelled to load up in London. It paid a dividend of 4% in 1874 and ranked Germany seventh in 1876 among the user-states of the Canal. In general German shipping to Asia remained sail rather than steam shipping so that Dutch and Austrian steamers filled the void left by Germany during the Canal's first fifteen years. Germany developed its use of the transalpine route to Venice and Trieste and began the construction of the St. Gotthard Railway along that route in 1872.

1. The Times, April 4 1871, 10ii.

THE PORTS OF THE ISTHMUS AND THE RED SEA, 1870-1873

The successful completion of the Suez Canal realized the nightmare of the merchants of Alexandria in the creation of a Mediterranean rival to the historic export-port of Egypt. Alexandria was protected against the competition of Port Said by its proximity to the rich cotton-growing region of the Delta, its communications via the Mahmoudieh Canal and the railway to Cairo, its virtual monopoly of warehouse-accommodation and steam-presses for cotton, its money-market and its financial support of the cotton markets of Mansura and Tanta. Its harbour, however, could not be entered either at night or in bad weather, unlike Port Said. The Canal Company hoped that Port Said would benefit by its cheap water-transport at the expense of the high-cost railway to Alexandria to become at the very least the Alexandria of the eastern delta and at the best the inheritor of all the trade of the Delta, breaking Alexandria's monopoly and reducing it to a second-class port. Thus Port Said would fulfil its destiny to become one of the chief seats of the future commerce of the world. Even greater hopes were fixed on Ismailia than on Port Said in association with the aspirations of 1855 that it would become an interior port. Ismailia did attract many ships' chandlers and forwarding agents by 1870[1] but no cotton for export since Alexandria's monopoly left only the seed available for export via Ismailia and Port Said. The best brown seed was exported through Alexandria, leaving only the white seed for export via the Canal. That commodity was loaded on Arab vessels by Arab porters and carried along the Sweet-Water Canal from Zagazig to Ismailia whence it was shipped in Arab boats, sailing-vessels and steamships to the seed-crushing mills of Europe. Ismailia exported cotton seed direct to Marseilles in 1870 and direct to Hull in 1871, hoping to become the business-capital of Egypt as the most convenient landing-place when the Suez Canal became the highway of the world.[2]

1. G. Ebers, Durch Gosen zum Sinai. Aus dem Wanderbuche und der Bibliothek. (Leipzig, Engelmann, 1872), 27.
2. Daily News, November 9 1869, 5ii.

The threat to Alexandria met with solid opposition from its pashas, its merchants and the Khedive. The pashas of Alexandria feared a decline in their ground-rents[1] as much as the merchants feared the competition of a free port. The merchants provided as fertile a seed-bed for anti-Canal propaganda as in the 1850s and diffused with delight all reports of delays and disasters in the Canal. The offensive which they waged against the Canal from November 1869 to March 1870 secured the support of Egypt's leading merchant, business-man and carrier. The Khedive gained revenue indirectly from the light-dues on the Canal and Red Sea[2] but lacked any great financial interest in the profits of the Canal Company since he had surrendered the dividend on his shares for 25 years in 1869 and retained only the right to 15% of the profits. He imposed no transit dues on goods shipped through the Canal or even on the coal imported to Port Said. He had, on the other hand, a direct interest in the revenues of the State Railways and of the port of Alexandria. In anticipation of competition in the passenger-traffic the State Railways reduced the first-class passenger fares between Alexandria and Suez from £10 to £4.10.0 in 1869 and further to £3 in 1870. To restrict competition in merchandise-traffic the railway from Cairo and Alexandria was pushed forward in 1869 to Damietta via Mansura. The Suez-Alexandria Railway could not expect to retain the transit trade in competition with the sea-route. Ismail sought however to preserve the flow of Egyptian trade through Alexandria and ordered on March 12 1870 an immediate start on the harbour works of Alexandria by Greenfield and Elliot. Ismail laid the foundation-stone and the first block of the new breakwater on May 15 1871. The blocks were the same type of 20-ton block used at Port Said and were deposited pell-mell on the same pattern: thus the techniques used in the creation of Port Said were imitated to enable Alexandria to repair the deficiencies of its harbour and maintain its monopoly against its rival.

Neither Port Said nor Ismailia were free cities in the medieval tradition. Both were unwalled, exposed to attack from the sea and

1. H. Couvidou, Etude sur l'Egypte Contemporaine. (Le Caire, Barbier, 1873), 345.
2. J.C. McCoan, Egypt As It Is. (London, Cassell, 1877), 258.

incapable of defending their liberties against encroachment from the land. In a variety of ways the Government sought to curb the aspirations of both cities, to deprive them of any hinterland, to discourage the settlement of merchants and to restrict them to the supply of their own limited needs. Thus it questioned the right of the Canal Company to dispose of the ground at Port Said to foreign companies in perpetuity. To limit the trade of Port Said it levied high duties on vessels using Lake Menzaleh,[1] refused to permit the construction of a channel from Lake Menzaleh to Mansura and forbade the extension of the Sweet-Water Canal to Port Said, leaving the port and its shipping dependent on the expensive water carried by pipes from Ismailia. After the meeting of shareholders on August 24 1871 deprived the Khedive of representation at the annual general meeting Ismail launched a many-sided attack on the Company. He was encouraged therein by the defeat of France by Prussia, irritated by French opposition to judicial reform in Egypt, spurred on by his own financial needs and unappeased by Lesseps' naming the second son born in 1871 from his second marriage Ismael. That attack was supported by German scholars[2] as well as by an English sailor[3] and an Alexandria banker[4], who estimated the cost of the Canal to Egypt at £17,000,000 by including the cost of the outport and drydock at Suez, the lighthouses and interest-charges. The Government used its control of transportation to divert traffic from the Canal. Thus it raised freights on the Suez Railway by 20% in the winter of 1871-72 to force the shipment of produce through Alexandria. It carried on the Suez-Alexandria Railway for shipment to Europe hides, raw cotton and oilseeds from India in 1872 and even jute in 1873. It also pushed the railway forward in 1872 to Rosetta and Damietta while debarring Port Said from any rail link with the Delta. To restrict navigation and commerce on the Sweet-Water Canal it allowed its level to fall in

1. P. Fitzgerald, The Great Canal at Suez. (London, Tinsley, 1876), I, 263, 269.
2. H. Stephan, Das Heutige Aegypten. (Leipzig, Brockhaus, 1872), 502-20. Die Finanzen der Suezkanal. G. Ebers, Durch Gosen zum Sinai (1872).
3. J. Steele, The Suez Canal: its Present and Future. A Round-About Paper. (London, Simpkin, 1872)
4. E. Dervieu, Ce Que Coûte à l'Egypte le Canal de Suez. (Paris, Alcan-Levy, 1871).

January and February 1872.[1] Ismail refused to develop the city named after himself, closed down the only newspaper in Port Said in January 1872 and contributed by his hostility to the decline of its population by one third in 1871-72. His attempt in 1872 to levy duty on all the coal imported to Port Said was frustrated only by the combined resistance of all the European consuls. His approval of the organisation of a Cotton Exchange in Alexandria in 1872 confirmed the failure of Port Said's attempt to capture the cotton market. Ismail also began from September 1872 to consider the construction of a fresh-water Suez Canal from Alexandria to Suez as a purely Egyptian undertaking. The response of the Company to the increasing pressure from Egypt was to improve the efficiency of its operation, to decide in 1872 to dismiss any employee responsible for an accident to a ship in the Canal, to reduce from November 12 1872 the tariff for navigation to Ismailia by one-half and to resort to the levy of tolls on gross tonnage rather than on official tonnage in its quest for financial salvation.

Thus Alexandria falsified the predictions made of its decadence, reduced Port Said's exports of cotton seed from their peak in 1872-3 and increased its predominance as the leading port and the national harbour of Egypt. Its continued expansion remained a function of the economic development of Egypt as well as of the suppression of the growth of the Canal ports. Although Alexandria never became a world-harbour it remained the terminus for eight British shipping lines, none of which needed to extend their operations through the Canal. It supplied cargoes to the colliers which carried coal to Port Said and soon captured whatever trades Port Said developed. It remained the terminus of the overland route and developed its entrepot trade with the Levant in Eastern produce carried by rail from Suez. Alexandria could not prevent Port Said from becoming a stage on the new tourist route from Cairo via Ismailia and Port Said to Jaffa and Jerusalem but it became the starting-point of a new route by rail to Ismailia and then by the Canal to Suez, so incorporating the Canal within the established frame of its overland route at the expense of Port Said.

1. Report by Vice-Consul Barker upon the Commercial Position of Port Said. Reports from H.M. Consuls on the Manufactures, Commerce &c. of their Consular Districts. (London, H.M.S.O., 1872), March 21 1872, 386.

Port Said developed neither hinterland nor industry but remained essentially a port of transit, lacking the land for warehouses on the scale of Alexandria. It gained neither a canal to Damietta nor a railway to the Delta and thus remained outside the railway system and the Sweet-Water Canal, cut off from Egypt by the lagoons and marshes of Lake Menzaleh. Lacking the strategic importance of Suez, Port Said hoped to become the terminus of a railway to Syria and India and to deprive Kantara of its predestined function.[1] Its inner harbour lacked deep foundations and deep water berths, so that ships had to anchor in mid-channel by mooring posts and could not moor alongside a quay. Thus it provided a safe and accessible anchorage for small vessels but not for large.[2] Its harbour was seriously threatened by the rapidity of the silting on the Nilotic side of the western mole completed in 1869, accompanied by the erosion of the shore to the east of the eastern mole. That accumulation of sand was a danger which did not affect Alexandria to the west of the Delta. It created a new foreshore beyond the original sea-front, increasingly isolated the Eugenie Quay from commercial activity and gave the Government a fiscal interest in the reclaimed land. The Company considered building a small breakwater near Damietta but undertook instead a submarine extension of the western mole by one quarter of its length (1872-75) to counter the movement of sand into the entrance channel. It also acquired in 1873 the first marine dredger in the world to undertake the constant dredging necessary to maintain the depth of the harbour. To counteract the rapid deterioration of the blocks composing the harbour moles it began from 1875 to use masonry blocks in place of concrete blocks.

The function of Port Said was completely transformed after the opening of the Canal. It ceased to be a construction camp and became a port of transit whose essential function was to receive tolls and relieve passengers of their money. There ships paid their dues on arrival and took on a pilot for the first half of the Canal, together with the auxiliary rudder invented in 1872. They also took on the coal

1. H. Stephan, Das Heutige Aegypten (1872), 469.
2. A.D. Taylor, The India Directory, for the Guidance of Commanders of Steamers and Sailing Vessels. (London, Allen, 1874) Part I The East Indies, 22.

which formed the main import of the port and made its imports far outweigh its exports. Coal imports to the port paid no duty until 1874 because they were considered to be in transit; they increased most in 1870 and 1871, compelling the Company to build its first collier basin in 1873 on the Asiatic bank of the Canal. Coaling became the main function of Port Said, turning it into "a coal depot between desert and marsh",[1] "a big coaling station on the highway of nations, but outside all civilization".[2] During the 1870s the port became the largest and most efficient coaling station in the world through the enterprise of its four coaling firms, which also dominated the coaling trade of Suez. Port Said benefited at the expense of Suez by the protective influence of the Canal dues on coal and by the proximity of Alexandria, which supplied return freight to the colliers from the Tyne. It also gained at the expense of Algiers, where the local authorities hindered private efforts (1869-73) to supply bunker coal. It imported its coal from England since Egypt lacked coal and the coalfields of Dranista, 50 miles south-west of Salonika, did not fulfil the promise which led Ismail's English engineers in 1873 to survey them as a source of supply. British ships nevertheless preferred to coal at Gibraltar and Malta rather than at Port Said, which was virtually a French city, where the Canal Company sought to sell the waste sand for £2.12.0 per square yard.[3] The greater part of the coaling traffic was handled by the two French firms of C. & A. Bazin and Hippolyte Worms rather than by the British firms of J.T. Wills and the Port Said and Suez Coal Company. Those four firms kept with the Canal Company in Paris a deposit account on which they could draw for the dues payable by vessels entering the Canal. Thus they facilitated passage through the Canal, limited their number to four and added financial commission to their high profits from the supply of coal. Worms developed into a powerful private banker, extending loans to Ismail and claiming on July 21 1879 the right to import duty-free a small steamboat for the use of his firm in "the neutral waters" of the Canal.[4]

1. The Times, April 9 1877, 6i.
2. The Times, April 2 1880, 7v.
3. H. Stephan, Das Heutige Aegypten, 512.
4. O. Borelli, Choses Politiques d'Egypte, 1883-1895. (Paris, Flammarion, 1895), 568.

Port Said captured many of the trades of Suez and became to shipping what the Company hoped Ismailia would become. The absence of fresh water raised the cost of living in "this inhabited Sahara".[1] The port nevertheless grew with a rude and vigorous life of its own while cosseted Ismailia wilted and declined. Its Europeans made the eligibility and price of city-lots into their universal topic of conversation. "Port Said seems quite American".[2] It remained the product of mushroom growth, a caravanserai rather than a city. The port was the town as nowhere else and became the home of a cosmopolitan waterfront population free from the control of Government or Company. Thus it joined the character of a construction camp to that of a seaport and blended the vices of a Levantine population with those of migrant labour, sailors and passengers. From Suez Port Said inherited the blend of an Eastern population seeking its maintenance in the vices of the West[3] as well as the traditional appeal of the poor to the charity of the rich. Its commerce was essentially exploitative and its customers were undiscriminating because they had been penned up on board ship for at least a week, stayed overnight before the introduction of night transit through the Canal and never returned. Its wares combined the maximum of uselessness and fragility and its native shops were even more squalid than the European ones. Drink and gambling which were both anathema to the Moslem became mainstays of its cafes. The lure of easy money attracted thieves and murderers, who made killing as frequent in the European town as it was rare in the Arab village and compelled many men to carry revolvers after nightfall. The addition of epidemic disease, such as that of smallpox in 1877, to endemic vice made Port Said into an African or Egyptian Wapping,[4] "the Wapping of the Canal".[5] Its first moral renaissance produced by the establishment of a gas-works in 1875 and the

1. Couvidou, Etude, 345.
2. O.R. Seward (ed) William H. Seward's Travels Around the World. (New York, Appleton, 1873), 575, June 9 1871.
3. J. MacGregor, The Rob Roy on the Jordan. (London, Murray, 1869), 28 F.A. Swettenham, Footprints in Malaya. (London, Hutchinson, 1942)14
4. E. Dicey, The Morning Land (1870) II, 199. Daily News, December 29 1869, 5iii.
I. Burton, Arabia, Egypt India. A Narrative of Travel. (London, Mullan, 1879), 63.
5. F.B. Zincke, Egypt of the Pharaohs and of the Kedive (1871), 423.

introduction of gas-light in 1876 reduced the incidence of murder and outrage but only for a short space of time. The port remained what Baden-Powell found it in November 1876 "wretched, stinking, filthy".[1]

Port Said became a centre for the contact of Christendom and Islam. Its Arab coal-heavers worked during the great fast of Ramadan. The Arabs in the Canal Company's workshops worked on the Christian Sunday rather than on the Moslem Friday but very rarely used a knife or showed their teeth unlike the Levantines. Its Europeans combined arrogance towards the Egyptians with republican or socialist views.[2] The port seemed destined to became "the centre of human solidarity, the point of departure of new social laws".[3] It wholly lacked public buildings. Its private buildings combined the inclined roof of Europe to ward off the rains of winter with the veranda of Asia to moderate the heat of summer and seemed to represent "the architecture of the future".[4] Its location on a low sand-bar made drainage impossible and forbade burial except in its masonry cemetery which was divided into three sections for Moslems, Greeks and Catholics (including Protestants and Jews)[5] and was replaced in 1881 by one in six feet of sand.

Ismailia remained the administrative and technical headquarters of the Company in Egypt, the Washington of the isthmus, with its superb baroque plan. "Ismailia looks like a bit of Paris suddenly transported to the Desert".[6] That town was the centre of the communications of the isthmus by railway, telegraph, Sweet-Water Canal and maritime canal. It became the winter seat of Lesseps, whose chalet on the Mehemet Ali Quay became a place of pilgrimage for visiters. Its municipal services were provided by the Company which spent hundreds of thousands of pounds thereon and neglected Port Said.[7] The Company built houses of stone not of wood, as at Port Said, and

1. R. Baden-Powell, Indian Memories. (London, Jenkins, 1915), 8
2. I. Burton, 63.
3. H. Couvidou, Itinéraire du Canal de Suez. (Port Said, Mourès, 1875), 57
4. Couvidou, Itinéraire, 46.
5. Couvidou, Itinéraire, 65-66.
6. The Times, October 11 1870, 4v. The Suez Canal.
7. H. Couvidou, Etude (1873), 344.
   H. de Vaujany, Description de l'Egypte. (Paris, Plon, 1885) II, 244-250. Ismailia.

macadamised its streets. It sought to protect the trade of Ismailia by equalising the dues on vessels leading at any point in the Canal so that cargo loaded within two to three miles of Port Said paid the full Ismailia tariff. It also insisted that passengers for Cairo should disembark at Ismailia rather than at Port Said.

Ismailia failed however to fulfil the large expectations cherished by the Company. It gained no trade from the Canal and lost its small export trade to Port Said during the 1870s, together with its repair workshops and much of its retail trade. It attracted no merchant houses and inspired no local enterprise: the shops in its main street, the Rue Negrelli, were opened by Cairo retailers. It did not acquire a naval college after Ismail was forced to surrender his ironclads to the Sultan. Nor did it gain a staff college for the Army[1] or a centre for Egyptology. Its palace remained a monument without a master or a guest since Ismail refused to honour it with his presence for an annual season. Ismailia did not even develop as a spa, an Egyptian Deauville, because it lacked an adequate supply of pure water to support its attractive blending of desert-air with sea-air and of European accommodation with French cooking. The Company's Water Service nevertheless turned the Place Champollion into one vast garden in the 1870s and made the Garden of Fountains around the Waterworks the home of a gorgeous variety of sub-tropical trees, shrubs, plants and flowers. Ismailia did not become a centre of viticulture[2] but a garden-city as had been planned in the 1860s and a paradise of colour amidst the sand, quite unlike Suez or Port Said. "If the lake is the sapphire, Ismailia is the emerald, of the desert".[3]

The Arab village of Ismailia was separate from the European town and was sited to the west between the Cairo Railway and the Sweet-Water Canal. Its blocks were smaller than those of the French town and teemed with activity, focussing around the bazaar and the mosque, which was relatively more

1. J.S. Cowan, From Port Said to Suez. Canadian Monthly. November 1875, 410.
2. H. Couvidou, Itinéraire (1875), 121.
3. H. Couvidou, Itinéraire, 119.

important than either the Catholic Church or the Greek Church were in the European town. Arab Ismailia was the real metropolis of the isthmus and was linked to the Delta as French Ismailia was not, providing a permanent market for food supplies, especially durra, from Zagazig as well as for fish from Lake Timsah. It became a centre for the contact of European and Oriental civilization as the Arabs recognised the superior power of Europe and adapted themselves to the needs of an alien civilization and the rewards of a money-economy.[1] It exerted no influence, however, upon the life of the fellahin of the Nile.

European Ismailia remained a colonial settlement with a colonial society, a town without walls but without hinterland. Its roads remained silent, leading nowhere except to Lake Timsah or the desert. Its trees halted sharply at the frontier of the waiting desert sand. The resulting contrast between civilisation and the desert was sharp and sudden without any of the intermediate shades of the Midi beloved by the French. "The sirocco blow the sands of the desert on the paved streets of Ismailia, and there is neither men nor money to sweep them out".[2] Its population declined from 15,000 in 1869 to less than 2,000 in 1871.[2] Reduced to a dormitory-town for Company employees, it focussed its hopes upon the enlargement of the Sweet-Water Canal so as to tap the life of the Nile and develop its entrepot function. "Ismailia lies deserted like a city of the dead on the shores of Lake Timsah.... At Ismailia one only sees houses without inhabitants and streets without traffic".[3]

"Suez the Stony" faced the Red Sea with fewer prospects of growth than Port Said which faced Europe. It had doubled its area, trebled its houses and quadrupled its population between 1859 and 1869. It was however separated from the Canal to which it gave its name by the wide curve of the exit channel into the Gulf of Suez. The Canal Company hoped thereby to create a new French commercial settlement separate from the British merchant houses in Suez and built large financial

1. G. Ebers, Durch Gosen zum Sinai (1872), 30-31.
2. O.R. Seward (ed) William H. Seward's Travels Around the World (1873), 487, May 6 1871. I.Burton, Arabia, Egypt India (1879),67
3. The Times, November 2 1875, 5iii. H. Couvidou, Etude (1873), 341-2.

hopes on the three miles of ground on either side of the new waterway. The exit channel passed to the east not to the west of the new outport, which would otherwise have been wholly conquered for French civilization and which was linked to Suez by an artificial mole two miles in length with a spur-railway, a wagon-road, a footpath and a water main. That outport comprised the naval basin and dry dock of Port Ibrahim, which was named by Ismail after the father whom he revered. The Waghorn Quay separated that Egyptian port from the Suez Canal and the Company's concession. The whole complex was called Terreplein since it was built on reclaimed land. Ismail expected a considerable increase in the local trade of Suez after the opening of the Canal. He therefore signed a contract in 1870 with Elzear Dussaud for the addition of a second basin for commercial vessels at Port Ibrahim and for the increase of its water surface by 62%.[1] He also sought to develop the facilities of the Wells of Moses for visitors from passing steamers and he took over the Aziziya Misriya Steamship Company, which concentrated from 1870 on its services in the Red Sea.

Those large expectations remained unfulfilled. The new harbour of Port Ibrahim did not attract local traffic because the Customs House did not move from Suez: it remained unused except by the P. & O. and earned no return on its capital cost of £1,250,000. Both Suez and Port Ibrahim remained without organic relation to the Canal. Terreplein did not become a port of call except for steamers to drop their Canal pilot and their auxiliary rudder so that passengers were given no time to visit the Wells of Moses. Suez became far more a port of transit than Port Said and suffered from the protective influence of the Canal tolls. Thus Suez lost to Port Said not only its trade in straw hats but also its coaling trade as it ceased to be the only coaling-station on the Red Sea route to Aden. Coal prices at at Suez fell by 1870 to half of their level in 1868 but were prevented from falling lower by the Canal tolls so that Port Said captured the bulk of the coaling trade. The imports of coal in 1871 were to Suez 25,000 tons but nearly 200,000 tons to Port Said. Suez also lost the provisioning as well as the bunkering of ships together with the workshops of the shipping companies. Offices were established at Suez

1. The Engineer, June 27 1873, 400. Construction of a New Port at Suez.

by Alfred Holt and the British Indian Submarine Telegraph Company while G. Meyts & Co. became the agents of the British India Steam Navigation Company. The P. & O. however began negotiations from February 18 1870 for the purchase of lands at Port Said. The Messageries which had rented a plot of land at Port Said in 1868 transferred its agency there in March 1870 and reduced its establishment at Suez to a single sub-intendant. It left the houses built in the 1860s tenantless and let out its imposing premises built in 1863 in apartments which were only partly occupied. Thus the Messageries abandoned Suez as its eastern home-port on the completion of the Canal, preferring to use La Ciotat near Marseilles for major repairs and Port Said for minor repairs.[1]

Suez was burdened by the immediacy of the local authority, seated in the new Government House which was built by Dussaud Brothers as the most imposing structure in the town. The waters of the port were Egyptian so that vessels in transit did not have a harbour-pilot as at Port Said. The 12% ad valorem duty on fish effectively prevented the local inhabitants from becoming fishermen and restricted fishing to Greeks and Maltese. The high cost of living was an additional burden. The Canal reduced the price of some imported foodstuffs, such as potatoes, to the Cairo level as the Sweet-Water Canal had reduced the price of water in 1863. Food prices in general remained high and were raised by the supply of large quantities of meat to passing steamers as in 1872. The French waterworks company proved a financial failure because the inhabitants were reluctant to pay its prices.

Suez failed to become an entrepot or to retain its large European population. European shopkeepers and artisans complained that they could no longer make a living and gradually went away. Only the Greeks survived to earn an independent livelihood in trade. Houses became untenanted, land values fell from the boom levels of the 1860s and landed property became unsaleable, although rents did not fall in the same proportion. The French Hospital had to appeal to the residents of Suez for funds to carry out essential minor repairs so that it might avert the fate of the English Military Hospital. The

1. G. West, The Trade and Commerce of the Port of Suez for 1872. The Practical Magazine, 1873, 447-463.

disappearance of roulette was a very bad sign, rien ne va plus.[1] English and American visitors in 1871 concurred in their verdict, "Suez is in a state of rapid decay".[2] "Suez, like Omaha, is a great place in the future".[3] The population, however, did not decline as much as that of Ismailia, falling from 17,000 in 1869 to 15,000 in 1871[4] and to 13,000 in 1872.

Suez remained in more direct communication with the East than with Europe from which it was cut off by the Canal. It remained the terminus of the overland route,[5] which inspired Consul West in 1872 to suggest the despatch of an Egyptian Trade Commission to India. As a port of export more than of import it remained the natural outlet of Lower Egypt to the Red Sea. Its trade remained largely confined to the Red Sea, especially to the Hejaz. Its port continued in use not only by Moslem pilgrims en route to Mecca but also by English pilgrims such as E.H. Palmer in 1869 en route to Sinai. Vessels in the coasting trade to and from Suez paid the heavy Government lighthouse dues once only while vessels using the Suez Canal paid them twice. Port Ibrahim also became a base for Ismail's imperial ventures in the Sudan in emulation of his father and grandfather. The character of Suez was impressed upon the isthmus and the Company. "Everyone struggles for profit and material comfort.... Its mind is concerned with figures and quantities.... Everyone has half given up his homeland but is not at home here and would let the world come to an end if he could only make a fortune as quickly as possible".[6] The bazaar of Suez remained a great centre for the contact of East and West. "The Europeans are buying goods from the East; the Orientals, those of Manchester and Birmingham".[7]

The ports of the isthmus were Company towns rather than Egyptian cities. Economically the Company had become a parasite upon its

1. H. Couvidou, Etude (1873), 339.
2. F.B. Zincke, Egypt of the Pharaohs and of the Kedive (1871), 425. February 1871.
3. O.R. Seward (ed), William H. Seward's Travels Around the World (1873), 483. May 6 1871.
4. H. Stephan, Das Heutige Aegypten (1872), 475.
5. Illustrated London News, October 19 1872, 383, 384. The Waghorn Monument at Suez.
6. G. Ebers, Durch Gosen zum Sinai (1872), 43.
7. J.S. Cowan, From Port Said to Suez. Canadian Monthly, November 1875, 411.

Egyptian host as it failed to derive its expected sustenance from the shipping of Europe. Egypt's efforts to preserve its accustomed patterns of trade from diversion to the isthmus prevented the Canal from influencing the Nile valley for good as well as evil. "Egypt is no more benefited by English ships passing through the Canal, than it would be by a flock of wild geese flying over the Isthmus".[1] The Canal towns, especially Ismailia, increasingly concentrated their hopes on the summer influx of European visitors from Alexandria and on the completion of the Ismailia Canal which had been begun from the Nile in 1870. That canal was extended to Kassassin in 1874 and completed in 1877 by the entrepreneur Papenot over the 83 miles to Ismailia, where it was inaugurated unofficially on April 15 1877 with a regatta.[2] Water was admitted on June 6 1877 to the new canal so that the old Sweet-Water Canal between Kassassin and Nefischa was superseded and used for local irrigation. The Canal Company bought the Suez Waterworks in February 1877 for £8,600, placed the works on a paying basis and fully amortized the purchase-price by 1886: thus it centralized the control of the distribution of the water-supply of the whole isthmus in its hands. The new Canal was fully navigable by vessels of 400 tons because it was quadruple the width and treble the depth of the old Sweet-Water Canal. The Convention of April 17 1878 fixed the level of tolls on the canal which was fully opened to navigation on May 1 1878. The Mehemet Ali Quay at Ismailia did not however become the expected entrepot. The heavy charges for lock dues also shattered the hopes of Port Said, which turned instead to the idea of a railway to Port Said or a salt-water canal to the Nile. Suez derived no benefit because the southern extension was not fully navigable. "Poor Suez wears the appearance of a Red Sea settlement lately bombarded and not yet repaired".[3]

The new canal failed to bring the expected 100,000 acres of desert under cultivation but sent 20,000 acres out of cultivation in the Wadi Tumilat by raising the water-level and encouraging saline

1. F.B. Zincke, Egypt of the Pharaohs and of the Kedive (1871), 432.
2. The Times, April 9 1877, 61.
3. R.F. Burton, Sind Revisited. (London, Bentley, 1877), 2.
   R.F. Burton, The Gold Mines of Midian and the Ruined Midianite Cities. (London, Paul, 1878), 74.

percolations, which destroyed the fertility of the land of Goshen around Tel el Kebir.[1] Suez allowed the sea to receive enough water to irrigate 2,000 acres of desert because reclaimed land was not exempted from the land-tax. Moreover, the canal first brought malaria to Ismailia, where 90% of the summer visitors in 1877 caught fever and the Mixed Court was compelled to adjourn to Cairo. Thenceforward malaria became endemic in the city until 1903 and was worst in the last three months of the year at high Nile. Ismailia did not recover from the shock. Lesseps ceased to make it his winter-seat. Its well-built houses fell empty while its streets became grass-grown. The canal also brought to Suez malaria by 1879 and bilharzia by 1882 while it added malaria to the other plagues of Port Said. That deterioration in the public health of the isthmus followed the assumption by the Company in 1876 of responsibility for maintaining public health services within the isthmus.

The opening of the Suez Canal converted the Red Sea into a through-way. That sea ceased to be an interior sea of the Ottoman Empire and became a highway for foreign shipping as never before in all its long history. None of the vessels which first used the Canal sailed to or from a Red Sea port. The indigenous maritime life of that sea had been far less vigorous than that of the Mediterranean because of its barren coasts and hinterlands. The seaboard populations prevented the penetration by European merchants into the interior, the construction of litteral telegraph lines and the development of its ports but could not resist the imperial expansion of Turkey on the east coast or of Egypt on the west coast. European possessions, however, were bitterly contested and were restricted to the precarious footholds of Aden, Perim and Obock at the southern exit by the Straits of Bab el Mandeb.[2]

Aden was found to have no seaward defences when Maye inspected it in 1868. After Prussian, Dutch, Spanish, French and Austrian warships arrived in the wake of the inauguration of the Canal its Resident asked on January 12 1870 for an ironclad and for large-calibre guns.[3]

1. D.M. Wallace, Egypt and the Egyptian Question (1883), 250.
2. T.E. Marston, Britain's Imperial Role in the Red Sea Area 1800-1878 (1961), 392-393
3. Marston, 388.

In the spring of 1870 Aden became a cable-station on the Suez-Bombay line and in the summer it manned its masonry forts with Armstrong guns to discourage any 'Isthmian Games' by France.[1] "Aden is a fortification and harbor, and nothing more".[2] "This hell upon earth"[3] which lacked tree, shrub, leaf or earth to redeem its sterility, this "congeries of gigantic cinders or heaps of colossal coke"[4] made coaling its primary function and coal its main import. Coal imports were diverted from the sailing-ship to the steamship and from the Cape route to the Canal route. Although the coal was imported direct from England its price was maintained at a high level by the Canal tolls. Thus Aden became the complement to Port Said as a coaling-station but developed its general trade to a greater extent and began to export salt from 1870 to Bengal.

Ismail contemplated a 1200-mile Suez-Aden Railway to save 4-5 days on the Red Sea mail service. His real dream however was of a Greater Egypt which would control the lake-sources of the Nile discovered in 1862 and be the suzerain power of Uganda, Zanzibar and Ethiopia, embracing a tributary area worthy of a line of rulers sprung from Mehemet Ali. Such an Egypt would inevitably restore the Arabian empire established by Mehemet Ali. Ismail appointed Sir Samuel Baker, who had discovered Lake Albert Nyanza in 1864, to command an expedition to the Great Lakes under a four-year contract from April 1 1869.[5] Baker was ordered to suppress the slave-trade, to introduce legitimate commerce and cotton cultivation so as to provide the necessary exchange for Manchester goods, to open the Great Lakes to navigation and to establish a chain of trading-stations on the model of the Hudson's Bay Company, an administration on the model of Egypt and a labour-tax for the construction of roads on the model of Ceylon. Baker was raised to the rank of Bey in May and to that of Pasha in June 1869[6] and was armed with despotic power never before entrusted by

1. Punch, November 27 1869, 216.
2. G.R. Seward (ed), William H. Seward's Travels Around the World (1873), 472. April 28 1871.
3. G.F.I. Graham, The Life and Work of Syed Ahmed Khan. (Edinburgh, Blackwood, 1885), 131. April 17 1869.
4. M. Monier-Williams, Modern India and the Indians. (London, Trübner, 1878), 24.
5. G. Douin, Histoire du Règne du Khédive Ismail. (Roma, 1936) III, 475. L'Empire Africain.
6. G. Douin, III, 483.

a Moslem to a Christian. His expedition was held up first by the absence of Ismail in Europe and then by the festivities of the opening ceremony of the Canal, when every available vessel, especially steamers, was employed in the service of the Khedive's visitors. That delay in departure lost Baker twelve months of his four-year contract. On December 5 1869 he left Suez on an Egyptian sloop for Suakin and the Sudan.[1] His expedition was supported by Ismail's instructions to Hawkshaw at Ismailia on November 17 to undertake immediate preparations for the canalisation of all the cataracts of the Nile[2] so as to open up a great commercial highway into the heart of Africa. Ismail also ordered the construction of the telegraph which was completed in 1870 from Cairo to Khartoum, the centre of its military administration and of its military trade in the Sudan. Baker's expedition may have encouraged Menelik, Prince of Shoa, to ask the Resident at Aden in September 1870 for instruction in the mechanical arts.

Egyptian expansion in Africa was accompanied by Turkish expansion in Arabia, especially in the Yemen where the monsoon rain created the true Arabia Felix as distinct from the Arabia Petraea of the north and the Arabia Deserta of the centre of the peninsula. In the Yemen the Zaidi Shiites ruled over subject Sunni Arabs from their capital at Sanaa and had been free from Turkish authority since 1620, though the Turks retained the port of Hodeida. The Asiri to the north of the Yemen, encouraged by Ismail, revolted from Turkish authority in November 1870 and attacked Hodeida on December 2-3 1870. To suppress that revolt, to eliminate the need for any help from Aden or from Egypt and to reconquer the Yemen 10,000 Turkish troops were despatched in November and passed through the Canal in December 1870.[3] The transport of Ottoman troops through the isthmus of Suez disturbed Ismail deeply because it followed immediately on the conclusion of his entente with the Russian ambassador at Constantinople and because it implied that it was un-necessary to call on his services in a traditional sphere of Egyptian interest. The Ottoman expedition also revealed the

1. S.W. Baker, Ismailia. A Narrative of the Expedition to Central Africa for the Suppression of the Slave Trade organised by Ismail, Khedive of Egypt. (London, Macmillan, 1874), I, 24.
2. A. Russel, Egypt: The Opening of the Great Canal (1869), 97, 124.
3. G. Douin, II, 585.

inadequacy of the shore-batteries of 1863-64 at Suez and threatened Egypt's strategic control of the isthmus. Ismail therefore sought to enlist English support against Turkey for the protection of the Canal and sought the advice of his American officers on the military protection of the isthmus. General C.P. Stone recommended on January 4 1871 the creation of a submarine fleet and a torpedo service and the construction of a military railway linking Alexandria to Port Said via Rosetta and Damietta.[1] Ismail ordered in January 1871 the construction of three forts of Attaqa stone to command the Suez roads in his first attempt to protect the Canal. He also considered the fortification of Port Said and the use of land for which the Admiralty was negotiating. He ordered a reconnaissance of the desert route between Ismailia and Cairo. That survey was undertaken by Chaillé-Long, who recommended the construction of earth works at Tel/el Kebir as the best point at which an enemy attack from the Canal could be met. Those works were promptly built while work on the Suez forts was suspended at the request of the Sultan.[2]

The Turks captured the Emir of the Asiri in his capital in May 1871 while from Bagdad they reduced Kuwait to submission and reoccupied Nejd, including the province of al-Hasa and Qatar. Facing eastward, upland Arabia could be penetrated from the Red Sea coast only with the greatest difficulty and was supplied either from the Persian Gulf or from Syria. Thus an overland advance combined with the seaborne assault to extend Turkish power over the uplands and coasts of Arabia and to frustrate Ismail's hopes of Arabian dominion. Aden's position became more precarious, the Resident beginning from 1871 to make direct subsidy agreements with the tribes, by-passing the Sultan of Lahej, while the Government of Bombay began from June 29 1871 to think in terms of a virtual protectorate over Lahej.

England lost her initiative as the chief protector of the integrity of the Ottoman Empire because she acquiesced in Russia's denunciation of the Black Sea clause of the Treaty of Paris and because she separated her interests from those of Austria. The Treaty of London of March 13 1871 enshrined Russia's victory in the Black Sea and

1. F.J. Cox, The American Naval Mission in Egypt. Journal of Modern History, June 1954, 174.
2. G. Douin, II, 588.

empowered her to maintain a fleet therein. Abandoned by England the Porte was compelled to come to terms with Russia and greatly improved Russo-Turkish relations. That Russo-Turkish detente precluded any possibility of a Russo-Egyptian combination and even portended a Russo-Turkish alliance against Egypt. The conflict between Cairo and Constantinople encouraged the new Permanent Under-Secretary to the Colonial Office to deduce from his experience in Australia that Cape Town was "the true centre of the Empire.... clear of the Suez complications, almost equally distant from Australia, China, India, Gibraltar, the West Indies and the Falklands".[1] Ismail made warlike preparations against the Russo-Turkish alliance. John L. Lay, an American manufacturer of torpedoes surveyed the Canal, the Red Sea and the Mediterranean coast in one of Ismail's steamers and contracted to mine all those waters to prevent the approach of any vessel. An agent wassent to buy a number of large-calibre Krupp guns for fortresses on the Canal, which were progressing in defiance of the imperial veto.[2] "What the Dardanelles are to the Russian Empire for military, political and commercial purposes the Suez Canal is to the British Empire....The Treaty of 1871 forms a new era for the policy of England which must be based on the free navigation of the Suez Canal".[3] England was thus urged to abandon its pre-occupation with the Cape route, to secure international guarantees for the free navigation of the Canal in war as well as in peace and for its exemption from territorial belligerency, to impose on Turkey and Egypt its view of the Canal as an international highway which could never be closed, least of all to the ships of England, and to declare that no war for control of the Canal would be fought without British participation.[3] From Suez Consul West noted the ease with which the Canal could be blocked by scuttling and recommended the issue of a consular pass to all vessels through a branch consular office at Port Said and the introduction of floating booms at both entrances because access was too easy, especially at night time. In India C.U. Aitchison, the Secretary

1. Cambridge History of the British Empire (Cambridge University Press, 1940) II, 591. E.A. Walker, The Routes to the East, 1815-1870, quoting R.S.W. Herbert's Minute of May 31 1871.
2. F.J. Cox, 174-175: G. Douin, II, 565-566.
3. The Times, October 19 1871, 4i-ii. The Suez Canal.

of the Foreign Department since 1868, regretted British acquiescence in the Russian victory as much as his equivalent in the English Foreign Office. "I think the opening of the Suez Canal had made it ten times more our interest to be on good and intimate terms with Turkey than it ever was before".[1]

Ismail renewed friendly relations with the Porte from the autumn of 1871 and secured the three firmans of 1872,[2] the abrogation of the highly restrictive firman of 1869 and the restoration of his right to raise foreign loans. That Turco-Egyptian rapprochement of 1872 was based on a tacit agreement which left Africa to the Khedive and Arabia to the Sultan. Before that agreement was reached the Porte complained in 1872 that an expedition to the Yemen had been held up at Port Said for 25 days. The Turks nevertheless reconquered the Yemen capturing Sanaa in 1872[3] and deposing the last independent Sultan in 1873. Thenceforward the Yemen passed under Turkish rule for the first time since 1620, excluding the possibility of its annexation by Egypt and supplying a convenient place of exile for officials offensive to Constantinople. The Aziziya Misriya Steamship Company re-established from July 8 1872 the service from Suez to Jedda, Suakin and Massawa and took over from the Austrian Lloyd in 1873 the contract for a monthly mail service between Constantinople and Jedda. The sea route to the Yemen fostered the growth of Hodeida as the port for Sanaa and proved far superior to the difficult overland route. The opening of the Canal contributed to the establishment of Turkish hegemony over Arabia rather than to the prosperity and independence of the peninsula. Turkish control was established over the whole Arabian flank of the Suez-Aden route to the East. Turkey used the Canal for the transport of mail, troops and grain from Odessa for its garrisons in Arabia. Turkey also imported through the Canal slaves, eunuchs and Galla women from Abyssinia.[4]

Ismail aspired to dominion in the south as a substitute for the sovereignty which he could not attain in Egypt. "Aida" took as its

1. Ravinder Kumar, India and the Persian Gulf Region 1858-1907. A Study in British Imperial Policy. (London, Asia Publishing House, 1965), 114, April 15 1872.
2. G. Douin II, 638-665
3. T.E. Marston, 400.
4. R. Gray, A History of the Southern Sudan 1839-1889. (London, Oxford University Press, 1961), 126.

theme the conflict between Egypt and Abyssinia and directed attention southwards from the Delta to Memphis and Thebes. That opera was first performed in Cairo in 1871 and in Milan in 1872, having been delayed and transformed in spirit by the Franco-Prussian War. It enlisted the music of Verdi and the civilization of the Pharaohs as interpreted by Mariette in the service of Khedivial Egypt. The military spirit of its Grand March was the very antithesis of the spirit of peace and commerce invoked at the opening of the Canal, to which the opera made no specific reference. Ismail used the most modern techniques in his southward expansion and projected from 1872 an 1100-mile railway in the Sudan, which Werner Munzinger in 1871 called "the little America of Africa". The Khedivial Mail Line as the Aziziya Company was renamed on its reorganisation in 1873 established at the request of J.M. Cook a regular steamboat service as far as the First Cataract of the Nile. The Khedive's engineering adviser, John Fowler, recommended the construction of a ship-incline to by-pass the granite-barrier of the First Cataract at Aswan and of a railway to the Red Sea. Ismail accordingly ordered in 1873 surveys for a Berber-Berenice Railway and for a Shendi-Massawa Railway, to link the Nile to the Red Sea and by-pass the cataracts. By then Baker had carried the Egyptian flag as far south as Lake Albert and the powerful lacustrine kingdoms of Unyoro and Uganda. Thus Turkey and Egypt found a common frontier of expansion in the Red Sea and reconciled their thitherto divergent interests.

After Ismail's eighth visit to Constantinople and his payment of £900,000 he secured the firman of June 8 1873[1] which restored the administrative autonomy of Egypt. Ismail failed, however, to secure a single attribute of that sovereignty in which contemporary Europe recognised no gradations[2] because Egypt remained a Turkish province wholly dependent on the Empire in external relations. The full restoration of the internal autonomy of Egypt nevertheless encouraged Vogüé, the French ambassador at Constantinople, to conclude: "If I am not wrong, the centre of gravity of the Orient is tending to shift from the shores of the Bosporus, the narrow route of a local trade,

1. G. Douin, II, 711-742.
2. Law Reports 42 Admiralty and Ecclesiastical Cases, 1873, 17-41, Sir Robert Phillimore in the 'Charkieh' case.

to the banks of the Suez Canal, the future route of general commerce. The political evolution of Egypt follows that economic evolution".[1] That firman of 1873 was followed by the admission of Egypt to the Universal Postal Union at Berne in 1873 and the beginning of the elimination of foreign post offices from Egyptian territory, by the resumption of the campaign for judicial reform to restrict the extensive judical privileges of Europeans in Egypt and by the flotation of the monster loan of 1873.

The contract for the loan of 1873 was signed with Oppenheim & Co., the firm which had floated the five successive Egyptian loans of 1862, 1864, 1866, 1867 and 1868 and which exacted conditions onerous beyond all precedent[2] so that the loan became the most ruinous ever contracted by Ismail. The flotation even of the first part proved a failure in the crisis of 1873 and reduced the price of all Egyptian stocks.[3] The flotation of the second part left Oppenheim's syndicate with £3,750,000 of stock still on its hands. The loan raised £19,974,000 (including £9,000,000 in Treasury bonds) or 62.4% of its nominal amount of £32,000,000 leaving a mass of floating debt still unredeemed. It closed the money-markets of England and France to further Egyptian loans until July 15 1875 by a self-denying clause and compelled Ismail to turn from Oppenheim to the Credit Foncier so as to permit a new expansion of his floating debt. It increased the annual charge on the Egyptian Treasury by £2,565,670 and the proportion of revenue devoted to the payment of interest from 35.8% in 1873 to 58.6% in 1874. Its increase in unlegitimized interest-payments to the Franks aroused opposition in Nile-centred Egypt which the tribute to the Sultan did not. Its comparative failure encouraged Ismail's bid in 1874 to take over the operation of the Suez Canal and reinforced his drive for quick returns from his empire in the south, which was extended by the conquest of Darfur in 1874 and placed under Gordon as the successor to Baker.

The Turkish expansion in Arabia approached closer and closer to Aden which Frere found in danger of its existence when he arrived on

1. A. Sammarco, Le Règne du Khédive Ismail de 1863 à 1875 (1937), 225. Vogüé, 18 Juin 1873.
2. J.C. McCoan, Egypt under Ismail. (London, Chapman, 1889), 154, 156
3. A.M. Hamza, The Public Debt of Egypt 1854-1876 (1944), 218-219.

December 31 1872. The Sultan of Lahej refused to submit to Turkish rule and claimed British protection on January 3 1873.[1] The establishment of such a protectorate was favoured by the Viceroy of India but was rejected on October 11 1873 by Gladstone. After a Turkish raid into Lahej on October 16[2] which reached within 18 miles of Aden, its Resident complained both to Bombay and to London.[3] The Turkish Note of January 28 1874 claimed sovereignty over Arabia including the Yemen and Lahej and implicitly Aden itself.[4] Derby's very strong despatch of April 30 to Constantinople replied by an implied threat to the Ottoman Empire in the Balkans.[5] Aden survived the extension of Turkish power but was then threatened by the extension of Egyptian authority over the Somali coast between 1872 and 1874 and thereby over the supply of provisions from Berbera to Aden. The Egyptian efforts in November 1874 to close Bulhar and to make Berbera the staple port of the Somali coast doubled the price of provisions in Aden. Aden nevertheless expanded its entrepot trade with both Africa and Arabia. It developed its re-exports of gum and coffee from 1874, of ivory and spices from 1875 and of rubber and hides from 1876. Between 1870 and 1880 it increased the value of its coffee trade fivefold, re-exporting coffee to London, Marseilles, Trieste and New York. Aden also became a centre for the large-scale import of cotton textiles, especially from 1874. Its population increased by 67% from 21,000 in 1870 to 35,000 in 1880.

In 1875 Ismail began the construction of the Sudan Railway from Wadi Halfa to Shendi on January 15, founded the Khedivial Society of Geography on May 19 and was ceded by the Porte on July 1 Zeila, the last town with a Turkish garrison on the coast of Africa as well as Abyssinia's second outlet to the sea after Massawa. He extended his empire in the south through expeditions which reached as far as the Juba River on October 16 and were planned to link up the Indian Ocean with the Great Lakes and the headwaters of the Nile. Thus Egypt

1. T.E. Marston, 403.
2. Marston, 417.
3. R.J. Gavin, The Bartle Frere Mission to Zanzibar, 1873. Historical Journal, 1962, 128
4. Marston, 429-430.
5. Marston, 440-441.

expanded from the Mediterranean to the Equator over 30° of latitude and an area as great as that of Russia in Europe.[1] That expansion took place at the expense of the Moslem sultanates of the Red Sea coast, of the pagan Negro tribes of the Upper Nile and of the Christian kingdom of Ethiopia. It established Egyptian suzerainty over the African coast of the Red Sea and especially over the ports through which the coffee from Harar passed. Berbera was equipped with a lighthouse, a wharf, a mole, coal bunkers and a piped supply of water from 1876 but grew as the Aden of Egypt at the expense of Massawa, which declined in trade and population, and of the Somali ports, which reduced their exports. The commerce of Equatoria remained a dream of the future while the Sudan did not become the cotton field of Lancashire. Ismail's claim to the Mareb as his frontier, however, brought him into conflict with Abyssinia while his aspiration to Zanzibar brought him into conflict with England. His acquisition of an African empire benefited Suez as a base port and ranked Egypt as the eighth largest user of the Canal in 1871-74 while Turkey ranked as the ninth largest user: Turkey and Egypt each had less than 1% of the total tonnage of the Canal in 1869-1876. The extension of the Turkish peace opened up Arabia to European travellers[2] and encouraged the revival of the Euphrates Valley Railway in 1873. Thus the Canal was used for imperial expansion first by the powers of Asia rather than by the powers of Europe and helped to divide Africa and Asia between Egypt and Turkey.

1. M. Sabry, L'Empire Egyptien sous Ismail...(1863-1879). (Paris, Geuthner, 1933).
2. D.G. Hogarth, The Penetration of Arabia. (London, Lawrence, 1904), 193-197.

THE ENTREPOT TRADE OF THE MEDITERRANEAN, 1870-1874

The Canal represented a great challenge by the Mediterranean world and especially by France to the domination of economic life by England. The saving of distance which its use would accomplish was greatest of all from the Mediterranean and amounted to 61% from Trieste and 59% from Marseilles of the voyage to Bombay. Such a vast saving of time and capital would, it was hoped, benefit the economically weaker countries against the economically stronger England. The cities of the Mediterranean would regain the most profitable of all forms of economic activity, the entrepot trade with all its enriching ancillary traffic in unloading, pilfering, warehousing, processing, distributing and financing and with its associated freight, insurance, depot, consignment and transhipment charges. England would lose in succession its commerce, its merchant marine, its maritime supremacy and finally its Indian possessions. Thus Lesseps appeared as the avenger of a hundred seaboard cities ruined by the avarice of England,[1] and was accordingly decorated on the successful completion of the Canal by the rulers of the Mediterranean states of Russia, Greece, Austria, Italy, France and Belgium, considered as a northern outpost of Latin civilization. The main client-states of the Canal after England were all from the Mediterranean: in 1870 France, Egypt, Austria, Turkey, Italy and in 1871 France, Austria, Italy, Turkey, Egypt.

In England informed opinion was compelled to recognise the achievement of the Canal but still doubted its profitability[2] and flatly disbelieved in the prospective transfer of economic supremacy to the Mediterranean because of the massive inertia of the capital invested in one of the great trades of the world and the necessary dependence of the capacity to export on the capacity to import. Each decade since the 1830s had increased the trade of the Mediterranean but also that of the Cape route in favour of North-West Europe and of the sailing-ship. A trade of over £140,000,000 engaging 4,800,000 ton

1. Spectator, February 17 1872, 198ii.
2. Manchester Guardian, November 20 1869, 4vi; December 8 1869, 5vi

of shipping could not be transferred to states which had at the most a similar trade of less than one-twelfth of the amount, occupying about one-ninth of the shipping.[1] "During the continuance of peace, and under an equal system of charges for all nations, the greater part of the trade of the Canal will be conducted by English vessels. The Southern cities, which date their decline from the discovery of the passage round the Cape of Good Hope, will find that, although the course of trade may once more pass along their coasts, its destination depends on the fertility of producers and on the capacity of consumers."[2]

The France-Prussian War removed from the field of overseas expansion the greatest of the Mediterranean powers and stimulated the construction of steamships in Britain for the Suez route. It also diverted the express overland route to India from France to Italy. That shift from Marseilles to Brindisi was consolidated by the opening on September 17 1871 of the Mont Cenis Tunnel which marked the completion of fourteen years of labour, made possible the full use of the land route through the Italian peninsula pointing south-east towards Egypt and aroused local hopes that Italy might thereby secure the monopoly of shipping to the Levant and Asia. The Mont Cenis Tunnel was first used by the Bombay mail from London of January 5 1872 and by the China mail of January 12. Its use avoided the break of gauge on the Summit Railway and linked Calais to Brindisi without change of vehicle over 1390 miles and at speeds of 34-41 m.p.h. unequalled on any other railway in Italy. Its use saved 35 hours over the Marseilles route and 7 days 5 hours over the Southampton-Gibraltar route. The transfer of the mail from the Brenner to the Mont Cenis route defeated Nagelmackers' plan to run sleeping-cars from Ostend to Brindisi over the Brenner. The St. Gotthard Railway was begun on October 1 1872 as Germany's reply to the Mont Cenis to benefit by Italy's central position in the Mediterranean, to give Germany access to that sea at Genoa and even to open an alternative route to the India mail.[3]

1. Economist, September 4 1869, 1043-1046. The Probable Traffic of the Suez Canal.
   Economist, December 4 1869, 1427-1430. The Suez Canal and the Eastern Trade.
   Economist, January 1 1870, 7-8. The Suez Canal.
2. Manchester Guardian, November 20 1869, 4vi; December 8 1869, 5vi.
3. The Times, October 11 1871, 9iv-v.

The Mont Cenis Railway followed on the completion of the Bombay-Calcutta Railway in 1870 and encouraged the revival of the Euphrates Valley Railway, the Salonika Railway and the Channel Ferry in 1872. The greatest beneficiary was Brindisi, where the number of British steamships arriving rose from 5 in 1870 to 56 in 1871. The P. & O. carried little or no export cargo from Brindisi, sought to prolong its voyage to Venice and replaced the Italian Adriatic and Oriental Steam Navigation Company on that route in 1872. Some import trade was diverted from Venice and Trieste to Brindisi, which increased the value of its imports by 178% from £203,000 in 1870 to £564,000 in 1871.[1] Those imports mainly comprised silk and silkworms' eggs, which it had first imported in 1869 for shipment by rail to Lombardy. Brindisi imported hides direct from India for Naples in 1872. It imported coal in Italian sailing vessels from 1869 and in steamships from 1872. It first exported coral and straw hats made in Tuscany to Egypt in 1872, so supplying the shops of Port Said with topis and curios. Its population grew from 10,000 in 1869 to 13,755 in 1871 and to 18,000 in 1881. The crisis of 1873, however, halved the value of its exports in 1874. The improvement of its harbour out of the high harbour dues and the expansion of its general trade was prevented by its lack of a hinterland, by the control of its trade, especially in olive oil, by the merchants of Naples, by the proximity of Bari and by the jealousy of Ancona and Venice. Passengers remained the staple traffic of the port after mail: passengers for Alexandria numbered 6,625 out of 11,164 in 1872 and thenceforward formed a majority of the total using the port. For them Southern Italy became the highway it had been to the ancient Romans and Brindisi became again "the Gate to the East".[2] Brindisi remained the mail port despite the use of Naples by passengers for Egypt and the East and despite the completion in 1872 of the Southern Railway's main line from Bologna to Otranto, which was the nearest terminal port to Egypt but which needed extensive port works. Nor was Brindisi dethroned by Salonika, despite the completion of the

1. Reports from Her Majesty's Consuls on the Manufactures, Commerce of their Consular Districts. (London, H.M.S.O., 1872), 442. Report by Consul Grant on the Trade and Commerce of Brindisi during the Year 1871 (February 28 1872).
2. The Times, November 19 1875, 8i.

railway along the Vardar valley to Mitrovitza in 1874. The Calais-Brindisi-Alexandria route complemented the Suez-Bombay-Calcutta route as an achievement of the railway in combination with the steamship. Both routes confirmed the superiority of the overland route over the Suez Canal for all the passenger and mail traffic which could bear the cost of long-distance transport by land and of repeated transhipment.

The German defeat of France confirmed the triumph of Prussia over Austria and of Hamburg over Trieste. That victory stimulated the great economic boom of 1869-73 in Central Europe and the industrialization of Germany. The associated expansion of the railway and steamship network increased the activity of the ports of the Adriatic at the expense of the ports of France. The Adriatic opened a low-cost waterway deep into Central Europe and became the main focus of the schemes intended to profit by the new outlet given to the Mediterranean and to capture the great prize of the entrepot trade through the improvement of harbours, the construction of railways and the provision of through-route facilities linking up with the Canal. Thus the Adriatic responded more fully than either the western or eastern basins of the Mediterranean proper to the opening of the Canal because Spain was prostrated by the civil war of 1868-74 while Genoa concentrated on its American trade. The great railway boom in Austria even encouraged the proposal in 1869 for a railway from the Danube to the Adriatic. The two seaports at the head of the Adriatic had become rivals more than ever since the transfer of Venice to Italy. Venice the rich had seemed decadent to Gautier in 1842 and to Twain in 1867 and less disposed than Trieste to profit from the opening of the Canal.[1] Venice benefited, however, by the Italo-Prussian alliance of 1866 at the expense of Austrian Trieste, by its liberation from subordination to Trieste, by its historic commercial connexions with Germany and by the economic expansion of Germany and Austria in the cyclical boom of 1869-73. Its merchant community displayed remarkable energy in their efforts to make Venice the great entrepot for Indian traffic via the Canal, Europe's key port of access to the Canal and thereby

1. V. von Kalchberg, Der Suez-Canal und die Zukunft des Directen Oestenreichisch-Ostindischen Handels. (Wien, Gerold, 1870), 7

once more the unrivalled emporium of Eastern trade and traffic as it had been before the full development of the Cape route. Venice began to construct a new harbour basin in 1869 to eliminate the use of lighters and regained its 1847 level of population in 1870-72. Its renaissance inspired the resurrection in 1871 of the early Venetian proposals of 1504-1586 for a Suez Canal.[1]

Venice benefited especially by the establishment of a regular steamship service to Egypt from July 20 1872 under the Convention of April 14 1872 with the P. & O. and the renewal of the old relation between the two cities of St. Mark. That subsidised service to Egypt eliminated the competition of Ancona, which had ceased to be a free port in 1869 and suffered from the abrupt halt to the improvement of its harbour. It enabled Venice to benefit from the overland route more than from the Canal route, to gain some passenger traffic for Egypt and to import gums, coffee and hides from the Red Sea as well as silk and spices from the East. Venice increased its imports by the P. & O. from India, China, Japan and Egypt in 1872 and 1873 beyond the most sanguine expectations. The P. & O. considered the establishment of a new harbour at Venice[2] and launched in 1873 the 'Venetia', the 'Lombardy' and the 'Adria'. From January 1873 it had to place auxiliary steamers in service to carry the accumulation of goods at Alexandria awaiting shipment to Venice for Germany and Switzerland. Venice also imported rice via the Canal from Rangoon and Akyab in 1872. It was reached on January 3 1873 by the s.s. 'Jeddah' with pepper, coffee, coarse cinnamon, coconut oil and bar lead direct from Singapore, so linking the modern and medieval entrepots of the Eastern trade. It imported coal direct from England in 15 steamers in 1873 and survived the abolition on December 31 1873 of its free port. In 1874 it established a Chair of Japanese at the suggestion of the Italian minister to Japan. Its response to the opening of the Canal was greater than that of its old rival, Genoa, and that of its new rival, Trieste. It secured the reduction of freights by the P. & O. in 1876 and established free warehouses under the regulations of

1. R. Fulin, Il Canale di Suez e la Republica di Venezia (1504). Archivio Veneto, Tomo II. Anno I, 14 Giugno 1871, 175-199.
2. The Times, April 15 1872, 71.

October 31 1876. It lacked, however, bulk exports and control over its own trade to the East. Its shipbuilding industry had declined from 1869. It established no shipping line of its own to the East until 1903, unlike Barcelona, Genoa, Marseilles or Odessa, and remained dependent for its Eastern trade on the alien line of the P. & O., which was bound to the port only by subsidy. The Italian flag was raised from the sixth client-flag of the Canal in 1870 to the fourth in 1871 by the enterprise of Rubattino of Genoa rather than by that of Venice. Italian trade with the East was, however, carried on mainly through the Canal of Constantinople and the ports of the Black Sea. Italian enterprise via the Canal was represented less by merchants than by the astronomer Respighi en route to view the solar eclipse of December 12 1871 from Ceylon, the naturalist Beccari en route to New Guinea in 1871 and Nino Bixio, the hero of the Risorgimento, who sailed to the East to open new channels for Italian trade and died at Achin in 1873.

Trieste was stimulated by the competition of Venice for the German trade and of Odessa for the Russian trade[1] and by the prospect of saving 37 days of the 111-day journey via the Cape to Bombay by the use of the Canal while Marseilles saved only 30 days. Trieste had its own shipping company, unlike Venice, in the Austrian Lloyd which was the eldest steamship company in the Mediterranean and which began a line to Bombay in 1870. The 'Apis' was the first toll-paying Austrian steamer to use the Canal on February 5-6 1870. It reached Bombay in 25 days (January 31 - February 24) and returned to Trieste in another 25 days (March 10 - April 3) with 4,200 bales of cotton and 25 bales of hides which were sold in the market of Trieste on April 7. It was followed by the 'Sphinx' which passed southwards through the Canal on March 14 to return with more cotton from Bombay. Trieste was also the base for the departure on January 1 1870 of a Swiss-Austrian mercantile venture to Zanzibar in the tiny schooner 'Marietta'. The Austrian Lloyd was harassed by the lack of export cargo and even briefly extended its service to London in 1870. It also began a second line from Port Said to Trieste for cargo transhipped from other vessels using the Canal. Its enterprise raised Austria from the

1. The Times, July 10 1867, 5iii.

fourth client of the Canal in 1870 to the third in 1871 after Britain and France. Under the mail contract of 1871 it gained a subsidy of £19,000 plus the refund of Suez Canal dues in return for the despatch of twelve steamers per annum to Bombay. Thus Austria pioneered the refund of Canal dues and set the example followed by Italy, Russia and other protectionist states. Hungary refused to share in the payment of that subsidy, despite the change of the company's name in 1872 to that of the Austro-Hungarian Lloyd. It aspired to develop its own national harbour in Fiume and secured the extension of the railway to that part in 1873. Austrian financial and religious interests expanded in Egypt after the wartime eclipse of France to the benefit of the Austrian Lloyd, which carried musicians from Bohemia to the cafés of Port Said but did not build warehouses there nor exploit the opportunities of the Egyptian market.

Trieste imported 40% more cotton than Venice from Bombay in 1872. It also imported coffee from Ceylon from 1870 as well as mother of pearl from the Red Sea. The port remained cut off from its hinterland by a great mountain barrier and wholly dependent on the Südbahn to Vienna. It could only develop its trade by a great reduction in German railway freights, the building of warehouses and the establishment of an East Asiatic Company.[1] Its rulers were dominated by the territorial tradition of Vienna while its Italian population became a seed-bed of irredentist sentiment after the Italian entry into Rome. Its seafaring population was almost exclusively Dalmatian, especially from the island of Lussin off the approaches to the Gulf of Fiume. Thus the city became an epitome of the Habsburg Monarchy wherein the German elite used the subject Italians and Dalmatians to maintain its own domination and the status of the monarchy as a great power.[2] "Never was a maritime city less maritime".[3] The hinterland of Trieste beyond two hours' walk was supplied from Hamburg with coffee and sugar even in 1875. After Austria was surpassed by the Netherlands in 1874 as the thrid client of the Canal the Südbahn reduced its railway rates and so encouraged two coffee importers from Mannheim to

1. Kalchberg, 33-34.
2. Kalchberg, 42.
3. I. Burton, Arabia Egypt India (1879), 31.

establish themselves in Trieste and import coffee as far north as Bohemia by 1876. Trieste completed in 1876 the four breakwaters of its free harbour begun in 1867 to the north of the old city. That harbour remained wholly under the control of the Südbahn as well as open to the fury of the prevailing bora. Trieste preserved its free port for seven years after Venice lost its in 1873. The Austrian Lloyd supplied the overwhelming bulk of the Austrian vessels using the Canal and furnished the fourth largest tonnage of client lines in 1876 after the P. & O., the Messageries and the Wilson Line. It proved slow to adopt innovations and did not venture to expand beyond Bombay before 1878, despite its large reserves.

Marseilles was the main port of departure for ships for the inauguration of the Canal and for the 'Asie' of Fraissinet which achieved the first return voyage from Bombay. It did not undergo the anticipated maritime revolution and become a world port because of the opening of the Canal. It was much more dependent on the Algerian than on the Eastern trade, in relation to which it was complementary to Alexandria and committed to the overland route rather than to the Canal. It had benefited by the French Government's systematic obstruction of the English attempts to develop the speedier route via the Mont Cenis to Brindisi. Its enthusiasm for the Canal had changed to anxiety during the 1860s in its fear of Greek and Italian competition: it had returned Gambetta rather than Lesseps as its deputy in 1869. The steam tonnage entering and leaving Marseilles exceeded the sail tonnage first in 1865-67 and permanently from 1869 under the influence of the Mediterranean trade of the port rather than of its Eastern trade and of foreign as well as French shipping. The English coal imported in increasing quantities was not primarily intended for use by steamships on the Canal route. The merchants of the port aspired to develop an entrepot trade which would add the profits of processing to those of handling and would thus be more than a mere transit trade. They founded no company intended specifically to profit by the opening of the Canal. Fraissinet remained an isolated pioneer harassed by the lack of outward freight.

Marseilles imported by the new route cotton from Bombay on January 22 1870, tea from China in March, coffee from Ceylon in May

1870. Its merchants may have been spurred into emulation by the enterprise of A. Chalès of Bordeaux and Quesnel Freres of Havre who began services to Calcutta via the Canal in 1873. Schloesing first imported wheat from India in 1874, making available a raw material for the manufacture of macaroni and semolina. C.A. Verminck, who had been engaged in the Senegal trade since 1844 first imported sesame through the Canal from India in 1875.[1] The import of oilseeds direct from India, especially linseed, sesame and groundnuts, increased from 19.3% in 1869 to 30.2% of the total weight of the seed imports of the port in 1876. The use of Indian oilseeds had been restricted to the manufacture of soap by their deterioration on the 5-6 months' journey by sail but was thenceforward extended to the manufacture of pure olive oil because they arrived fresh after a 30-day journey. Marseilles developed the import of copra while England began to draw the cheaper palm oil from West Africa. It also imported rice from Indo-China and sugar from Java, so becoming the centre of the Indian trade in succession to Lorient. It developed an entrepot trade in tea which it re-exported not only to England but also to its neighbours and to other Mediterranean states. Marseilles could not, however, secure a strong hold on the Eastern trade because France preferred coffee to tea and produced her own silk. It failed to become the entrepot for the cotton of India or for the wool of India or of Australia.[2] Its lack of exports hindered its efforts to develop an entrepot trade so that it remained a port of import rather than of export, limited in its hinterland to the Rhone valley and almost wholly dependent on the subsidised Messageries and P.L.M. Marseilles complained of the very high rail freights charged by the P.L.M. but failed to reduce its own high harbour dues at the request of the Docks Company.[3] Thus the port failed to encourage shipping, the carrying trade or the entrepot trade. It may well have benefited more than any other French port from the Canal but it benefited less than other ports in the Mediterranean and much less than it had originally expected.

Marseilles was representative of all France in its failure to take

1. J. Pierrein, Marseille et le Canal de Suez. Annales de la Faculté des Lettres d'Aix, XXX, 1956, 84-85.
2. Pierrein, 77-78
3. Pierrein, 81.

full advantage of the opening of the Canal. France as a rich and prosperous nation with continental, military and agricultural traditions was averse to martime pursuits. Its intermediate position in Europe encouraged the carrying trade of other powers, made its commerce passive rather than active, retarded the growth of its merchant marine and inhibited a rapid conversion from sail to steam. Its maritime commerce and shipping were thus given no fresh impulse by the Canal which opened up no new markets to France and benefited no French ports. France continued to use the Cape route to the East and to its island-outposts in the Indian and Pacific Oceans. In 1875 only 34.6% of the 604,616 tons of shipping between France and Asia used the Canal and over 40% of that third represented foreign tonnage. Thus France paid abroad £200,000 in freights, mainly to England, for the transport of cotton and oilseeds from Bomaby. The Canal did not lead to any place visited by French ships and trading with France, to the U.S.A., to New Orleans or to any French colonies other than Saigon and the penal colonies of Obeck and New Caledonia. French tonnage using the Canal increased in every year after its opening but not as fast as the tonnage of other powers. Thus the share of France in the traffic of the Canal fell from 10.6% in 1873 below 10% for the first time in 1874 and to 7.7% in 1875, although France remained the second largest client of the Canal.

The eastern basin of the Mediterranean made less response than the west to the opening of the Canal which gave no stimulus to the shipping of Greece, Turkey or Egypt or to the trade of their ports. The Greeks, who had engrossed the commerce of the Ottoman Empire, disappointed the expectations cherished by western observers that they would benefit more that any other community from the opening of the Canal. Their shipping remained bound to sail and to the local trades: their great idea remained the liberation of their brethren from Turkish rule and the recreation of a Christian Greek Empire with its capital at Constantinople. Tobruk was made a free port in 1869[1] but did not become a port of call any more than Rhodes or Suda in Crete. Suda, which was made into a Turkish naval base after the suppression of the

1. T. Bilbaut, L'Isthme de Suez et les Intérêts Internationaux. (Douai, Crépin, 1869), 8, 24.

Cretan rebellion of 1866-69, aspired to rival Malta and to eclipse Syra and to become both a port of call and an entrepot for the Canal trade;[1] its hopes were doomed by the lack of rainfall, by the poor olive crops of 1871-73 and by the failure of the defeated Greeks to turn their economic enterprise to the support of Turkish dominion.

The ports of Syria lost much of their transit trade, especially to Bagdad, through the development of the route to the Persian Gulf via the Canal. The establishment of a direct Turkish line to the Gulf in British ships confirmed the Anglo-Turkish entente against Russia and created a new route encircling the great peninsula of Arabia because Turkey had thitherto used its own overland route to Bagdad and had never used the Egyptian overland route. The Suez route to the Gulf was pioneered by the 'Babel' which inaugurated a service between Constantinople and Basra. The 'Babel' had been built in 1866 as the 'Matamra', the fourth and largest steamship of the Panama New Zealand and Australian Royal Mail Company (1866-69) It passed through the Canal in December 1869 and reached Basra by January 15 1870, returning to Smyrna with pilgrims. That new service did not make Mesopotamia, as anticipated,[2] a granary for the Mediterranean as well as for Western Asia. It enabled Turkey, however, to make more effective use of its Bagdad base to suppress Arab risings, to extend imperial power and to consolidate the supremacy of the Sunnis over the Shiites of Mesopotamia. It ranked the Turkish flag as the fifth client flat of the Canal in 1870 and 1871. It also encouraged the formation of two companies for the London-Basra service via the Canal in 1870 and 1871, especially by Gray, Paul and Company of London. The first steamer direct from England arrived in the Gulf in June 1870. The new steam route developed to the Ottoman rather than to the Persian shore of the Gulf. Persia was severed from the Gulf and the Levant by the Zagros Mountains as it was from India by desert and mountain. It carried on the bulk of its trade by overland caravan rather than by sea and with Russia rather than with England. The main centres of trade and piracy in the Gulf were Oman and Muscat. Oman was in closer touch with East Africa and India than with Arabia

1. Bilbaut, 24. The Times, August 7 1871, 71.
2. Le Canal de Suez, 15-17 Janvier 1870, 28.

from which it was cut off by the Oman Mountains and the Empty Quarter, "the great middle East of the Arabian Peninsula".[1] Muscat also remained a base of pirates whose dhows attacked the ninth toll-paying transit through the Canal, the diminutive steam-tug 'Rocket' of 17 tons en route to Shanghai when it was 400 miles east of Aden.[2]

Basra was nevertheless stimulated to improve its port, to dredge away its harbour-bar and to import sugar from Europe as well as from Java. It thereafter enjoyed a boom in trade without the anticipated slump, especially in its staple exports of wool, grain and dates. The Euphrates and Tigris Steam Navigation Company of Lynch Brothers replaced its two steamers on the Tigris by new ones brought out via the Canal in 1870: it survived the competition of a Turkish steam navigation company established in 1867 and even introduced deep-draught steamships on the shallow Euphrates in 1870-72. Bagdad remained the great centre of trade for Mesopotamia and Western Persia. There small merchants, especially Jews, began in 1870 to buy through commission-agents in the markets of Europe, so shattering with the help of the Canal the monopoly of the import trade from Europe thitherto held by a few leading merchants. Those small merchants created alarming competition for the great merchant houses in 1871 and glutted the Bagdad market with all sorts of European goods, forcing prices down to the very lowest remunerative level. They used the new all-water route to Bagdad in competition with the expensive overland route from the Mediterranean and so competed with the merchants of Damascus, Aleppo and Mosul as to reduce the caravan trade from Beirut to one fifth of its size between 1869 and 1871.[3] Thus Aleppo lost its transit trade to Bagdad and Southern Persia, decreased the volume of its imports to Manchester goods by 26% in 1871 and suspended the construction of the Alexandretta-Aleppo road begun in 1860. Aleppo nevertheless rapidly regained its entrepot trade in English merchandise through the enterprise of Indian Jewish merchants under British consular protection who opened branch houses in Manchester, stimulated the trade of Liverpool to Aleppo and even imported coffee from

1. C.M. Doughty, Travels in Arabia Deserta. (London, Cape, 1921)II,524.
2. North China Herald, June 2 1870, 413,414; August 25 1870, 152:ii
3. Report from the Select Committee on the Euphrates Valley Railway (322 of July 22 1872), 72. Q1162-1163, R. Paul.

Liverpool. Mosul ceased to import direct from Europe and became dependent on Aleppo and Bagdad for Manchester goods but developed a direct export trade to Europe via Bagdad in wool, gall-nuts , linen and mohair.

In the 1860s Damascus had lost some of its trade in provisions as the last halt before the desert by the increasing competition of Aleppo for the trans-desert traffic to Bagdad and by the beginning of the transfer of the pilgrim traffic from the desert route to the sea route to Jedda. Pilgrims were carried first by the Austrian Lloyd and the Asisiya Company and then by the British India Line from 1869, Rubattino from 1870, Holt from 1871 and Ruys from 1873. By 1873 the bulk of the pilgrim traffic had shifted to the Canal from the desert route. That desert crossing was also the best of protective barriers against the spread of disease which travelled by the Canal route with all the speed of steam. To restrict its spread disinfection stations were established at Suez in 1870 and at the Wells of Moses in 1871, the Canal was closed to all pilgrim ships in the Hejaz epidemic of 1872 and quarantine restrictions were imposed on pilgrim ships passing through the Canal in 1875. Some vessels carried pilgrims from Bombay to Jedda and there embarked a cargo of pilgrims returning to Algiers and Tunis via the Canal. The trade of Jedda thus increased at the expense of that of Damascus. The assertion that the trade of Damascus was annihilated by the opening of the Canal and did not revive thenceforth until after 1918 would be as misleading as the assertion that the trade of the Mediterranean declined after da Gama's voyage around the Cape because it would be based on the decline of European and long-distance trade rather than of indigenous and local trade. The "Holy" city increased its vast local trade and retained the overland trade in necessaries to Bagdad, the provisioning of hundreds rather than of thousands of pilgrims and the eight-day dromedary post to Bagdad.

French enterprise had expanded in Beirut during the 1860s, but was checked by the Franco-Prussian War and by the decline in the overland trade so that projects by French capitalists for the construction of a port in 1869 and 1872 never matured. Beirut attracted Arab merchants, however, and was linked from 1873 to the

Constantinople-Red Sea service of the Aziziya Company, importing coffee from Mokka in competition with that from Brazil. It became the chief financial centre of Syria as well as "the Schoolmistress of the Levant".[1] Jaffa was linked by telegraph to Jerusalem in 1871[2] and to Bethlehem in 1873. The cattle trade from Syria to Egypt had been largely transferred from the caravan route via Kantara to steamships from Jaffa to Alexandria in the late 1860s before the opening of the Canal completed that shift. The caravans leaving El Arish for Egypt declined after 1870, reducing the number of livestock crossing the Kantara ferry between 1870 and 1875 by 56%. By 1878 the route was used only by a few camel-drivers and by fewer cattle-traders.[3] The two main routes across the isthmus of Suez and the peninsula of Sinai nevertheless continued in use as though the Canal did not exist, the caravan route to Damascus using the Kantara ferry and that to Mecca using the Kubri ferry on the pilgrim's road ten miles to the north of Suez. Caravans leaving Egypt for Syria and for Arabia did not decline in number.

The 6,000 Beduin of Sinai were nevertheless adversely affected by the construction of the Canal which cut them off from their raiding lands in Africa and restricted their mobility for warfare, if not for commerce. They were affiliated to the Beduin of Palestine and Arabia rather than to the Beduin of Egypt as their peninsula of gravel plains and sand formed a geological extension of Arabia, "that compendium of Arabia".[4] Egypt gained such an admirable moat for defence against the Beduin that Suez allowed its walls to fall into ruins. The Beduin of North Sinai lost a source of income from acting as guides and hiring out camels through the decline of the cattle trade. The few and poor Beduin of Tor-Sinai south of Nakhl, who had thitherto lived by the sale of dates and turquoises at Cairo and by the pilgrim trade to the Sinai monastery, were virtually ruined. They could cross the Canal by a ferry or bridge of boats but were forced to pay toll and were subjected to quarantine regulations for themselves and their animals. They were further harassed by the grant to a European company

1. C.M. Doughty, II, 362.
2. The Times, March 22 1871, 12v.
3. (Archduke Ludwig Salvator of Austria), The Caravan Route between Egypt and Syria. (London, Chatto, 1881), VIII-IX.
4. C.M. Doughty, II, 422.

of the concession for the turquoise mines and by the assimilation of the whole peninsula to an infected district by the establishment of a quarantine station at Tor in 1877.[1] It is however doubtful whether those Beduin supplied any of the Canal beggars who besought bakshish from passing ships and who were especially frequent in the narrows just south of Kantara. The Canal also separated the Beduin of Charkia from those of Katja in North Sinai, checked the State-fostered colonisation of Palestine by the Beduin of Lower Egypt and encouraged them to settle down. Thus the Canal produced harmful rather than beneficial results on the use of land by the Beduin, whose interests were sacrificed to those of the developed economies of Europe.

Russia was the most distant state of all Europe from Asia by the sea-route around the Cape but the nearest by the overland caravan route across its Asiatic empire to China, finding in its roads, rivers and portages in combination an excellent substitute for the trans-continental railway built by the U.S.A. The rise of Slavophile sentiment from the 1830s in reaction against the westernizing policy of Petersburg had reaffirmed the dualist tradition of Russia. Westernizers and Slavophiles were both imbued with an aristocratic feeling of superiority to such merchant-nations as England and France. They thought that such nations allotted to commerce a guiding role in their foreign policy and they preferred a policy of princes to a policy of merchants. Both were dominated in their foreign policy by a single aim, the aggrandizement of Russia, and in their world-outlook by a Chinese belief that the power and the glory were inseparable. The Russian response to the completion of the Canal was thus more political than economic and extended from the Baltic to the Black and Caspian Seas. From Odessa the Russian Steam Navigation Company, established in 1856, sent special agents in July 1869 to the ports of Asia to prepare for a line to Bombay, China and Japan by the new all-sea route. In Petersburg the Russian Government granted on October 11-23 1869 a concession for the overland telegraph to Vladivostock to the Great Northern Telegraph Company. On the Caspian Sea the fort of Krasnovodsk was established in November 1869 as a

1. W.S. Blunt, My Diaries. (London, Secker, 1919) II, 145-6.

new base for expansion into Central Asia.[1] There Henry Stanley in May 1870 found General Stoletoff determined to prove himself "the de Lesseps of Turkestan"[2] by diverting the Amu Darya, the ancient Oxus, from the Aral into the Caspian Sea. Such a feat would not only restore life to the desert steppe of Turkestan but would also extend an impregnable water-route from the Baltic to the heart of Khiva.[3] The same imperial ambition inspired the proposal in 1871 for the construction of a canal from the Caspian to the Black Sea.

Odessa had enjoyed considerable expansion in the reform decade of the 1860s and was linked by railway to Kiev from 1870. It was stimulated by the opening of the Canal to seek to displace Trieste as the southern port of import for Russia because it saved a greater proportion of the voyage to Bombay than any other port in Europe. The first Russian toll-paying transit was made by the small sailing ship 'Hermes' which passed south to Ismailia in March 1870 and returned north in April to Port Said en route to Liverpool with cotton-seed. Odessa supplied the first Russian steamships to make use of the Canal in a two-pronged attack on the trade of Bombay and Shanghai. Those steamships were routed to India and China rather than to regions of Russian interest such as Siberia, the Persian Gulf or even the Red Sea: thus they could not make Russian produce competitive with that from Hamburg or the U.S.A. in the markets of Siberia. The 'Nakhimoff', the pioneer steamship of the Russian Steam Navigation Company left Odessa on February 26 1871 and found Port Said thronged with pilgrims from the Moslem tenth of Russia's population en route to Mecca. It passed through the Canal on March 7-9 and reached Bombay on March 24, 11 days after the Treaty of London had recognised Russia's denunciation of the Black Sea clause. It carried the name of a Russian admiral and the flag of a great power into the Indian Ocean, ending the British monopoly of the eastern seas and causing more concern to the Government of India than any other single vessel using the Canal. On May 1 it returned to Odessa with 7,000 bales of cotton

1. A.P. Thornton, British Policy in Persia, 1858-1890. English Historical Review, October 1954, 559
2. H.M. Stanley, My Early Travels and Adventures in Africa and Asia. (London, Low, 1895), II, 263.
3. Spectator, January 1 1870, 2.

and 530 sacks of coffee, pepper, gum and rice. The attack on the entrepot trade was extended from cotton to tea by the voyage of the 'Tchihatchoff', which sailed outwards through the Canal on March 19-21 1871 to inaugurate the Shanghai line of the Russian Steam Navigation Company. Those pioneer voyages of 1871 coincided with the completion of the cable to Vladivostock, Nagasaki, Shanghai and Hong-Kong and ranked Russia as the eighth client of the Canal after the Netherlands. They were not very encouraging because the absence of an export cargo made the outward voyage unprofitable and because high-cost Russian coal had to be shipped outwards to the coaling stations en route. The company nevertheless repeated the voyages in 1872 with cargo from the Mediterranean for India and with cargo from England for China. Its increase of Russia's tea imports via the Canal from 2,000,000 pounds in 1871 to 4,000,000 pounds in 1872 caused a sharp fall in re-exports from London in 1872-73. It made Port Said a port of transhipment to Odessa for such Oriental produce as tea, coffee, incense, pepper and cinnamon. In 1872 the Grand Duke Alexis, the third son of Alexander II, became the first European prince to pass through the Canal since its inauguration.

Russian expansion into Central Asia, especially into the khanate of Khiva, encouraged Charles Cotard, a former engineer on the Suez Canal, to plan a Central Asiatic Railway. Such a railway of 2400 miles in length from Orenburg to Peshawar would link the railway systems of Russia and India through Turkestan, Tashkent and Samarkand. That railway was the first great project which Lesseps is known to have taken up after the Suez Canal, to the alarm of some of his more timid shareholders. On May 1 1873 Lesseps broached the idea to the Russian ambassador at Constantinople, claiming that it would extinguish the antagonism between Russia and England as the Suez Canal had reconciled France and England. He secured Ignatiev's recognition on May 5 of the railway as "the natural corollary of the maritime route opened by the Suez Canal". That railway was even more chimerical than the Euphrates Valley Railway because of the Himalayas, Anglo-Russian hostility and Russia's policy of high protection.[1] Gladstone

1. Saturday Review, May 31 1873, 704. M. De Lesseps's New Project. Le Canal des Deux Mers, 16 Décembre 1873, 379. Le Chemin de Fer Indo-Européen.

sanctioned the visit made to India and Peshawar in March-April 1874 by Victor de Lesseps who accomplished the journey east of Suez which his father never did.

The Franco-Russian railway scheme encouraged the revival of the Euphrates Valley Railway by Jenkinson and Andrew and an outburst of English enterprise in 1873 on the Persian Gulf route to India in English efforts to enter the pearl-fishing trade, the resumption of archaeological excavations at Nineveh and the State visit by the Shah of Persia to London. The Select Committee of the House of Commons, reappointed in 1872, reported on July 22 in favour of a railway between the Mediterranean and the Persian Gulf as an alternative military route at a maximum cost of £10,000,000,[1] encouraging the first suggestion for an Acre-Kuwait Railway.[2] The British India Line was also encouraged to launch the 'Bagdad', the 'Assyria' and the 'Chaldea' in 1872 and to make its service to the Persian Gulf weekly. In 1873 it began a London-Basra service via Aden and Karachi, so threatening Bombay's monopoly of the entreport trade to the Persian Gulf at the very time that Bombay lost control of diplomatic relations with the Gulf to Calcutta in 1873. Karachi completed its Manora breakwater in 1873, doubling the depth of its harbour from 10 feet in 1868 to 20 feet in 1873. Jenkinson's motion in favour of a Euphrates Valley Railway was however defeated in the Commons on April 4 1873 by 103 votes to 29.

After the apparent revival of the Holy Alliance of 1815 in the Dreikaiserbund of 1873 an Anglo-Russian détente was brought about by the marriage in Moscow of Alfred, Duke of Edinburgh, to the only daughter of the Tsar and by the visit of the Tsar to London in 1874. That Anglo-Russian rapprochement encouraged the pioneer British voyage from Dundee to the mouth of the Yenisei,[3] the formation of Pender's Black Sea Telegraph Company in 1874 to link Constantinople to Odessa and the experimental shipment of Crimean wines to India in 1874.

Lesseps was left defenceless in his conflict with the maritime powers

1. W.P. Andrew, The Euphrates Valley Route to India in connection with the Central Asian Question, Journal of the Royal United Service Institution, May 23 1873, 472-500
The Practical Magazine, 1873, 177-180. India via the Euphrates Valley
W.B. Kerr, From India by the Euphrates Route. Fraser's Magazine, October 1874, 424-436.
2. G.E. Dalrymple, The Syrian Great Eastern Railway to India, (London, Skeffington, 1878), 26.
3. J. Wiggins, "The Northern Waterway" or New Ocean Route to Siberia.

in 1874 by that détente which culminated in the support given by Russia and England to France against Bismarck in the war-scare of May 1875 and in the proposal to play out Lord Wellesley's Great Game on a larger scale and partition Asia between England and Russia.[1] In 1875 Russia began to import tea via the Canal to the Baltic as well as the Black Sea and 'Canton tea' imported via the Canal competed at the Fair of Nijni-Novgorod with the brick tea transported overland.

Russia did not increase her use of the Canal route faster than other states so that in 1876 the Russian flag still ranked eighth and the Russian Steam Navigation Company ranked fourteenth among the client-lines with its eight steamships and supplied only 0.8% of the net tonnage. Russia was chary of a route to the East which was subject to hostile control from the Dardanelles to the Korea Strait, unlike the North-East Passage around the inaccessible northern coast of Asia. Russia lacked export staples suitable for the East, which did not want Russian wheat, wool, hides, hemp or linseed. Odessa did not want the cotton of Bombay and failed to displace Trieste as an entrepot for the Russian market, perhaps because the German Baltic barons at Petersburg preferred German Trieste to Russian Odessa. Odessa thus remained handicapped by the high freights of the Russian Steam Navigation Company and of the South Russian Railway. It was itself no less monopolistic than its railway and steamship companies since it strove to prevent the emergence in its vicinity of any rival port such as the grain port of Nicolaieff. It was stimulated far more by the rise of the grain trade than by the opening of the Canal, for which it could supply no staples nor even develop the export of coal. After the upheavals of the decade of reforms Russia remained at rest as the populists discovered in their crusade of 1872-74 and as Turgenev described in "Virgin Soil" (1876). From such "interminable sleep our country, holy Russia", could not be aroused by any superficial economic change. Even the rise of the oil trade of Baku after the gusher of 1873 was directed to the home market rather than to the export market.

Sailing ships from the Mediterranean early made experimental use of the Canal and provided 238 or 4.6% of the 5,236 transits made

1. W.M. Thorburn, The Great Game; a Plea for a British Imperial Policy. By a British Subject. (London, Simpkin, 1875), 173, 209

during its first 6½ years from December 1869 to April 1 1875. Italian sailing vessels supplied the largest single contingent. They carried English coal to Suez and returned through the Canal to the Black Sea. They even sailed through the Canal to Calcutta and Rangoon with either ballast or salt from Cagliari or Trapani to return via the Cape. Usually the Italian ships were restricted to short voyages. The sailing ships averaged only one quarter of the tonnage of the steamships which swamped them: they paid a special piletage surcharge and reached their maximum number in 1874. The coaling stations developed on the overland route at Malta and Gibraltar, the prizes won in the Anglo-French duel for the Mediterranean, became more valuable from 1869 because of the British preference for coaling in a British harbour. Malta became more important to merchant shipping than ever before in its history. From January 1870 Valetta reported regularly on ships calling or passing en route to the Canal.[1] The Anglo-Maltese Hydraulic Dock Company Limited was registered in London on July 20 1869 with half of its capital subscribed in Malta. It secured an Admiralty loan, opened E. Clark's hydraulic dock in 1871 and paid its first dividend in 1874.[2] In 1874 Malta finally completed the extension to the Grand Harbour begun in 1863 for the benefit of merchant shipping rather than of the Admiralty. French Creek was then handed over to the Admiralty while merchant shipping moved into the newly-extended waters of the Marsa end of the Grand Harbour. Malta survived the competition of Palermo, which completed its dock between 1863 and 1876. As a bunkering port Malta increased its coal imports from Britain and made coal its most valuable single import in 1874. As a port of call it centred its life increasingly around the harbour rather than around agriculture, itself as exotic as the soil imported from Sicily. It lost its direct mail service to England via Marseilles after the diversion to Brindisi of the India mail.

Gibraltar increased rather than decreased in value to England after the opening of the Canal. Its shipping increased markedly in 1871 and it dredged its harbour in 1873. Its coal imports rose in quantity until 1889 and in value until 1890, although its harbour

1. Ocean Highways, April 1870, 40. The Times, March 2 1870, 5iii.
2. Stock Exchange Year Book, 1876, 217.

lacked any coaling wharfs and used uneconomical coal hulks. Gibraltar retained its cosmopolitan population which made it an epitome of Europe, Africa and Asia while Malta retained its old aristocracy. Malta preserved the strategic significance which Gibraltar was losing through the decline of sail and the improvement of artillery. Gibraltar nevertheless retained its proximity to Capes Trafalgar and St. Vincent as well as the heroic tradition of its fourteen sieges, especially the siege of 1781. Thus it remained a symbol of British power much more than Malta, was celebrated in verse by Trench, Browning and Blunt and survived the seditious talk in Manchester of surrendering the Rock. Even at the height of their importance as ports on the Suez route Malta and Gibraltar remained, however, primarily ports of call for Mediterranean shipping which was mostly sail.

The Canal was invoked to explain the depression of 1873-75 in England rather than the preceding boom in Europe but as a contributory rather than as a primary cause. "Fourth - The opening of the Suez Canal at the end of 1869 created during 1870-3 an urgent demand for a large fleet of steam vessels adapted to the new Indian route; and what is more, so altered and twisted many of the existing modes and channels of business as to create mischief and confusion among the parties engaged in them.; and these derangements have been greatly intensified by the completion since 1868 of a very complete telegraphic system between all ports of the world, not excluding China, Australia and both sides of South America".[1] In that process of readjustment Britain lost some of its entrepot trade through the development of direct trade to the Continent, especially in silk from China to France, in tea from China to Russia, in cotton from India to the Continent and Russia, and in coffee from Ceylon to the Continent. That diversion of trade may even have begun on account of London firms to foreign ports, reflecting the capacity of the merchants of London to respond to the new channels of commerce no less than those of Hamburg and Mannheim. The development of direct trade to the Continent had, however, begun before 1869 and was not caused only by the Canal. Thus the transfer of the

1. Supplement to the Economist, March 11 1876, 21: Commercial History and Review of 1875. No reference to the Canal is made by R. Giffen, The Liquidations of 1873-76.
Fortnightly Review, October 1877, 510-525

raw silk market from London to Lyons had begun in the 1860s with the shipment of silk by the Messageries via the overland route to Marseilles The export of rice from Burma direct to Europe had also begun in the 1860s especially in the sailing fleet of R.C. Rickmers of Bremerhaven. The erosion of the entrepot trade also affected commodities which could not have been influenced by the Canal such as cotton from the U.S.A. and coffee from Brazil.

London retained its entrepot trade in Indian and colonial produce except in isolated commodities. In particular it retained its entrepot trade in wool and jute as well as in tea and coffee to France. It even increased its re-exports of tea to the Continent with the growth of the tea trade. The loss of the entrepot trade which prophets of doom in the 1870s attributed to the Canal was not an absolute but a relative decline: the entrepot trade continued to grow but not as fast as population or as exports in general and thus declined only in relation to the expansion of the home market and of home industry. The real loss of the re-export trade was suffered not by England but by Egypt with the transfer of goods from the overland route to the Canal. The witnesses who gave evidence before the Royal Commission on the Depression of Trade and Industry in 1886 rightly denied that the Suez Canal was responsible for the economic depression in reply to leading questions from Stafford Northcote and C.M. Palmer.[1] The retention of the entrepot trade by London may be explained not only by the inertia of a highly developed commerce[2] and by the continued use of the Cape route but also by the capacity of the merchants and brokers of London, who adapted their functions to the new channels, the new ports and the new commodities which began to enter into world trade under the stimulus of the increased facilities for traffic, including the Canal. They were powerfully supported by the use of the bill on London as an international credit instrument and by the carrying trade undertaken by English ships for foreign lands, the essential basis of

1. Royal Commission on the Depression of Trade and Industry, February 10 1886, Q4284 Iddesleigh to G. Gribble; March 3, Q7329 C.M. Palmer to W.C. Brocklehurst; March 31, Q10,716 J. Allport to C.E. Collyer. Q10,847 Iddesleigh to A. Schelefield; April 8, Q11,907 Q12,039 C.M. Palmer and J.P. Corry to J. Scott.
2. A. Marshall, Money, Credit and Commerce. (London, Macmillan, 1923), 126.

the entrepot trade. Thus England retained the hinterland lacked by Brindisi and Odessa. The pioneer conversion of its mercantile marine from sail to steam supplied the steamships lacked by Marseilles and Trieste and benefited London at the expense of Liverpool. London attracted to its port the merchant firms and steamship lines of the outports, including the Glen Line from Glasgow in 1873 and the P. & O. from Southampton in 1874. The lure of the great markets and the great cargoes, which London possessed as no other port did, attracted also the new steamship lines from the Continent, the Austrian Lloyd in 1870, the Messageries in 1871, the Russian Steam Navigation Company and the German Steamship Line in 1872. English merchants thus gained access to foreign lines as well as to English lines and supplied foreign lands with goods cheaper than they could otherwise have obtained them.

The relative failure of the Mediterranean ports to capture the entrepot trade proved the unimportance of a simple geographical advantage. "The trade of the East has thus far not been wrested from England because commercial custom and the possession of the best markets of production and consumption influence the course of navigation more effectively than a saving of a few hundred miles in a long voyage".[1] The Mediterranean's hinterland was severely limited by the mountain barriers of the Alps and by the lack of navigable rivers comparable to the Rhine. The Mediterranean's own markets were restricted by the influence of a rural and aristocratic culture which was not governed by the market as much as that of North-West Europe, could not be transformed by a simple change in geography and restricted the supply of capital and enterprise to profit by the opening of the new route. A large-scale expansion of Mediterranean shipping might have helped to capture the entrepot trade but was hindered by the lack of the steam shipping and the coal which were essential to the most effective use of the new route. The four Mediterranean states of France, Austria, Italy and Spain together supplied 18.2% of the Canal's tonnage in the seven years from 1869 to 1876 while Great Britain supplied 72.8%. France, Austria and Italy ranked behind Britain until 1874 when the Netherlands assumed third place, leaving Austria and

1. Saturday Review, May 31 1873, 704; April 25 1874, 521; December 4 1875, 696

Italy in the fourth and fifth places and confirming the triumph of North-West Europe over the Mediterranean first achieved by Britain. When the Canal Company began to distribute its first dividends for the year 1875 they were supplied by the client-states of the North in homage to the achievement of France. Britain increased its share of the total Canal tonnage from 74% in 1875 to 80% in 1878: France, Austria, Italy, Spain and Russia supplied 26.4% thereof in 1870, 18.3% in 1874 and 13.3% in 1878.

The prosperity of the Mediterranean had been its own creation: its decline was fostered by external influence. Although the alien steamships were a minority of the total steamships of the Mediterranean and even more of its total shipping their advent was disastrous to the local primary producers because they facilitated competition by the primary producers of rice, cotton and silk in Asia. Thus Italy's massive increase of rice imports through the Canal between 1870 and 1873[1] contributed to the decline of rice-cultivation in Lombardy from its peak acreage of 1870 and reduced Italian rice exports from 1871 onward, especially to Egypt, Turkey, Greece and England. The imports of rice from Cochin to France decreased Italian exports to France. The seven-fold increase in the value of the imports of cotton from Bombay to Naples in 1873 over 1872 helped to decrease the cultivation of cotton in Southern Italy. The increased imports of Indian sesame to Marseilles helped to decrease the cultivation of sesame in Syria for export while those of Chinese silk helped to decrease the cultivation of the silk-worm in Southern France, Northern Italy and Syria. Even the Mediterranean triad was affected. The increased import of oil-seeds from India displaced the olive in the manufacture of cooking-oil and kept the Italian production of olive-oil stationary from 1871. The increased import of wheat from India displaced Italian wheat in the manufacture of macaroni and ended the export of grain from Kosseir to Jedda. Only the produce of the vine remained free from the competition of Asia. The tides of commerce flowing more strongly westward than eastward thus made the Canal more of an inlet than an outlet to the Mediterranean. In self-defence Italy, which abolished the free ports of Ancona in 1869 and of Venice

1. G. Cantoni, Il Canale di Suez e l'Agricoltura Italiana. (Milano, Il Sole, 1876), 8

in 1873, pioneered from 1878 the protectionist reaction in Europe against free trade and so prevented the Mediterranean from becoming an extension of Asia in its produce and its standards of living.

THE TRADE OF THE INDIAN OCEAN, 1870-1874

The opening of the Canal strengthened rather than weakened the Indian Empire, "the very boldest and most successful enterprise ever tried by mortal men",[1] and enhanced the influence of England on Hindu and even on Moslem civilisation.[2] England remained the centre of the culture of India's developing elite, the focus of all its interest and effort, the great model for its emulation and the sole destination of foreign travel. "All good things, spiritual and worldly, which should be found in man, have been bestowed by the Almighty on Europe, and especially on England".[3] The English-influenced Brahmo Samaj achieved its greatest success when K.C. Sen visited England and preached in the Unitarian chapel of Russell Martineau in Westminster on April 10 1870,[4] the first Hindu to speak from a Christian pulpit. Sen was more impressed by the shortcomings of the English than by their greatness, unlike R.M. Roy, but nevertheless returned to found the Indian Reform Association in 1870. Indians of rank were discouraged from visiting Europe by the deaths in 1870 of those loyal servants of the British, the Rajah of Kapurthala near Aden and the Rajah of Kolhapur in Florence. They were however provided with colleges for the education of their sons in the Etons of India, the first of which was opened at Rajkot in 1870 under C.E. Macnaghten.

The completion of the Canal was the greatest of three simultaneous improvements in communications. For Bombay its opening was followed by the completion of the railway to Calcutta and the cable to Suez, which were both complementary to the overland route rather than to the Suez Canal. The inauguration of the rail link to Calcutta at

1. J. Roach, James Fitzjames Stephen (1829-1894). Journal of the Royal Asiatic Society 1956, 12.
   J.F. Stephen to his wife, February 13 1870.
2. W.F.V. Fitzgerald, Egypt, India and the Colonies. (London, Allen, 1870), 1.
3. G.F.I. Graham, The Life and Work of Syed Ahmed Khan (1885), 185. Letter from London, October 15 1869.
4. S.D. Collet (ed), Keshub Chunder Sen's English Visit. (London, Strahan, 1871), 64.
   K.C. Sen, Diary in England February 15 - May 21 1870. (Calcutta, Brahmo Tract Society, 1886).
   R.H. Elliot, Concerning John's Indian Affairs. (London, Chapman, 1872), 171-198. The New Hindoo Theism.

Jubbulpore on March 7 1870 by the first member of the royal family to visit India placed Bombay within 70 hours of Calcutta. It made possible the combination of rail and steam services as never before and encouraged calculations of the possibility of a voyage around the world in eighty days. Bombay did not however replace Calcutta as the Indian terminus of the P. & O., although it was 1500 miles nearer England than Calcutta, or one quarter of the average passage to England of 32 days. The P. & O. retained separate fleets for its services to Bombay and Calcutta as for its home and eastern services. The completion of the railway was the complement to the Bombay mail service of 1868 and to the Brindisi-Alexandria mail service of 1870: the improvement of the overland route formed the British reply to the French achievement of the Canal.

The Red Sea cable laid in 1870 succeeded where the cable laid in 1858 had failed in a striking demonstration of the superiority of private enterprise to State enterprise by John Pender (1816-96). Pender was a textile merchant of Glasgow and Manchester who had been a supporter of Lesseps on his visit to England of 1857 as well as a founder-director of the Atlantic Cable Company of 1856. He became chairman of the Telegraph Construction and Maintenance Company Limited formed in 1864 but retired after the successful completion of the Atlantic cable to devote all his energies to the Indian cable. He founded the British Indian Submarine Telegraph Company Limited which raised the capital denied to the Anglo-Indian Telegraph Company of 1867 and was registered on January 28 1869 to lay a cable to Bombay. The success of the French Atlantic cable financed from London and completed on July 14 quickened English interest in cable companies and encouraged the formation of two more companies to complement the intended Suez-Bombay cable, the Falmouth, Gibraltar and Malta Telegraph Company Limited (July 19) and the British Indian Extension Telegraph Company Limited (October 20) which was designed to lay a cable between Galle and Singapore.

The twenty-fifth of the 46 vessels which sailed through the Canal in the inauguration ceremony was the cableship 'Hawk' of the British Indian Submarine Telegraph Company. The companions of "the great Manchesterian"[1] on board included many financiers, merchants,

1. T.W. Reid, Richard Monckton Milnes (1890) II. 208.

engineers and the journalist Edward Dicey who gained from his trip and from Hawkshaw the strongest impression of the vital importance of the Canal to England. The captain of the 'Hawk' was satisfied by the Canal enough to say that he would rather take a vessel through it a hundred times than up the London river once.[1] Pender then ordered on November 20 the Red Sea section of the cable to be sent via the Canal to Suez. He also registered two more cable companies in London, the China Submarine Telegraph Company Limited (December 11 1869), to lay a cable from Singapore to Hong Kong and Shanghai, and the British Australian Telegraph Company Limited (January 3 1870), to lay a cable from Singapore to Batavia and Port Darwin. The eastern cable companies reached working agreement with the Anglo-Mediterranean Telegraph Company, which had laid the Malta-Alexandria deep-water cable in 1868, and with the Falmouth Gibraltar and Malta Telegraph Company. Out of twelve cable companies with a capital of £9,000,000 established in the cable company boom of 1869 six were registered for cable communication with the East with a total capital of £4,065,000. Such was the English reply to the French achievement of the Canal and the refutation of the allegations of lack of enterprise in England. "We are expending on oceanic telegraphs in a year about as much as the canal cost all the independent shareholders in ten".[2] Thereby English capitalists found new avenues of investment for the capital liberated by the nationalisation of the telegraph companies within England in 1869. They also revealed their enterprise, energy and judgment because cables changed the conditions of trade at small expense while offering large-scale profits. For the Canal by contrast Pender anticipated a maximum tonnage of 1,000,000 for some years to come and a maximum return of only 1¾% on its capital to the proprietors.[3] These British cable companies offered the prospect of competition to the Indo-European Telegraph Company Limited which had been registered in London in 1868 by Siemens Brothers. That company linked London with Tehran and Karachi by a land line through Germany and Russia opened on January 31 1870 but suffered a sharp decline in its shares by February 10[4]

1. A. Russel, Egypt: The Opening of the Great Canal (1869), 99.
2. Economist, January 22 1870, 97. The Oceanic Telegraph Monopoly.
3. The Times, January 13 1870, 7iv.
4. R. Ehrenberg, Die Unternehmungen der Brüder Siemens. (Jena, Fischer, 1906), I, 257.

after three more cable companies had been formed to link Calcutta to Singapore, Marseilles to Malta and Manila to Hong Kong.[1]

The 'Great Eastern', the 'Hibernia' and the 'Chiltern' carried the 3,600 miles of cable around the Cape to Bombay. The 'Great Eastern' landed the cable at Bombay on February 7 and at Aden on March 2 1870, further depressing the shares of the Indo-European Telegraph Company. The 'Hawk' and the 'William Cory' passed through the Canal with their portion of the Suez-Aden cable for the Gulf of Suez. The 'William Cory' had been built in 1857 as an iron screw collier for the Cardiff-London service and carried 253 miles of cable: it grounded three times and stuck fast the third time[2] so that its passage required five days (March 8-13). The transit of these ships symbolized the interrelation of cable and Canal in the communications-revolution of the 1870s. No cable was, however, laid through the Canal and most of the 1460 miles of the Aden-Suez cable was laid by the 'Hibernia' and the 'Chiltern' which spliced its cable with that of the 'William Cory' at the Daedalus Light, 350 miles south of Suez, on March 22.[3] Bombay was successively linked to Aden from March 5, to Suez from March 22 and to London via Marseilles from March 26. The 'Hibernia' after the completion of its task passed northwards through the Canal with the 'William Cory' and the 'Hawk' at the end of March in a transit which was more significant than the first passage of the 'Hawk'. With a net register tonnage of 2,164 the 'Hibernia' became the second largest vessel to navigate the Canal during its first year of operation and supplied the Anchor Line, which had sold it to Pender, with useful information on the Canal's navigability. Its captain, Septimus P. Welch, returned home via the Canal after steaming out via the Cape: he thereby became the first sailor to make use of the Cape and Canal routes in combination and the first circumnavigator of Africa on his homeward journey.[4] The voyage of Captain Welch followed in the tradition of da Gama because it was in the service of communication

1. The Calcutta and Singapore Telegraph Company Limited (Jan. 31 1870) The Marseilles, Algiers and Malta Telegraph Company Ltd.(Feb. 7 1870) The Manila and Hong Kong Submarine Telegraph Company Limited (Feb. 9 1870)
2. J.C. Parkinson, The Ocean Telegraph to India. A Narrative and a Diary. (Edinburgh, Blackwood, 1870), 276.
3. Parkinson, 257.
4. Le Canal de Suez, 1 Mai 1870, 153-154

between East and West but was obliterated from history because the Eastern cable was a prosaic achievement while the Atlantic cable was the romantic pioneer. The 'Hibernia' then laid a quarter of the Malta, Gibraltar and Falmouth cable, the remainder of which was laid by the 'Scanderia', the 'Edinburgh' and the 'Investigator'.

The completion of the Malta-Gibraltar-Falmouth cable on June 14 1870 completed the construction of an all-British cable between Falmouth and Bombay. That achievement was celebrated by Pender at a soirée offered to Lesseps in London on June 23 when messages were sent from the Viceroy of India in Simla across 8,442 miles in 40 minutes to the President of the United States in Washington.[1] Further messages of congratulation were sent by the Prince of Wales and by Lesseps to Ismail, through whose territory the cable passed overland from Alexandria to Suez as a complement to the overland route rather than to the Canal. After the interruption of the Indo-European line by an earth tremor on July 1 the eastern cable system was dominated by England as much as the Canal was by France. That system employed six intermediate stations and gave a new function to such coaling stations as Gibraltar, Malta, Suez and Aden. A joint committee of the directors of the seven submarine telegraph companies to India was formed in February 1871 and secured an increase of the tariff by 58% from April 1 1871. Thus the Bombay cable became the basis for the profitable extension eastwards of Pender's system in 1871. The cable was more important than the railways or the steamship because it extended overseas the internal telegraph system of India completed in 1855 and because it carried information rather than goods. Thereby it facilitated the centralization of information and action and the emergence of large-scale structures of economic and political power. The Atlantic cable made possible the withdrawal of troops from Canada: the Indian cable produced no reduction of troops in India but permitted the Government of India to end from 1871 its monthly subsidy to the dromedary mail service across the Syrian desert.[2] The cable transmitted commercial and financial rather than social information,

1. The Times, June 24 1870, 12iii.
2. J.G. Lorimer, Gazetteer of the Persian Gulf. (Calcutta, Superintendent Government Printing, 1915), I, 1461.

especially market-prices, commodity-orders and news of changes in the political structures of economic life. It thereby laid the mechanical basis for the emergence of a world market. It increased the certainty of business, permitted the reduction of commission, facilitated the entry of small merchants into the India trade, increased the use of the telegraphic transfer in place of the bill of exchange and encouraged the rise of tramp shipping carrying goods 'to orders' received from Europe. Although it gave a major hostage to the Mediterranean powers it facilitated substantially the expansion of British economic power in Asia.

Bombay benefited more than any other single port by the opening of the Canal. The influx of steamers ended the era of profitable sailing-ship freights and even forced the Bombay and Bengal Steamship Company into liquidation in 1871. The shift of freights down to a lower level, accompanied by great fluctuations, encouraged the transfer of the trade of the port from sail to steam. The local merchant houses wound up their interests in sail shipping, relied thenceforward on the specialized services of British steamship owners and benefited by the arrival of shipping in ballast and of foreign lines and by the emergence of the tramp. In 1873 the presence of a pool of 'irregulars' was noted at Bombay, carrying sesame from Bombay, Karachi and Calcutta and coffee from Batavia and Ceylon. Bombay became a port for the recruitment of seamen as well as of ships. Its exports rose much faster than its imports while its trade with the Continent developed much faster than that of Calcutta. Its merchants pressed for the abolition of export duties, for freight reductionson the Great Indian Peninsular Railway and for the extension of railways in the effort to enlarge the port's hinterland. The trade in skins from the Central Provinces was diverted from Calcutta by 1872. Much of the import trade of Karachi and Goa was captured by 1871. The imports of Bombay began to include ice from Trieste as well as the staple piece-goods from Liverpool.

The heavy fall in cotton prices in the second half of 1870 caused by the increase in the American harvest reduced the supply of Indian cotton by an estimated 300,000 bales. The fear of a glut of American cotton retarded the departure of steamships from England via the Canal

to bring cotton from Bombay.[1] Early in 1871 Manchester decided to wind up the Cotton Supply Association of 1857, a decision justified by the imports of 1871 from America which first reached the volume of 1860.[2] The liquidation of the Cotton Famine thus threatened to deprive Bombay and the Canal of a staple trade. The Great Indian Peninsular Railway granted freight reductions on cotton from 1871 to encourage its export. Bombay found new markets on the Continent to replace in part the shrinking English market. The Wilson Line's 'Orlando' reached Bombay in 30½ days (December 21 1870 - January 21 1871) from London and became the first steamer to arrive at Hull direct from India. The first Norwegian vessel to use the Canal, the 'St. Olaf' passed through (February 1-9 1871) en route from Bombay to Liverpool and was followed by the first Swedish vessel in 1872. Another new customer appeared in the Bombay market when the direct shipment of cotton began to Odessa in the 'Nakhimoff', which completed the round trip from Odessa and back in 65 days (February 26 - May 1 1871). Thereby the transhipment of cotton via Liverpool, Hull and Cronstadt or Petersburg, which were accessible in summer only, began to decline in favour of year-round contact between Bombay and the cotton mills of Moscow via the Canal route and the port of Odessa. That Russian line also stimulated the subsidisation of the Austrian Lloyd's service to Bombay for the transport of cotton to Trieste. The decline of the Russian trade was compensated in part for England by the growth of the Spanish trade because the line from Barcelona to Bombay was extended to Liverpool. By 1872 Bombay was shipping more cotton via the Canal than via the Cape, although steamship freights by the Canal remained higher than sail freights until 1875-6. Those high freights combined with low prices to encourage the use of the steam press for baling so as to reduce the size of bales and thereby their cost f.o.b. Indian cotton was screwed so hard that it quickly became heavy goods instead of measurement goods while American cotton continued to require ballast if it was a full cargo. To compensate for the decline in cotton exports the Bombay Chamber of Commerce pressed in 1872 for the abolition of the export duty on wheat. English steamers also began carrying cotton in

1. Manchester Guardian, January 2 1871, 2iv.
2. W.O. Henderson, The Lancashire Cotton Famine 1861-1865. (Manchester University Press, 1934), 35.

untaxed space intended to increase seaworthiness and so precipitated the Canal Company's revision of the gauge in 1872, the Constantinople Conference of 1873, the Canal crisis of 1874 and the victory of the Liverpool shipowners in the defeat of the Tonnage Measurement Bill of 1874.

The surplus of India's cotton was absorbed by the new cotton mills of Bombay, which were founded by the Parsis in imitation of the cotton-spinning companies formed by the working-classes of Lancashire in 1872-73. In the boom of 1873-74 18 mill companies were formed in Bombay, encouraging English-sponsored mills from 1874 and a boom in jute mills in Calcutta in 1873-75. Those spinning mills were favoured by the beginning from March 1873 of the large-scale export of yarn to the Chinese market.[1] Thus their effective competition with the mills of Lancashire began after rather than before the opening of the Canal. Those mills increased in number from 18 in 1873 to 56 in 1879 to create a forest of cotton mills below Amballa Hill, making Bombay appear like Wigan and apparently contributing to the industrial supremacy of Britain in the world.[2] They created a great demand for English machinery, English steam-engines, English coal and English supervisors. They became a school for the education of Marathi labour by Lancashire technicians. Their production precipitated Manchester's appeal in 1874 for protection against Indian competition by the reduction of India's import duties on cotton piece-goods and yarn[3] and the defensive formation in 1875 of the Bombay Millowners' Association. The reduction of stocks in transit was caused not only by the use of the shorter Canal route but also by the reversion of Lancashire mills from Indian to American cotton. Between 1869 and 1875 the quantity of Indian cotton at sea for Europe fell by 250,000 bales at a time when India's cotton exports averaged about one million bales, the cotton harvest of the U.S.A. averaged about four million bales and the cotton consumption of Europe had risen to 108,000 bales per week. The simultaneous reduction in the quantity of cotton goods and yarn at sea for Eastern markets from 4-5 months' to 6-8 weeks' consumption was equivalent to another

1. S.D. Mehta, The Cotton Mills of India 1854 to 1954 (1954, 47, 54.
2. I. Burton, Arabia Egypt India (1879), 124.
3. A. Redford, Manchester Merchants and Foreign Trade. (Manchester University Press, 1956) II, 27-29.

250,000 bales of cotton.[1] The tonnage of ships carrying Bombay cotton contributed a rising share to the traffic of the Canal, 9% in 1873, 10% in 1874 and 13% in 1875, at the expense of the Cape route.[2]

The increase in shipping necessitated the extension of the capacity of the best harbour on the west coast and the improvement of its defences by the arrival of two ironclad monitors in 1871. The expansion of the Bombay Corporation from the three members of 1856 to the 64 of 1872 (32 members being elected) helped to make the city "evidently quite English in feeling and I should say as loyal as Liverpool"[3] as Northbrook reassured the Queen in 1872 after the assassination of Mayo. Albert Abdullah Sassoon was inspired by the Canal to build the first wet dock on the west coast of India at Colaba between 1872 and 1875. In 1873 Bombay established the first Port Trust in Asia. Bombay maintained in economic dependence Karachi, which was 200 miles nearer to Suez and aspired to independence through the Indus Valley Railway sanctioned in 1869, a steamship service to Basra and a Euphrates Valley Railway. Bombay also retained the entrepot trade with the Persian Gulf developed by its Parsis. The British India Line suspended its direct line from London to Basra in 1874 and began a regular monthly but peripatetic service in 1875 between Bombay and Basra in association with Lynch's river navigation service. Thenceforward the Persian Gulf remained eccentric to the main steamship route via the Canal. Bombay survived the challenge of the Canal and retained the entrepot trade in the pearls of Bahrein for the markets of London, Paris and New York as well as in the cotton of Karachi. After the Great Indian Peninsular Railway reduced the freight charges on oil-seeds and wheat in 1875 Bombay added those commodities to the cotton it exported to the Continent. The population of the port grew by 20% from 644,400 in 1872 to 773,200 in 1881 and its character remained cosmopolitan. "It is, and will be, more and more to all this part of the world what Ephesus or Alexandria were to the eastern basin of the Mediterranean in the days of the Roman Empire".[4]

1. Manchester Guardian, November 30 1875, 4iii.
2. Le Canal de Suez, 12 Mars 1877, 2. Les Cotons de Bombay et le Canal de Suez de 1872 à 1876.
3. B. Mallet, Thomas George Earl of Northbrook. (London, Longmans, 1908), 62.
4. M.E.G. Duff, Notes of an Indian Journey. Contemporary Review, May 1875, 916.

Calcutta enjoyed a much smaller saving in distance by the new route than Bombay and became eccentric in its position in relation to Europe, like Cochin and New South Wales. It nevertheless enjoyed access to the whole hinterland of Bengal, the most populous and productive area in all India, the home of the only well-developed network of internal navigation and the great source of indigo, jute and tea. Its trade was dominated by the keenest entrepreneurs in India who were European merchant-houses unlike in Bombay. It lay 150 miles from the sea and so enjoyed the security from attack via the Canal lacked by Bombay. Above all, "Hustlefussabad"[1] was the political capital of India and the seat of a newly-reorganised administration which successfully reduced Bombay to greater dependence on itself through the railway and the cable of 1870. The Government of India was the great landlord and tax-collector rather than a merchant and thought in terms of revenue rather than of population or commerce. It survived Manchester's agitation to add merchants to the Council of India[2] and maintained closer links with London than with Liverpool and Manchester. It maintained such effective control of economic life as to evoke in protest Nairoji's drain theory of economic exploitation. Nairoji therein made England responsible for a great and continuous drain of £12,000,000 per annum from a land where the average per capita income was 40/-[3]: he so revived the theme of Burke and of J.S. Mill and extended Proudhon's thepry of property to international relations, Le commerce c'est le vol. The Government itself undertook the construction of railways in India after the completion of the Bombay-Calcutta line. It appointed a civil engineer in September 1870 to report on harbour improvement but took no action to convert any of the nine ports surveyed on the west coast into first-class harbours and reigned without a rival after the final dissolution of the East India Company in 1872. It considered favourably a proposal made on May 3 1871 for an Indian Ship Canal

1. A. Davidson, Edward Lear. Landscape Painter and Nonsense Poet (1812-1888). (London, Murray, 1938), 227.
2. A.W. Silver, Manchester Men and Indian Cotton 1847-1872. (Manchester University Press, 1966), 249-254.
3. D. Nairoji, The Wants and Means of India. (East India Association, July 27 1870).
   E. Nairoji, The Commerce of India. Journal of the Society of Arts, February 17 1871, 301-307, 239-248.

between India and Ceylon as part of the new steam route to Calcutta.[1] It established in 1871 a new Department of Revenue Agriculture and Commerce but gave revenue priority over the development of agriculture and commerce.[2] The same fiscal motive inspired the establishment of the Statistical Survey of India in 1871 and the Census of India in 1872.

Calcutta greeted the opening of the Canal with satisfaction and hoped that the Indian Navy promised to Mayo would be sent out by that route[3] before it abandoned the idea of such a resurrection. The Hooghly must have been first reached by the 'Godavery' of the Messageries which scraped over the Serapeum ridge during the inauguration. The 'Godavery' left Calcutta again for Marseilles with indigo, raw silk, shawls and silks on January 11 1870, the day when the Viceroy wrote a letter of congratulations to Lesseps. The 'India' of the British India Line which sailed on January 24 was the second vessel to leave Calcutta for the Canal: built in 1862 it returned home for new boilers and compound engines. It carried 400 chests of Jorehaut tea in accordance with instructions from London of January 5[4] and became the first ship to reach London with Indian produce via the Canal in 48 days (January 24-March 13) from Calcutta. Calcutta was also the destination of the first English ship advertised for the new route, on October 20 1869, and of ten of the 98 vessels which navigated the Canal during its first six months. The 'Blue Cross' of Thomas and William Smith of London was the pioneer of the first British line to use the Canal on January 1-4 1870 and was followed by the 'Waverley' of D.R. MacGregor of Leith. From Liverpool Holt sent the 'Cleator' which passed through the Canal on January 9-10 and so paved the way for Holt's line, as its experimental voyage via the Cape in 1865 had made possible the voyage of the 'Agamemnon' in 1866 around the Cape to China. T. & J. Harrison of Liverpool began a steamship service to Calcutta in competition with Hull with the 'Cordova' which left Suez on March 3 and reached Calcutta in 51 days (February 6 - March 29) from Liverpool. The 'Volante' of Hornstedt and Garthorne

1. Engineering, May 5 1871, 325. The Times, May 6 1871, 5iii.
2. A.W. Silver, 279-283
3. The Times, January 17 1870, 9iii.
4. H.A. Antrobus, A History of the Jorehaut Tea Company Limited 1859-1946. (London, Tea and Rubber Mail, 1948), 74.

represented Hull's first venture into the Eastern trade. It sailed from Hull on February 14 with 4,000 bales of Manchester goods, or less than the cargo of the 'Cordova', and passed through the Canal on March 10, followed by the 'Odessa' (March 15-20) of C.M. Norwood. The pioneer steamer of Rathbone Brothers' Star Line, the 'Sirius', reached Calcutta via the Cape by May 9 but returned to Liverpool via the Canal. Thus more ships sailed to Bombay but more lines were established to Calcutta. Calcutta exported through the Canal from 1870 expensive commodities which could bear the high steamer freights such as tea, indigo, raw silk, sesame and safflower. It even shipped jute via the Canal to Dundee, where two steamships arrived during November 1870, and indigo via the Canal and England to the U.S.A. Its imports did not fall in price except for ale, the price of which was sharply reduced by the appearance of new English exporters. Bengal also began to import salt from Massawa and Aden as well as from England and France.

From July 1870 British shipowners began to test the capacity of the Suez route from end to end. Their experiments established the full value of the route in August 1870 as the value of the Canal itself had been proved in March 1870. Calcutta was reached by the 'Russia' in 48 days (June 8 - July 25) and then by the 'Arcturus' in 35 days (July 21 - August 24),[1] so revealing the full value of the Canal and beginning its use by the Star Line of Rathbone Brothers. The success of that voyage encouraged competitive emulation by other shipowners on the route to Colombo, Calcutta and Rangoon. The 'Olga' of Norwood's Red Cross Line returned from Calcutta to London in 42 days (July 28 - September 10).[2] The 'Historian' of T. &. J. Harrison completed a fast outward voyage to Colombo in 27 days (August 31 - September 27) although it reached Calcutta only in 42 days on October 11. Those voyages firmly established Calcutta's interest in the Canal for a fast voyage to England.[3] They proved the value of the compound engine, encouraged the projection of more lines to Calcutta and stimulated the ordering of steamships on the Clyde. Experimental voyages were made via the Canal from September by ships of 1500 register

1. The Times, September 6 1870, 4ii.
2. The Times, September 14 1870, 7i.
3. The Times, October 11 1870, 4iv-v. The Suez Canal.

tons after the depth had reached 22 feet throughout so as to enable bigger ships to compete better with sailing vessels and with the Egyptian Railways. Thus the average tonnage of vessels using the Canal rose from 660 in February to 1100 in September 1870.

The 'Glengyle' of McGregor Gow & Co., which left Liverpool on November 1 1870, made its maiden voyage to Calcutta, like the pioneer voyage of Holt's 'Cleator' via the Canal, before its entry into the China trade. During 1871 steamship lines via the Canal to Calcutta were begun by George Smith and Sons of Glasgow, C.M. Palmer of Newcastle, Robert Alexander of Liverpool and Frederick Green of London. The 'City of Brussels' which passed through the Canal on December 16-17 1870 began the City Line from Liverpool to Calcutta for the tea and jute trade of George Smith. The 'Holland' of the National Steamship Company established by C.M. Palmer in 1867, reached Calcutta in 33 days (July 31 - September 2)[1] including 2 days 5 hours in the Canal: it thereby broke the record of the 'Arcturus' and established the National Line. The 'Rydal Hall' was Robert Alexander's first steamer: it passed through the Canal on September 20-21, reached Calcutta in 39 days (September 6 - October 14) and so began the Hall Line. The 'Viceroy' was the first of a new steamship line for F. Green & Co. of Blackwall: it arrived at Calcutta in 51 days (September 27 - November 16) instead of the expected 34 days.[2] All those sailing shipowners thus began to change over to steam and began steamship services through the Canal to Calcutta in competition with the sailing ships of Liverpool. The City and Blackwall lines especially earned preferential premiums from the insurance underwriters, like the P. & O. and Holt.[3] Two other lines were begun to Calcutta in 1871 by the Queen Line from Liverpool and by Quesnel Freres of Havre. Further regular lines were begun in 1872 by the Red Cross Line, the Lloyd Italiano and Apcar and Company. In 1873 Carlyle's Ducal Line was begun by MacDiarmid, Greenshields & Co. and came into association with Green's Blackwall Line. Thus Calcutta was linked to the main ocean steam routes and added high-class British lines to the service of the P. & O. It compelled Bombay to fight for

1. The Times, August 12 1871, 10ii; September 5 4vi.
2. The Times, September 28 1871, 3i.
3. F. Martin, The History of Lloyd's and of Marine Insurance in Great Britain. (London, Macmillan, 1876), 382.

its trade and left it with the tramps and the foreign lines.

The P. & O. faced the greatest crisis in its history, like the Cunard Company in the 1870s. It was taken wholly by surprise by the success of the Canal and was quite unready to face a sudden, serious and sustained challenge to its monopoly from England as well as France. Its weekly mailboat was faced by the competition of 280,000 tons of English shipping which was placed on the new route in 1870 and 1871 and which provided 2-3 commercial departures daily from England for the East. The compound engine reduced costs and freights, so extending competition to the cargo-trade. Silk freight rates fell by 65% in 1870 and 1871. Specie was carried to the East by its Canal-using rivals at ½% from London and ¼% from Liverpool against the 1½% charged by the P. & O. The passenger trade, especially the more democratic traffic, was diverted to other vessels and lines charging as little as £15.[1] The P. & O. was compelled in 1871 to end the "free drinks" privilege, which had kept fares some 15% above their economic level, and to slash its fares again by 20% in March 1871, forcing the Messageries to follow suit in April 1871. It was seriously hampered in any attempt to make use of the Canal by its commitment to the overland route and by its extensive investment in separate fleets and in shore establishments in Egypt. Its mail contract which gave it its aura of prestige stipulated for the use of the Egyptian Railway and precluded the use of the Canal. The G.P.O. was determined to reduce the P. & O.'s subsidy in the general downward revision made possible by the development of the compound engine and refused to revise the mail contract without a reduction in the subsidy by £50,000. The use of the Canal would also add 120 miles, or 12 hours' steaming, to the sea-voyage and might expose the mail-boat to the possibility of a hold-up. The P. & O. paid a high price during the boom of 1868-1872 for its lack of foresight. Its receipts declined by £250,000 per annum from £2,549,000 in 1868 to £2,092,000 in 1871 as its monopoly-profits were eliminated. Its reserves were low, unlike those of the Messageries. It began to revive after Thomas Sutherland became Managing Director in 1872. Sutherland intensified the competition of the P. & O. with Holt because of his knowledge of Chinese conditions from his service of 1860-1866. The

1. The Times, December 14 1871, 4iii. Cheap Travelling.

P. & O. began the systematic use of the compound engine from 1870 and the increase of boiler-pressures from 1871. It constructed its first liner designed for transit through the Canal in the 'Khedive' of 1871. It used the Canal from September 1872 for its weekly mailship from Southampton to Bombay and so began a two-year conflict with the G.P.O. and with the Canal Company. In 1872 it also began its service to Venice and brought the first of the new season's teas to London. From 1872 it experienced a rise in its revenues once more and sought to preserve the level of freights by fostering the creation of shipping conferences.

The most valuable produce of Bengal was diverted from the Cape route by the growth of British steam shipping to Calcutta. During 1871 Calcutta increased the volume of its produce shipments through the Canal by 150% over the level of 1870 and shipped more cowhides, calfskins, indigo and tea via the Canal than via the Cape to Britain.[1] Thenceforward Calcutta increased its shipments via the Canal in every year until 1875 while decreasing its shipments via the Cape in 1872, 1873 and 1874. From 1872 it shipped more poppyseed via the Canal than via the Cape, followed from 1873 by the majority of its shipments of ginger and shellac.[1] It even used the overland route through Egypt to carry hides, oilseeds and cotton in 1872 and jute in 1873. From 1874 Calcutta shipped more cotton, linseed and rapeseed via the Canal than via the Cape, followed by the majority of its shipments of lac dye and turmeric from 1875 and of rice and wheat from 1876.[1] The abolition of export duties on wheat from 1873 and on oilseeds and hides and skins from 1875 benefited Calcutta more than Bombay. Calcutta enjoyed a greater freedom of choice between the Canal and Cape routes than Bombay. Its greatly increased exports of jute from 1872 were shipped via the Cape. The jute clippers carried coal out to Bengal and reduced the time for the outward voyage to 80 days in 1873 and to 79 days in 1876. During 1875 69% of its produce shipments to London were carried via the Cape while 30.92% used the Canal:[1] the latter third was the more valuable part of its trade.

1. British Trade Journal, August 1 1883, Supplement. Produce Shipments from Calcutta to Great Britain for Thirteen Years, 1870 to 1882 - Since Opening of Suez Canal.

Indian wheat which was unknown in Europe before 1870 became the object of a new trade after the opening of the Canal. The use of the Canal avoided the long voyage around the Cape and the double passage of the wheat through the tropics with its associated liability to ferment, to be consumed by weevil and to suffer a loss of up to 50% during its five-months at sea. After the Bombay Chamber of Commerce petitioned in 1872 for the removal of the small export duty imposed in 1871 Northbrook removed the duty from January 4 1873, producing a sharp rise in exports. Northbrook pleaded the need for railways as a protection against famine but refused to prohibit the export of grain during the Bengal famine of 1874. Wheat exports rose from 78,208 cwts in 1869-70 to 394,010 cwts in 1872-3 and to 2,498,185 cwts in 1875-6, of which Britain imported 83%. India's share in the total wheat imports of Britain rose from 2.1% in 1874 and 1875 to 6.3% in 1876 and 9.6% in 1877. Indian wheat was also shipped to Marseilles from 1874 in 25 days via the Canal and supplied 7.6% of French wheat imports in 1876. Bombay benefited by railway freight reductions from 1875 on wheat. Calcutta first exported wheat in 1876 and ranked first among Indian wheat-exporting ports from 1875-6 to 1880-81. It benefited by its links through the East India Railway with Delhi, Lahore and the United Provinces of Agra and Oudh in the Ganges valley. It nevertheless shipped one third of its wheat via the Cape in 1876. Cereals replaced textile fibres by 1877 as the major northbound commodity in the traffic of the Canal, reinforcing India's dominant position therein. The share of cotton in the volume of northbound cargo fell from 64% in January-March 1872 to 18% in January - March 1877: the share of wheat rose to 14.5%, that of rice to 11.5% and that of barley to 2.3%.[1] India's export of wheat remained small and highly elastic, unlike that of the staple exporters of America.

Calcutta remained the pivot of the trade of Burma while its shipping also carried the produce of Madras and Ceylon. Rangoon was reached through the Canal by sailing ships which returned via the Cape with cargo. It was drawn into the orbit of long-distance steam shipping when the 'Carolina' left Rangoon on August 2 1870 for London

1. Le Canal de Suez, 12 Mai 1872, 2; 2 Décembre 1877, 4.

via the Canal and the 'Pei-ho' reached Rangoon in 40 days (August 19 - September 27) from Glasgow.[1] Thus Patrick Henderson & Co. of Glasgow maintained the British-Burmese Line which they had founded with sailing ships in 1856. In 1871 they began a regular steamship service to Rangoon with the 'Tenasserim' which passed through the Canal on September 3-4 1871. W. Thomson & Co. of Leith in cooperation with Henderson sent its first steamer, the 'Benledi' out with coal to Rangoon via the Cape and brought it back via the Canal (November 1-7 1871) with tea and rice to Liverpool. Burma first shipped rice by steamer to Europe in 1871. Its rice shipments via the Canal rose ten-fold in volume during 1872 when Henderson placed six steamers in regular service and made the trade thenceforward an "established fact". The bulk of the rice of Burma, however, continued to use the Cape route, like the jute of Bengal. Ceylon gained an importance on the Suez route which it had never enjoyed on the Cape route. It benefited by the expansion of shipping to Calcutta and Singapore and became a junction and coaling-point, like Aden. It also experienced a great expansion of its coffee production and exports. Its first shipment of coffee via the Canal reached London on July 8 1870, being followed by the direct shipment of coffee to Trieste in 1870 and to Hamburg and Genoa in 1871. The pressure of a buoyant postwar demand in Central Europe on an inelastic supply maintained the rise in coffee prices between 1871 and 1875, despite massive shipments by the Canal. In Ceylon Galle lost ground because of its distance from the plantation hinterland. It lost the projected Singapore cable to Madras, at Mayo's suggestion, and ceased to be the cable terminus of Asia which it had been since 1858. It also lost the planned new harbour to Colombo, at Gregory's suggestion.[2]

Contrary to the expectations of the sailing shipowners in the Indian trade the Canal brought many screw steamers into the Indian Ocean and ended the monopoly of the trade held by the East Indiamen. The Canal also ended the British monopoly of the Indian trade by

1. The Times, August 20 1870, 11ii ('Petrie'); October 4 1870, 5i.
2. L.A. Mills, Ceylon under British Rule 1795-1932. (Oxford University Press, 1933), 245 note.
   Papers Relating to Her Majesty's Colonial Possessions Part II-1873 (C.709-I of 1873), 6-7. W. Gregory, Ceylon, August 3 1872.

enabling Mediterranean states to import direct from India. Austria and Italy developed a new steam-borne trade to India which had never been carried by sail around the Cape. The British share in the total value of India's foreign trade consequently fell from 66.3% in 1868 to 59.6% in 1876 while the entrepot trade of London in cotton from India declined. British trade nevertheless increased in absolute terms and Britain's competitors reinforced rather than shattered England's economic supremacy. They imported far more than they exported through the Canal and were therefore compelled either to export bullion to India or goods acceptable to England, which alone provided the manufactured textiles and iron acceptable to India. Thus India's increased exports to the Continent attracted foreign shipping to London and made India more rather than less dependent on Britain. The entrepots of London and Calcutta established their supremacy over those of Trieste and Bombay. Britain benefited more than any other power by the opening of the Canal as the greatest maritime power in the world and the effective sovereign of the seas with the biggest navy and merchant marine. Britain was the pioneer of the steamship and of the tramp, the great builder of steamships for shipowners at home and abroad and the carrier of the world. She became the base for the reconstruction and repair of ships and steamers in the local trade of India and the home of India's reserve shipping tonnage. She was also the greatest trading power in the world, the main exporter of coal and of manufactures, the largest exporter to Asia and to India, the sole source of the piece-goods favoured by India, China and Japan, the greatest creditor of India and the centre of the cable system of the East. British shipping lines to Calcutta consolidated their supremacy by forming the Calcutta Conference in 1875 and introducing in 1877 the deferred rebate on the shipment of Manchester goods to Calcutta.

Britain was also the greatest colonial power in the world, the unchallenged ruler of India and the only state with established coaling-stations on the new route to the Indies. The use of the Canal reduced the cost of troop transport per head by almost 25% between the 1870-71 and the 1875-6 trooping seasons, saving £238,000 per annum to the Government and peasant of India.[1] The improved communications

1. Hansard, Commons Debates, July 27 1883, 797, J.K. Cross.
W.S. Lindsay, History of Merchant Shipping. (London, Low, 1876)
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between England and India also facilitated the education at "Home" of the children of Anglo-Indian families. Proposals were even made for the colonisation of the hills by retired English soldiers to maintain law and order in the plains, so reversing the traditional relationship of hill and valley societies in India. Britain thus dominated India which dominated the traffic of the Canal by its geographical position, the fertility of its soil and population and the neo-mercantilist policies of its rulers. Indian trade and British steam shipping became the key to the economic history of the Canal for its next fifty years. By 1875-6 the share of steamships in the total tonnage of India's maritime trade had risen to 41% while the steam tonnage via the Canal entering and leaving the ports of India had risen to 26.5% of the total tonnage both steam and sail of those ports. By 1875-6 the Canal carried 50.2% of the total value of India's trade (36.9% of her merchandise exports but 69% of her merchandise imports, including treasure) and 72.2% of the total value of India's trade with Europe and Egypt (59.7% of her exports thereto but 84.8% of her exports therefrom).[1] Thus far more of India's imports than of her exports used the Canal. The southbound traffic of the Canal was governed by India's demand for imports, which in turn depended on the harvest. Thus the prosperity of the Canal Company became closely linked to the fortunes of the Indian harvest.

England's cultural domination of India was unrivalled by that of any other power but discouraged the English understanding of India. Improved communications reduced the supply of Eurasians,[2] the bridge between the English and Indian worlds, and separated those worlds more sharply from each other. Thus Maine seems to have identified Nature with India and Reason with Europe after his seven years of service in India. "Except the blind forces of Nature, nothing moves in this world which is not Greek in its origin".[3] That cultural supremacy encouraged educated Indians to accept the English view of the Canal, a view which changed with the increasing British use of the new

1. Le Canal de Suez, 12 Juillet 1883, 897-8. Le Commerce de l'Inde et le Canal de Suez.
2. The Times, May 28 1872, 12i.
3. H.S. Maine, The Effects of Observation of India on Modern European Thought. (Rede Lecture, January 26 1875).
   A.V. Dicey, The Influence of India on English Opinion. The Nation, February 3 1876, 82-83

highway. What had been regarded as a nefarious device of French policy and recognised only reluctantly as "a decided engineering triumph in an age abounding in kindred triumphs"[1] became a growing channel for trade between England and India. The Canal became far more important for trade than for passengers because emigrants were deterred by the populous East. The overland route also continued in use until 1888 especially by the wealthy and the famous while the young and the unknown travelled via the Canal. The overland route was also extended by combining the Alexandria-Cairo-Ismailia rail journey with the Ismailia-Suez voyage. The Viceroy-elect Northbrook by that route visited the residence of Lesseps at Ismailia and then proceeded via the Canal to Suez.[2] Northbrook's invitation to visit India enabled Edward Lear to "purSuez eastern journey farther"[3] and to produce one of the earliest water-colours of the Canal.[4] The Canal was also used for the return voyage of travellers westabout around the world, one of the first of whom saw nothing in 1874 but desolate sands.[5] For India the Canal was especially important from 1871 as part of the military highway from England. The British troops appreciated the elimination of the discomfort and inconvenience of the overland route and gave Lesseps three cheers from the deck of the 'Malabar' as they passed him on April 8 1875 on horseback at Lake Timsah.[6] The Canal made Egypt more than ever "the half-way station between Southampton and Bombay"[7] and became to the Anglo-Indian the visible dividing-line between England and India:

> "Just purge from your mind every English-formed notion
> Of Ind, ere you get to the Indian Ocean....
> Et caet'ra, et caet'ra - all rank fal-the-lal, sir:
> Just drop such ideas in the Suez Canal, sir!" [8]

The toll dispute of 1873-4 emphasised the new importance to England of "the day of the passage between the East and the West".[9]

1. E.M. Martin, Round the World. (London, Remington, 1883), 20 1871
2. The Times, April 10 1872, 12iii.
3. A. Davidson, Edward Lear (1938), 222.
4. R. Murphy (ed), Edward Lear's Indian Journal, (London, Jarrolds, 1953), 37, November 3 1873.
5. T.W. Hinchliff, Over the Sea and Far Away being a Narrative of Wanderings Round the World. (London, Longmans, 1876), 414-415
6. L. Bridier, Une Famille Francaise. Les De Lesseps. (Paris, Fointemoing, 1900), 401.
7. Hansard, Commons Debates, April 1873, 455. E.B. Eastwick.
8. Aliph Cheem (W. Yeldham), Lays of Ind: Second Series. (Bombay, "Times of India" Office, 1873), 99-100. To a Griffin.
9. Saturday Review, April 25 1874, 520-521. The Suez Canal.

"The greatest enterprise of the present age"[1] remained, however, a symbol of human achievement rather than a specific British interest; "the great new river which M. Lesseps has taught to flow through that dreary wilderness - a luxurious highway for all nations.... vulgarly termed the Great Ditch".[2] The spectacle of the P. & O.'s 'Surat' passing through "the grandest undertaking of modern times" was used by a Scottish Liberal M.P., amid the frequent applause of the working men of Dundee, as an illustration of human progress rather than of British power. "The sight of a gigantic steamer like this wending her way through a channel cut in the sand impressed me more than the Pyramids.... One vast ocean steamer after another came in or went out (to Port Said), or went up the canal, a noble sight, indicative of increasing comfort, civilisation and international concord, in a higher sense grander than the pillars of Karnak".[3]

1. Hansard, Commons Debates, June 5 1874, 1036. Lord Houghton.
2. Constance F. Gordon-Cumming, A Sail Down Old Egypt's New River. Good Words, 1874, 851
3. The Dundee Advertiser, November 16 1875, 81-11. W.E. Baxter, The Suez Canal.

THE TRADE OF THE CHINA SEAS, 1870-1874

The development of the Suez steam route changed the relative importance of the straits which dominated the great peninsula between India and China and gave access to the China seas. Thenceforward the Straits of Malacca rather than the Straits of Sunda became the shortest route between Europe and the East benefiting Penang and Singapore at the expense of Anjer and Batavia and arousing Italian and Prussian interest in a coaling-station.[1] Penang became a port of call for steamers and increased its shipping even faster than Singapore. It expanded its imports from Europe at the expense of its imports from India, developed its entrepot trade in tobacco with Deli in N. Sumatra and replaced its jetty by a wharf designed in 1872.[2] Singapore, however, benefited more than Penang because it could develop the full potentialities of its central location as an entrepot. Singapore was reached through the Canal first by the 'Thabor' from Marseilles in 61 days (November 6 1869 - January 6 1870) and the 'Sin Hansing' from Glasgow in 57 days (November 11 - January 6) and then by the 'Shantung' from Glasgow in 42 days (January 20 - March 2),[3] one day ahead of the P. & O. mail boat, and the 'Hipparchus' from Liverpool in 40 days (June 4 - July 14). Sail tonnage entering Singapore declined from its peak of 1869 and was surpassed by steam tonnage in 1870. The port's imports of copper sheeting and nails for sailing vessels decreased sharply from their 1870 peak while its imports of coal from England increased from 1870. The 'New Harbour' to the south-west of the original settlement on the Singapore River, used by the P. & O. since 1850, developed at the expense of the old harbour. The increase in shipping tonnage by one third between 1869 and 1871 compelled the expansion of dock facilities and probably saved the Tanjong Pagar Dock Company, established in 1863, from bankruptcy.[4] That company found its

1. Le Canal de Suez, 19 Mai 1870, 180.
2. Papers Relating to Her Majesty's Colonial Possessions Part I - 1874 (C.882 of 1874), 176. G.W.R. Campbell, Straits Settlements, June 5 1873.
3. Le Canal de Suez, 1 Mai 1870, 153.
4. G. Bogaars, The Effect of the Opening of the Suez Canal on the Trade and Development of Singapore. Journal of the Malayan Branch, Royal Asiatic Society, March 1955, 127-8.

warehouses congested for the first time in February 1870[1] and shifted increasingly from ship repair into cargo-handling. After five years without a dividend it paid its first dividend in 1870 and its first directors' fees in 1871. Singapore attracted Chinese immigration increasingly, appointed its first Chinese Municipal Commissioner in 1870 and gained an agency of the Hong Kong Bank in 1870. The vast expansion of its general entrepot trade far outweighed the loss of its small entrepot trade in tea. Its position was consolidated by the failure of projects to tap the trade of China through Burma and to pierce the isthmus of Kra. It became a base for British expansion in Malaya and the Dutch East Indies under Sir Andrew Clarke, who hoped Malaya would become a second India. Clarke appointed Residents on the Indian pattern on December 14 1874 in three sultanates of Western Malaya, where tin production had begun in Perak in 1872.

The second colonial power of Asia divided the aristocratic Moslem Malay society of the archipelago with Britain. The Dutch East Indies enjoyed a more centralized government than India, based on Java, the centre of population, production and export, and on "animated coats of arms" in the outer islands.[2] They remained the model of an export-economy, an alien capitalism, a dual society and a dual administration: they suffered no revolution of their corporate tradition of economy, society and empire under the influence of the Suez Canal. The screw steamer 'Curacao' with the historic name of the first ship to cross the Atlantic under steam power in 1827 passed northwards through the Canal (November 22-27 1869) after the opening ceremony but without paying dues: it had to transfer its coal to the fore of the ship to reduce its draught.[3] Prince Henry of the Netherlands was the only prince present at the inauguration who took positive steps to enable his country to profit by the new route which saved 24% of the voyage around the Cape to Batavia. He did as much for the maritime expansion of the Netherlands as Prince Henry the Navigator did for that of Portugal. He promoted the foundation on May 13 1870 of the Netherland Steamship Company under the patronage of

1. W. Makepeace, One Hundred Years of Singapore (1921) II, 3.
2. J.S. Furnivall, Netherlands India. A Study of Plural Economy. (Cambridge University Press, 1939), 178.
3. N.J. den Tex, Egypte en het Suez-Kanaal. (Amsterdam, Van Kampen, 1870), 41.

King Willem III to establish a direct steam service to Java via the Canal. The only company founded in Europe as a direct result of the Canal was financed by the leading bankers and merchants of Amsterdam, whose Chamber of Commerce had opposed the Canal in 1858. Prince Henry gave his name to the new 'Prins Hendrik der Nederlanden' which sailed from Falmouth on July 13 1870 via the Canal (August 10-16) with a full cargo of coal for Billiton. The Netherland Steamship Company lost its first ship, the 'Willem III' off Portsmouth on May 15 1871 but sent the 'Prins van Oranje' from Amsterdam to Batavia in 41 days, (July 30 - September 9 1871).

For the Dutch East Indies the opening of the Canal was one of several changes in economic environment. The landing of the cable at Batavia in 1870 linked Java to the Eastern Telegraph system and made possible the extension of that system to Australia but did not produce the anticipated transfer of the "pearl of the Indies" to Australian administration.[1] The expansion of private enterprise at the expense of State production was encouraged by the Agrarian Law and the Sugar Law of 1870. European private enterprise developed the production for export of tobacco, tin and cinchona from 1872. By the Treaty of November 2 1871 England renounced all interference in Sumatra in return for the abolition of preferential duties. The tariff of 1872 threw open the trade of the 500 natural harbours of the Indies to the whole world but especially to Britain. British steamers increased their activity in the archipelago. Singapore benefited at the expense of Batavia, which lacked accommodation for steamers. Java began the large-scale import of rice from 1873 and even introduced Assam tea in 1873 in its quest for profitable exports. The Java Line was founded in the Netherlands in 1873 for the Suez route to Batavia and was followed by two new British lines, the Commercial Steamship Company in 1874 and the Star Ball Line in 1875. Dutch shipping increased its use of the Canal until in 1874 it supplied 4.6% of the total tonnage and replaced Austrian tonnage in the third place after British and French. The Netherlands became the first power to build a warehouse at Port Said for the entrepot trade, making the Dutch Commercial Establishment begun in 1874 and completed on September 1

1. The Spectator, August 14 1869, 947ii.

1876 Prince Henry's demonstration of confidence in the commercial future of the port. In 1875 only 21% of the shipping tonnage between the Netherlands and Asia used the Canal while 79% used the Cape route.[1] Willem Ruys and Sons of Rotterdam, who had maintained a service to the East since 1839 and had resolved in 1870 to introduce steamships, began their steamship service in 1875. The 'Groningen' reached Batavia in 42 days (March 7 - April 18 1875) but paid in Canal dues 9.85% of the total expenses of the voyage. Thus Rotterdam began to compete with Amsterdam, whose Netherland Steamship Company paid its first dividend in 1875. Although the Cape route continued to carry the bulk of Dutch trade, especially in sugar, the Government allotted £3,000,000 in 1876 for the construction of a new harbour for Batavia. The growing use of the Straits of Malacca by steamships together with the development of tobacco cultivation by the Deli Company, established in 1869, encouraged the Dutch to strengthen their hold over Sumatra as the British were strengthening theirs over Malaya across the Straits. From 1873 the Dutch waged war against the Achinese in the hope to convert the island into another Java. That war encouraged the Dutch to make increasing use of the steam route via the Canal and the Straits of Malacca but ended the financial surplus of the Dutch East Indies in 1877 and compelled the retention of the profitable crop of coffee under the culture-system.

British economic penetration into the Spanish Philippines was even greater than into the Dutch East Indies after the abolition in 1871 of differential duties against foreigners.[2] The 'Waverley' which passed through the Canal in January 1871 with tobacco for Liverpool was the first ship with its entire cargo from the Philippines. Olano, Larrinaga & Co. of Bilbao imitated J. Cassanova of Seville who had established a steamship line to Bombay in 1870. They built their first steamship, the 'Buena Ventura' and sent it from Liverpool through the Canal on June 8-10 1871 to Manila. From 1873 they made their Liverpool-Manila service monthly in basis, increasing markedly Spanish tonnage and tobacco shipments through the Canal. The expansion of British firms and British banks in Manila took place at

1. Le Canal de Suez, 12 Avril 1877, 2.
2. North China Herald, August 22 1871, 709.

American expense. Manila remained unconnected to the Eastern cable-system. No change occurred in the tradition of State-control nor in the domination of the islands by the great landowners, debt-peonage and share-cropping.

The victory of the steamship was not anticipated in the China trade as it was in the Bombay trade[1] because the Canal reduced the distance between Europe and China proportionately far less than that between Europe and India. The great land empire of China also remained more self-sufficient than India with the best food, drink and clothing in the world in rice, tea and silk, cotton and fur. The carriage of China silk had already been accelerated by its shipment via the overland route from 1855. China tea had been carried faster first by the tea clippers from the 1850s and then by Holt's steamships from 1866 in competition with the clippers. The China clippers had reduced the record voyage from Foochow from 110 days in 1860 to 89 in 1869. They performed the voyage with the speed and regularity of the steamship, enabling the stocks of Congou in the bonded warehouses of London to be halved between 1866 and 1869 and encouraging their owners to launch twelve new tea clippers in 1869, with the support of the merchants who preferred tea carried in wooden hulls. China's staple exports of tea and silk were, however, so high in price that they were better adapted than the cheap bulk exports of India to the high steamer freights of the Suez route. Thus the Canal's influence on the trade of China was even greater than on the trade of India. The first toll-paying transit of the Canal was en route to China rather than to India.

The Canal contributed to the triumph of steam over sail in the foreign and local trade of China. Its use saved 25% of the Cape voyage to Hong Kong and Shangai. Its opening raised immediate expectations in Shanghai of reduced freights. Those expectations were fulfilled through the reduction in freight-rates and in passenger-fares by the four existing steamship lines in order to prevent the entry of competitive lines. The Canal helped drastically to reduce the tonnage of shipping and of cargo in transit between England and China: the number of vessels on the water from London and Liverpool to Shanghai was halved from 28 in January 1870 to 14 in January 1871.[2] The practice

1. London and China Express, November 25 1869, 961.
2. North China Herald, January 11 1871, 31:iii

of storing merchandise at both termini in England and China declined, as in the Indian trade, further reducing the capital necessary for China merchants. Small men entered the trade, financed by the banks established in the 1860s. Even Chinese traders from Shanghai tried to establish branch houses in London for the exchange of tea and silk for piece-goods.[1] The Canal also encouraged an immense lateral extension of trade with China, stimulating trade between China and the Continent. Odessa, Hamburg and even Antwerp followed the example of Marseilles in establishing a direct steamship service to China. Thereby the Continent reduced its dependence upon Britain for the tea and silk of China. The share of British shipping in the external trade of China and the British share in the total value of China's exports declined. The English carrying trade and the English entrepot trade were not, however, destroyed. The princely houses of the China coast were not submerged but were rather strengthened by the concentration of trade in the larger ports. The alien control of China's foreign trade was strengthened rather than weakened.

The opening of the Canal caused "the greatest revolution that ever upheaved the affairs of Hongkong",[2] a revolution from a commercial rather than a political source. The island-colony first received steamers direct from Europe with the 'Sin Nanzing', which arrived on January 16 1870 in 67 days from Glasgow, the 'Craigforth', which arrived in 54 days (April 12 - June 4) from London, and the 'Pei-ho' of the Messageries which made the quickest passage on record to arrive in 37 days (May 15 - June 20) from Marseilles.[3] Its port became a growing coaling-station as well as the great entrepot of Southern China. Its shipping tonnage soared by 92% from 1,974,299 tons in 1868 to 3,795,566 tons in 1872. The warehouses of Victoria were filled to overflowing to the embarrassment of the European merchants and to the benefit of the Hong Kong and Whampoa Dock Company Limited which amalgamated on March 8 1870 with the Union Dock Company, which had been its rival since 1865. The port remained the terminus of the P. & O.'s

1. North China Herald, July 7 1870, 811.
2. E.J. Eitel, Europe in China. The History of Hongkong. (London, Luzac, 1895), 571.
3. North China Herald, July 7 1870, 8.

trunk line from Suez and gained from Shanghai a branch of Butterfield and Swire on May 1 1870 to support Holt against the crushing competition of the "huge monopoly" of the P. & O.[1] Shanghai lay at the furthest limit of Europe's extended line of communications with the East. "The first experiment of juxtaposing the progressive civilisation of Western Europe and the stagnating finality of China"[2] took place in Shanghai rather than in Hong Kong and revealed the ability of the "white Chinese" to turn the tradition of cultural superiority against its oldest exponents. The jelly-like alluvial sub-soil of the city necessitated for both Chinese and European buildings of wooden lath and plaster which were copied from Hong Kong's imitation of the style of India. Those buildings contrasted with the sacred "stones of Venice", its European prototype as a city of refuge, and seemed to presage an early decay. Shanghai nevertheless handled 71% of the purely external trade of China in 1871 against the 13% of Canton. It survived the competition of all rivals to the north and to the south, despite its shallow and restricted harbour, and remained "the queen, the metropolitan and the regulator of all European commerce with the Celestial Empire".[3]

Shanghai was reached via the Canal first by a vessel of the Messageries, which had summoned the 'Alphée' and the 'Erymanthe' from the East to ascend the Canal northwards with the 'Curacao' and meet the 'Aigle' in Lake Timsah on November 18 1869. The 'Thabor' passed southwards during the opening ceremonies and reached Shanghai in 90 days (November 6 1869 - February 3 1870) from Marseilles. From Shanghai the 'Hoogly' of the Messageries carried silk and tea through the Canal on March 3 1870 and so became the first mailboat direct from China to use the Canal without calling at Alexandria. At least seven other steamers arrived at Shanghai after the 'Thabor' before the first tea steamers left on June 8-9. The most important of those was the 'Sin-Nanzing', the first commercial vessel to pass through the Canal and pay dues on its 722 register tons. That paddle-steamer was

1. F.E. Hyde and J.R. Harris, Blue Funnels a History of Alfred Holt and Company of Liverpool. (Liverpool University Press, 1956), 65.
2. North China Herald, June 16 1870, 438i.
3. Baron J.A. de Hubner, A Ramble Round the World, 1871. (London, Macmillan, 1878), 466.

built by John Elder on the Clyde for J.F.H. Trautmann & Co., the managing agents of the North China Steamship Company established for the Tientsin trade in 1868, and gave on its trials the strongest demonstration to date of the immense superiority of the compound-engine.[1] The 'Sin-Nanzing' left Greenock on November 11 1869 under Captain L.B. Drage with its builder, J.B. Blow, the marine superintendent of the North China Steamship Company, but without cargo except coals for its own use. It took on coal at Gibraltar and water at Malta, where Drage heard on November 25 that the Canal was open and a success.[2] It reached Port Said in 19 days from Greenock, two weeks after the inauguration and one week after Eugenie's departure. With a draught of 12 feet 11 inches it grounded only once at Ballah for nine hours but required 3¾ days (November 30 - December 3) to complete its passage, steaming at the fast speed of 8-10 knots and washing portions of the bank away in the narrows by its paddles. The 'Sin-Nanzing' reached Bombay on December 16 in 13 days from Suez and in 35 days from Greenock, enabling Blow to give the world the first report of a complete voyage by the new route.[3] At Singapore on January 6-9 1870 the steamer took on board 57 Chinese passengers for Hong Kong, where it was greeted with enthusiasm on its arrival on January 16[4] because of the Chinese shareholders supporting Trautmann. It remained at Hong Kong for 31 days, left for the last lap of its voyage on February 16 and arrived at Shanghai on February 24,[5] 106 days out from Glasgow including 53 days of actual steaming.

The 'Sin-Nanzing' was not the first ship to reach Shanghai via the Canal because it arrived three weeks after the 'Thabor'. The steamers which followed those pioneers completed their voyages in much shorter times, the 'Shantung' in 58 days (January 20 - March 19), the 'Chu-Kiang' in 76 days (January 22 - April 7), the 'Diomed' in 66 days (February 22 - April 28) and the 'Nile' in 78 days (March 19 - June 4). Nevertheless the 'Sin-Nanzing' was the first commercial vessel to pass through the Canal and pay dues on a voyage which crossed the world from

1. London and China Express, November 16 1869, 944ii.
2. Le Canal de Suez, 1 Janvier 1870, 10-11. J. Blow, Remarques sur l'Ouverture du Canal de Suez.
3. The Times, January 13 1870, 4iv-v.
   Le Canal de Suez, 1 Mai 1870, 157-8. Le Sin-Nanzing à Bombay.
4. The China Mail, January 17 1870, 2vi; February 4, 6i.
5. North-China Herald, March 1 1870, 156i.

the Clyde to the China seas and in so doing pierced the land-barrier between East and West at the heart of the Old World. It was not a typical representative of the ships which were to use the Canal because it was a paddle-boat rather than a screw-steamer. It was also intended for the coastal trade rather than for the long-distance trade between Europe and China. For the Canal it was less a carrier than a cargo, a self-transporting capital good, although it was classed and taxed by the Canal Company as a carrier. Its passage was thus a one-way passage like those of the 'Savannah' in 1819 and of the 'Royal William' in 1833 across the Atlantic and those of the 'Thabor', the 'Shantung', the 'Chu-Kiang' and the 'Hupeh' to Shanghai in 1870. The steamer was part-owned by Chinese and wholly Chinese by name, a symbol of the first Chinese and comprador response to the challenge of the West.

The 'Sin-Nanzing' was nevertheless an instrument of East-West trade and of the three-cornered struggle between English, Americans and Chinese for the China trade using steam as a technique of commercial warfare.[1] It demonstrated the capacity of the British to surpass the Americans in building steamships of light draught and high speed. Even the American-managed Shanghai Steam Navigation Company had the 'Shantung' and the 'Hupeh' built on the Clyde on the American plan as to engines and hull. John Elder made the 'Sin-Nanzing' sturdy enough to make the long ocean voyage to China under its own steam and under a British crew so as to avoid sending the ship out in pieces for assembly by local labour at Shanghai. The new steamer was used for the coast and not the river trade because of the self-denying agreement of 1867 among the local steamship companies. It had reached Shanghai four days after the first steamer had left with the spring supply of piece-goods for Tientsin, the outport of the capital and the focus of the commerce of 200,000 square miles. The 'Sin-Nanzing' left for Chefoo and Tientsin the day before the 'Peiho' was opened on March 5 with the end of the "Great Cold" of the three winter months and with the aid of a steamer breaking the ice. It made four trips with opium and general cargo to Tientsin between March 4 and May 25, averaging 18 days for the round trip of 1500 miles, and then ten trips to Hong

1. Kwang-Ching Liu, Anglo-American Steamship Rivalry in China 1862-1874. (Harvard University Press 1962), 78-83 The Tientsin Route - Trautmann's & Jardine's.

Kong between June 3 1870 and January 2 1871, again averaging 18 days for the round trip of 1800 miles. Thus it served to link Shanghai to Peking and to Hong Kong and to unify the coast trade, which thitherto had been carried on by different types of vessels to the north and the south of Shanghai. Its activity also consolidated on the new basis of steam the pattern of Indo-Chinese trade created during the commercial revolution of the mid-eighteenth century. The opium which it carried to the Chinese supplied a gentle stimulant, relief from the monotony and insignificance of his existence and "that solace which false economy and mis-government forbids him in his daily life".[1] That trade supplied the revenue of British India and of China, placed the trade of the East in British hands and maintained steam communication throughout the East by the lucrative freights which it afforded.[2]

The opening of the Canal stimulated the improvement of the steamship and especially the adoption of the compound-engine so that it gave full value to the Yangtze route opened in 1861. The Canal made possible a direct voyage by steamship from Hankow to London, increased the competitive advantage of the steamship over the clipper and encouraged Holt to test the capacity of the Suez route by sending the 'Cleator' to Calcutta in January 1870. When the 1870 tea season opened on May 19 four steamers were waiting at Hankow: the 'Erl King' and 'Diomed' had steamed through the Canal on March 7 and March 10 while the 'Agamemnon' and 'Oberon' had steamed via the Cape. The P. & O. advertised the 'Sunda' as due to sail direct from Hankow to London via the Canal, perhaps to redeem its reputation from the charge of the fear of change,[3] but then withdrew its offer. The beginning of competition between ocean and river steamers caused a temporary depreciation in the shares of the river steamers companies but no decrease in their activity. The Chinese maintained their freedom of choice between two competing markets and prevented Shanghai from recapturing the whole of the tea trade. The 'Erl King' was the first steamer to leave Hankow on June 4 and Woosung on June 8, being followed

1. North China Herald, June 30 1870, 474.
2. Economist, March 12 1870, 320. The Opium Clauses in the Chinese Convention.
3. North China Herald, May 19 1870, 352; June 2, 415.

by two more on June 9 and June 14. Advanced opinion in Shanghai thereupon began to acknowledge that the days of the China clipper were numbered and that the days of clipper racing were over,[1] despite the reintroduction in 1870 of the extra premiums for the first ship to arrive which had been discontinued after the dead heat of 1866. The first tea clipper did not leave until June 24 : the 'Cutty Sark' earned for John Willis and Jardine's only half the freight rates of the first steamer, although it had been specially built for the trade in 1869.

Holt's 'Priam' arrived at Shanghai in 63 days (April 18 - June 20) having passed through the Canal on May 2-9 without touching, despite its draught of 20'3". The arrival of his 'Hipparchus' in 53 days (June 4 - July 27) ended all doubts in Shanghai about the utility of the Canal. By the end of July the arrival of steamers via the Canal had become as routine an event as arrivals via the Cape. The competition of ocean steamers inward-bound for Shanghai reduced the freights for coastal steamers. Four steamers had loaded and left Woosung while five others were loading or preparing to load for Europe via the Canal. Three regular steamship lines had been announced and Shanghai had been placed within 60 days of London. A fleet of some 18 tea clippers had thereby been superseded. Freights had been reduced from £7 per ton to £2.10.0 per ton for steamships and from £3.10.0 to the lowest possible level of 30/- per ton for sailing ships, spreading panic among sailing shipowners.[2] "Not even the invention of steam created such a revolution in trade as has done the cutting of a few tens of miles from Suez to Port Said. In the one case, the change was gradual; in the other a few months have been sufficient to effect a radical alteration".[3] The first of the clippers from Foochow did not leave until the end of July, or nearly two months later than in 1869. The last of the clippers did not leave Foochow until November 3. The tea clippers visiting that port were reduced from 16 to 8 in number, were threatened by the arrival of the steamer 'Achilles' of Holt and did not attract the visits of the resident merchants in 1870 as they

1. North China Herald, April 30 1870, 297-8; June 16, 4391.
2. North China Herald, August 4 1870, 85iii. The Suez Canal.
3. North China Herald, August 25 1870, 148i. The Suez Canal.

had in 1869.[1] Shipowners were compelled by the reduction in freights to readjust themselves to the fact of the Canal and launched their last three tea clippers in 1870, two for John Willis and one for Killick, Martin & Co. The Sailor's Home of Shanghai also suffered from the fall in homeward freights and from the decline in the demand for sail and for sailors. It lost the custom of many sailors because steamships stayed only a short while in port, because they did not enjoy the minimal overhead costs which enabled sailing ships to linger in harbour. The home was therefore reorganised with a new superintendent, reduced accommodation and a lower rental in order to prevent it from becoming a burden upon the port instead of self-supporting as thitherto.[2] The shortage of sailors at Shanghai gave the port's name from 1871 to their recruitment by drugs or by force.[3]

The tea steamers inherited the tradition of racing established by the China clippers, replaced the clipper races from Foochow by steamer races from Hankow via Suez and revived the excitement of the clipper races under still higher pressure. The 'Erl King' reached London in 54 days (June 8 - August 3) from Shanghai and against the monsoon. It arrived four weeks earlier than in 1869, cut 31 days or 37% off its voyage-time of 85 days via the Cape in 1869 and earned the bonus of an extra 10/- per ton freight for Robertson & Co.'s King Line. Holt's 'Diomed' arrived second on August 4 and his 'Agamemnon' third on August 18, to find the London tea market increasingly paralyzed since the outbreak of the Franco-Prussian War with the new season's teas selling slowly and lower. Thus the war by reducing demand accentuated the influence of the Canal in bringing supplies forward earlier. The Canal had achieved the result anticipated by one Shanghai merchant in 1869[4] and had shifted the carriage of tea from sail to steam and stocks of tea from China to London, frustrating the hope of Shanghai that the steady fall in prices could be remedied by the holding of stocks in China rather than in Europe. The London tea season was advanced a full month from September to August, which was a dull time

1. North China Herald, June 16 1870, 443.
2. North China Herald, August 25 1870, 147-8; October 4, 260.
3. M. Schele de Vere, Americanisms; the English of the New World. (London, Trübner, 1872), 347, quoting "shanghaied" from the New York Tribune, March 1 1871.
4. North China Herald, January 11 1870, 26i; April 12, 268i; April 30, 304iii; June 9, 426ii. The Suez Canal and the Tea Trade.

because of the harvest and the holidays. Thus London reduced its prices to a permanently lower level and captured from Liverpool its tea imports. Importers could confirm within eight weeks if the purchases on their account were such as they were described to be and needed no longer to accept the former excuse of "deterioration on voyage" to shield exceeded limits.[1] Exporters anticipated that the rules and precedents of home business would apply increasingly in Shanghai, leaving little room for speculation and replacing the ideal of the nabob by the English ideal. They had ignored 'that great fact, the "Suez Canal"', had bought tea at the old scale of price without regard to home demand and had so competed to enrich the Chinese growers.[2] The year 1870 was made profitable for Shanghai only by the partial failure of the Assam crop. The saving of time by the use of the Canal prevented the dissipation of the flavour of the lightly-fired teas of China and made their depreciation in the London market less than it would have been in competition with the highly-fired teas of India.

The clipper ships did not race home in 1870 but took double the time of the 'Ed King'. The 'Cutty Sark' arrived in a leisurely 110 days on October 13. English tea clippers also began sailing to New York in 1870, together with steamships via the Canal. The 'Magdala', which was advertised as the first of a direct steam line to New York, arrived there via the Canal in 97 days (August 16 - November 22 1870) against the 89 days of the sailing vessel 'Harlaw' via the Cape in 1869. The s.s. 'Riga' required 120 days (September 9 - January 14 1871) to reach New York via Port Said (November 8) and was beaten by the clipper 'Ariel' from Yokohoma in 117 days, by the clipper 'Lantra' from Macao in 110 days (September 30 - January 24 1871)[3] and by the clipper 'Surprise' from Shanghai in 83 days. Thus the American trade offered clippers a refuge from the competition of steam. The cheapest of all sea-routes avoided the transhipment inevitable with the Pacific Railroad, the high steamer freights and the tolls of the Suez Canal.

1. The Times, March 21 1870, 6iv. Spurious Tea.
2. North China Herald, June 9 1870, 426. Hankow.
3. The Times, February 8 1871, 5vi. Rapid Passages.

Nearly one third of the 1870 crop was carried by 21 steamers between June 8 1870 and January 18 1871, while more than two thirds was carried by clipper. The shipments by steamship were shared between the Cape and the Canal routes so that the Canal carried only some 15% of the crop. It was in 1871 rather than in 1870 that the Canal route triumphed in the trade of Shanghai. Alfred Holt began a regular weekly service between Liverpool and Shanghai from October 1 1871. As an engineer he eliminated square sails from the main mast of his steamers after finding them of little use on the Suez route.[1] His large-scale shipment of cotton goods from Liverpool largely transferred to the Canal route the trade in piece-goods to Shanghai. The associated firm of John Swire & Sons was attracted from Liverpool to London. The tea trade was stimulated by the revival of export demand to the Continent on the establishment of peace early in March and by the entry of the P. & O., the Glen Line, the Russian Steam Navigation Company and the German Steamship Line. The racing clippers were reduced from 27 in 1870 to 9 in 1871 while those loading at Foochow sank to three with the influx of steamers. Tea shipments via the Canal rose from 22,000,000 pounds in 1870 to 48,000,000 pounds in 1871, or to 34% of the crop. The dead season in the traffic of the Canal became the months of June and July because of the seasonal gap between the passage of cotton in February-March and the passage of tea in August-September. These changes were consolidated by the completion during 1871 of the submarine cables to Shanghai and Hong Kong.

The first tea steamers left Woosung on June 6 1871, two weeks before the first clipper on June 22. On June 18 the 'Tchihatchoff', which had steamed outwards through the Canal on March 19-21, left Woosung for Odessa, so inaugurating the direct shipment of tea to Russia by the short all-sea route via the Canal. Most of the 2,664 tons carried on board for Moscow merchants were Ningchows, the best and dearest teas, because the Russian buyers valued quality above all else and paid the highest price for the highest quality, thereby quite excluding other merchants from the market for early teas. That pioneer shipment secured for Odessa 25% of the total value of Russia's trade with China in 1871. It diverted trade from the Cape route more than

1. W.S. Lindsay, History of Merchant Shipping (1876), IV, 435.

from the route from Kiakhta overland across Siberia, whose colder latitudes preserved the delicate flavour of the tea so well that it remained superior in quality and price to that carried via the Canal, The 'Tchihatchoff' began its homeward voyage from Hankow, like eight other ocean steamers, and thereby stimulated the Russian brick tea importers from Tientsin to hire mosquito steamers on the Yangtze. Those steamers, largely owned by the Chinese but operated by a British firm, carried brick tea down-river to Shanghai, whence it was carried up the coast to Tientsin and thence overland to Russia. The direct shipment of tea via the Canal enabled Russia to compete with London for the entrepot trade in tea to Russia, for the steamer freights on tea from London to Petersburg and for the very large insurance policies effected thereon at Lloyds. The transfer of tea imports into Russia from Petersburg to Odessa aroused fears in Hamburg of the loss of the supply of tea to the Russian market to Odessa and encouraged the passage of the 'Sedan' from Hamburg through the Canal on July 15-17 1871, the pioneer steamer of the German Steamship Line to Shanghai, ten years before the first German steamship line to India. One leading tea importer of Hamburg opened a branch in Odessa in 1872 in order to retain his Russian connexions. The first tea steamers to reach London on July 30 1871 were the 'Enterprise' of E.M. de Bussche, a Belgian merchant resident in England, the 'Erl King' of Robertson & Co. and the 'Australia' of the P. & O. The voyage-time of 54 days achieved no advance on the 1870 record. The new teas were sold very slowly: tea prices and tea freights slumped. Four veteran British clippers deserted the London tea trade and loaded instead for New York, two at Yokohama and two at Shanghai, while two more loaded at Manila and Batavia.

The eastwards extension of the cable from India to China was the achievement of private enterprise rather than of Governments, like the construction of the overland telegraph through Siberia. The Great Northern Telegraph Company Limited, registered in London on April 29 1869, sprang from the Anglo-Danish and Russian Telegraph Company Limited established in 1867 for cable communication to Denmark and Russia. It was granted a concession on October 11-23 1869 by the Russian Government to lay a cable through Siberia to Vladivostock,

which was completed in November 1870. It shipped 96 miles of cable on the Danish frigate 'Tordenskjold' which became the first Danish vessel to pay Canal dues (July 19-25 1870) en route to Hong Kong, where it arrived on August 16. Pender's three companies formed on the opening of the Canal laid a chain of submarine cables to link up with the Russian system. The Madras-Penang cable of the British Indian Extension Telegraph Company was carried from London by the 'Edinburgh' on August 25 1870 via the Cape and by the 'Scanderia' on September 15 via the Canal. The cable was completed on December 31 and opened on January 5 1871. The cable to Batavia was carried by the 'Hibernia' via the Cape (July 26 - November 1 1870) and the cable to Singapore by the 'William Cory'. The cable was landed at Batavia on November 14 1870 and at Singapore on January 4 1871. After that extension of the Indian cable via Penang to the Straits the 'Hibernia' returned via the Cape, while the 'William Cory' returned via the Canal. The cable from Hong Kong to Shanghai was completed on March 29 1871 by the Great Northern Company and opened to the public on April 18.[1] The 1600-miles extension northwards from Singapore to Hong Kong was carried for the China Submarine Telegraph Company from London by the 'Agnes' on January 5 1871 and by the 'Kangaroo' on February 27. That cable to Hong Kong was carried from Singapore on May 19 and opened on June 8, so linking Hong Kong to New York as well as to London. The China Submarine Telegraph Company reached agreement with the Great Northern Company for the use of the cable to Shanghai, which was thereby linked to London via Singapore and received at its Chamber of Commerce on June 22 1871 a cable from London in 24 hours. That company also laid an extension to Saigon on July 31 1871 at the request of the French Government. The Great Northern Company shipped cables from London on the 'Great Northern' on May 2 and on the 'Africa' on May 6: those cables were laid from Shanghai to Nagasaki on August 4 and from Nagasaki to Vladivostock on August 19.[2] That Japan cable made the first extensive use of William Hooper's vulcanised indiarubber core and linked Shanghai to London via Japan and Russia.

Thus the eastern cable-system was completed by Danish, Russian and

1. The Times, April 7 1871, 4i.
   North China Herald, April 21 1871, 276. The Hong Kong & Shanghai Telegraph.
2. The Times, August 9 1871, 8i; September 12, 5i. [illegible]

British enterprise without seeking the permission of either China or Japan.[1] The system excluded Africa south of Aden but was extended southwards to Port Darwin and thence overland to Adelaide in 1872. It made Singapore as a cable-junction for the lines to Hong Kong and Batavia more important than Aden. That network remained peripheral to the life of China because it followed the sea coast and was not linked with an internal network as in India until 1898. Nevertheless it served as the carrier of the world-market to the East and helped to centralize trade in the great ports of East Asia which became cable stations. It increased the severe competition in Shanghai and facilitated the transfer of the silk trade to the Canal in 1871 and the generalisation of the new custom of selling the early season's silk "to arrive". It also encouraged the entry of new steamship lines into the Shanghai trade, the rise of shipment to order, the introduction in 1873 of the auction of imported cotton goods in Shanghai and the growth of the London-backed Chartered Bank at the expense of the Hong Kong Bank. London became the focus of the world cable-system and the centre of the world-market , gained control of market prices from Hong Kong and Shanghai and reduced its tea stocks as well as its tea prices. The China cable became much more profitable than the Indian cable because it served a more profitable trade and avoided the competition of the lines via the Persian Gulf and Persia. The four companies which owned the cables to the west of Bombay, the Falmouth Gibraltar and Malta Telegraph Company, the Marseilles Algiers and Malta Telegraphy Company, the Anglo-Mediterranean Telegraph Company and the British Indian Submarine Telegraph Company were amalgamated by Pender on June 6 1872 in the Eastern Telegraph Company Limited with an inflated nominal capital of £3,600,000. The three companies operating to the east of India, the British Indian Extension Telegraph Company, the China Submarine Telegraph Company and the British Australian Telegraph Company were amalgamated on April 24 1873 in the Eastern Extension, Australasia and China Telegraph Company Limited with a nominal capital of £3,000,000. Pender's companies, created to break the Indo-European monopoly, thus became the largest cable system in the world, with control of sufficient capital and shore facilities from

1. C. Bright, Submarine Telegraphs. Their History, Construction and Working. (London, Lockwood, 1898), 114 note.

Falmouth to Hong Kong to deter any competitor. In 1873 Pender formed the Globe Telegraph and Trust Company as an investment trust in submarine telegraphs and re-entered the sphere of Atlantic telegraphy through his Direct United States Telegraph Company.

Silk was even higher in price than tea but fell in price from March 1870 as tea rose. It was carried through the Canal for the first time in 1870 in Holt's steamers, which benefited at the expense of the P. & O.[1] In 1871 after the silk famine of 1870[2] caused by the Franco-Prussian War the bulk of China's silk harvest used the Canal for the first time, eliminating the very high railway freight of £8. 5. 0 per ton between Suez and Alexandria, reducing the risk of pilfering and cutting total freights by 57%, after their fall by 18% in 1870. The establishment of daily telegraphic communication with London increased the severe competition in the silk trade of Shanghai and hurried forward most of the season's supplies by 2-3 months. Chinese silk began to compete in the Mediterranean market, benefiting by the ravages of disease among the indigenous silkworms and by the decline in silk production in South France and North Italy. Its import via the Canal reinforced the dominance established by Lyons in the silk market during the 1860s and accentuated the decline of the London entrepot in silk. Chinese silk helped to oust Italian silk from the French market but enabled Italy to increase its imports direct from China, especially from 1872, and to decrease thenceforward its imports of raw silk from England.

In 1872 the last real racing took place among the 14 tea clippers, which made a determined effort to retian their trade.[3] During the five weeks of the tea season 39 steamers, excluding those of the Messageries, visited the ports of China. Steamers loading at Hankow fell from 9 in 1871 to 6 in 1872 while those loading at Foochow increased markedly and nearly doubled the volume of tea shipment via the Canal. The Glen Line of Allan C. Gow & Co. of Glasgow began a regular service from London to Hong Kong and Shanghai with the 'Glenroy' which passed through the Canal (January 11-20 1872). The P. & O.'s 'Deccan' reached

1. North China Herald, May 19 1870, 362. Silk via Suez Canal.
2. C.M. Dyce, Personal Reminiscences of Thirty Years' Residence in the Model Settlement Shanghai. (London, Chapman, 1906), 69.
3. B. Lubbock, The China Clippers. (Glasgow, Brown, 1914), 332-346.

London in 48 days (May 29 - July 16) to break the record of 54 days established in 1870 and 1871. The London season was thereby advanced a further month to July, in which an accelerated supply still met a reduced demand. Amid general apathy the new season's teas proved difficult to sell, except for the finest. Importers suffered heavily from panic in August and failure in September. The triumph of the steamer in the tea trade was consolidated by its spread in the river and coast trade of China through the succession in 1871 of Jardine's to Trautmann & Co. as managing agents of the North China Steamship Company, the organisation of the China Navigation Company Limited by J. Swire & Sons in London in 1872 for the Yangtze trade and the establishment by Jardine's in 1873 of the China Coast Steam Navigation Company for the trade to Tientsin.[1] Those "ships with fire wheels" decreased the oppertunities of local boatmen for employment and increased the unpopularity of foreigners in the northern ports. The first Chinese steam shipping company was established in 1872 by the Capital of Chinese merchants under the patronage of Li Hung-chang, Viceroy of Chihli, for the transport of the tribute-rice from Shanghai to Tientsin. Thus Shanghai became more than ever the great centre for the diffusion of Western technology to China.

The success of the Glen Line stimulated the establishment of other competitive steamship lines between London and Shanghai. The 'Flintshire', the first steamer of D.J. Jenkins' Shire Line passed through the Canal (January 6 - 16 1873). Other steamship services were begun in 1873 by T. Skinner's Castle Line and by Watts, Milburn & Co., compelling the Glen Line to move from Glasgow to London. The P. & O. abandoned differential freights graduated according to speed after the loss of the 'Drummond Castle' on May 31 1873 en route from Hankow. For the last time it brought the first cargo of new teas to London, where they were received with great caution and lack of animation. Eleven tea clippers sailed from China to London while seven more sailed to New York. The fastest clipper arrived in the 1869 record time of 89 days. Some clippers adjusted their schedules to steamer competition,

1. K.C. Liu, Anglo-American Steamship Rivalry in China 1862-1874 (1962), 113-150.

leading in November-December, when the monsoon was fair and insurance rates were low, rather than in June-July[1] and so making paying voyages in the tea trade up to 1877. The remainder were compelled to find other employment. The tea trade to New York afforded cargo to some for a few more seasons. Other China clippers loaded in the Philippines for New York. Many entered the Australian trade. Others became colliers. Most passed into foreign hands and ended their days in the country-trade of the Indian and Pacific Oceans. The direct export of tea to Hamburg began in 1873 after the establishment of a regular service by the German Steamship Line in 1872, the opening of the Deutsche Asiatische Bank in Shanghai in 1872 and the increase in Russian imports via the Canal in 1872. The volume of tea shipped through the Canal rose from 60,000,000 pounds, or 40% of the harvest in 1872, to 70,000,000 pounds or 50% in 1873 and to 102,000,000 pounds or 74% in 1874. The stocks of Congou in the bonded warehouses of London fell from 49,000,000 pounds on June 30 1869 to 33,000,000 pounds on June 30 1874 and thus from 5¼ months' supply to 3½ months' supply. That reduction in stocks testified to the even greater regularity of shipment achieved in the three years following the opening of the Canal. In 1874 the Glen Line reached London in the record time of 46 days, which it reduced in 1875 to 44 days and in 1876 to 43 days, so enabling Jardine's to re-emerge more powerful than ever in the China trade.

China and Japan faced eastward across the Pacific, although their trade mainly flowed westward. The opposing seaboard of the U.S.A. remained a frontier-region while its most developed seaboard faced eastward across the Atlantic. The U.S.A. was uninfluenced by the opening of the Canal, except in its China trade. It was a continent-state with less interest in foreign trade than the small maritime states of Europe. Its steam fleet was based on its great rivers and lakes rather than upon the oceans and therefore served home trade rather than foreign trade. The Canal reduced the distance between New York and the ports of Asia: the Canal route saved 25% of the voyage to Calcutta but entered the sphere of American Pacific shipping

1. B. Lubbock, 347.

beyond Hong Kong. The saving in distance, moreover, was less in proportion than for Europe because America, like Australia, lay on the fringe of the Canal's sphere of influence. America's large fleet of merchant sail enjoyed the advantage of an uphill location in relation to India and China through the use of the great-circle routes and the trade winds.[1] Direct trade with the primary producers of Asia via the Canal would thus have been uneconomic and would also have entailed competition with Britain in the entrepot trade as well as in the carrying trade. From 1870 New York imported tea by British clippers sailing round the Cape in record time as well as by slower British steamers through the Canal. The U.S.A. also used British shipping and the London entrepot to import silk from China and indigo from Calcutta. It thereby benefited by the general reduction in price of oriental commodities in the emerging world-market of the 1870s. Above all, the U.S.A. used the new Pacific Railroad for its trans-Pacific trade with China.

The completion of the Pacific Railroad led the Pacific Mail Steam Ship Company to double the frequency of its monthly service to Japan and China in 1869, encouraged a proposal for a steam and railway service between England and Australia in 40 days,[2] and stimulated the beginning of a paddle-steamer service in April 1871 from San Francisco to Sydney. That railway attracted many Shanghai merchants to travel home to England by the temperate route via Japan and the U.S.A. in preference to the Red Sea and captured many passengers for China and Japan from the P. & O., whose steamers took 60 against 35 days and were neither cheap nor well-managed.[3] Its competition forced down passenger-fares by the Messageries as well as by the P. & O. It also encouraged George Francis Train, who had helped to build the Union Pacific Railroad as his reply to the Suez Canal, to seek to become the first man to travel round the world in the shortest possible time. He hoped to return to New York from his westabout journey in ninety days and he claimed in his autobiography to have

1. J.E. Nourse, The Maritime Canal of Suez. (Washington, Philp, 1869) 51-52.
2. New York Times, November 18 1869, 4v. The Suez Canal. Economist, January 29 1870, 133.
3. C.H. Pearson, The Land Question in the United States. Contemporary Review, November 1868, 351.

travelled around the world in eighty days,[1] although his own dates showed him to have taken 81 days (August 1 - October 20 1870) from San Francisco to Marseilles. His journey inspired Cook's first exploratory world-tour in 222 days in 1872 via New York, San Francisco and Suez. Train was transformed from an American merchant into an English aristocrat in the story which Jules Verne published as a serial in 1872 and as a book in 1873.[2] That story brought its creator fame, prosperity and the formula of the "Extra-ordinary Journey" for literary success: it became influential enough to stimulate travel around the world.

The Pacific Railroad also helped to carry the mail in 1870 from Hong Kong to San Francisco in 34 days and to London in 48 days, or in three days less than the 51 days necessary by the Suez route.[3] It did not divert much mail from the overland route, although it carried the mail faster from Japan and New Zealand to Europe. In 1871 the railway helped to carry 500 bales of silk from Yokohama via San Francisco and New York to Liverpool in 47 days or in 13 days less than the Suez route required. It also became the favoured route for the shipment of green tea from China and Japan. The increasing import of tea and silk to Europe via San Francisco undoubtedly decreased the importance of the Suez Canal in the tea and silk trade. Americans hoped that it would divert from the Canal the bulk of the trade of Asia. Germans hoped that it would thus achieve another victory for German over Latin as the economic complement to Sedan.[4] The Canal remained, however, far cheaper than the railway for bulk-freight because it was an all-water route which avoided transhipments: it carried cargo to New York at one-fifth of the combined freight by sea and rail across the U.S.A.

Between 1870 and 1876 only eleven ships under the American flag used the Canal. The first American to propose its use was no representative shipowner but the eccentric Captain Norton. He left

1. G.F. Train, My Life in Many States and in Foreign Lands dictated in my Seventy-Fourth Year. (London, Heinemann, 1902), 301, 331.
2. J. Verne, Around the World in Eighty Days (1873).
3. R. Andree, Der Sieg der Pacificbahn ueber den Suezcanal. Die Grenzboten, 26 Januar 1872, 189.
4. R. Andree, 184.

Hong Kong on March 20 1870 in a Chinese junk, hoping to emulate the feat of the 'Keying' in 1847 and to reach London via the Canal.[1] Apparently he was compelled to abandon his plan after leaving Penang. The American flag was first carried through the Canal not by the junk 'Fung Shuey' but by the corvette 'Palos' of the U.S. Navy, which left Boston on June 21 and passed through the Canal (August 10-16 1870) en route to China and San Francisco. Its captain made on August 22 the first report on the Canal to the Secretary of the Navy.[2] Its south-bound transit established the pattern imitated by later American vessels, commercial as well as naval, and was followed by the appointment of an American Consul at Port Said.[3] The first American merchant vessels to pay toll for the use of the Canal were two large paddle-steamers of the Pacific Mail Steam Ship Company, the 'Arizona' (January 27-29 1871) and the 'Alaska' (March 5-8 1871) en route to Yokohama. Those ships were reported to be the pioneers of a new monthly line between New York and Hong Kong via the Canal[4] but they were the broadest ships to use the Canal and were followed by no further vessels of the company.

The Pacific Mail Company reverted to the use of the Straits of Magellan to reach San Francisco. In 1873 it diverted its main ships to Panama from the San Francisco terminus of the Central Pacific and Union Pacific Railroads. Those railroads incorporated in 1874 the Occidental and Oriental Steam Ship Company for the operation of a service between San Francisco and Hong Kong, in order to preserve themselves from discrimination in freights by the Pacific Mail Company. The new line chartered three ships from the White Star Line, which had a surplus of tonnage after the failure of its Liverpool-Valparaiso service. The first of those steamers, the 'Oceanic', was sent from Liverpool through the Canal (May 2) for which it had originally been designed as the first modern mail-steamer. The 'Oceanic' made a record passage to San Francisco in 16 days 10 hours from Yokohama, in 25 days from Hong Kong and in 74 days (April 17 - June 29 1875) from Liverpool.

1. North China Herald, June 9 1870, 43011.
2. J.E. Hourse, The Maritime Canal of Suez, from its Inauguration, November 17 1869, to the Year 1884 (Washington, 1884), 82-84.
3. Le Canal de Suez, 16 Mars 1871, 40. Les Etats-Unis d'Amérique et le Canal de Suez.
4. Le Canal de Suez, 2-4 Mars 1871, 27.

It was followed by the smaller and slower 'Belgic' and 'Gaelic', which left Liverpool on May 8 and May 29 1875. Thus employment was found in the Pacific for steamers surplus to the needs of the Atlantic trade during the depression of 1874-75. The Pacific Mail Company's speed-record and its monopoly of steam shipping was shattered by a company which continued in operation until 1906, sharing the service to San Francisco on a fortnightly basis with its rival. Their joint competition for the tea trade from Japan did not prevent a sharp rise in New York's imports of tea via the Canal by 124% between 1874 and 1876. Those imports were increasingly of Japanese rather than of Chinese tea. The 'Hartford' became the first vessel of the U.S. Navy to make the northbound passage through the Canal on August 6 1875, when George Davidson of the U.S. Coast Survey made a special examination of the channel.

The Pacific Mail Company carried the first detachment of 30 Chinese boys from Yokohama to San Francisco in 1872 for fifteen years of study in Connecticut of the technical professions associated with the art of war.[1] The Yung Wing educational mission reduced China from its traditional role of teacher to that of pupil but did not diminish its claims to supreme status in the world. Thus the Son of Heaven granted the foreign ambassadors their first formal audience in Peking in 1873 in the building used for the reception of tributary princes. The signature of the Chefoo Convention in 1875 after the disastrous Margary expedition to the frontier of China and Burma was followed by the creation of a Chair of Chinese at Oxford in 1875 and the establishment of the first Chinese legations in London and Berlin in 1877 and in Washington in 1878: the first ambassador to Britain was, however, a commoner instead of a nobleman. The same reverence for the traditions of the past inhibited the Chinese acceptance of innovations. The first railway in China was sponsored by Jardine's as a tea-railway between Shanghai and Woosung. For that railway the 'Glenroy' carried a locomotive-engine through the Canal in November 1875 and railway wagons in May 1876. The construction of the railway was begun without Chinese sanction and completed in ten months

1. Y.C. Wang, Chinese Intellectuals and the West 1872-1949. (University of North Carolina Press, 1966), 42.

(January 20 - December 1 1876). The Chinese then tore up the rails and shipped them to Formosa, to ward off the Japanese threat, and built on the site of Shanghai Station a temple to the Queen of Heaven. Steam navigation by river had, however, been accepted as steam navigation by land had not. The purchase of the Shanghai Steam Navigation Company in 1877 by the China Merchants' Steam Navigation Company was a triumph for Chinese over American enterprise which also eliminated Jardine's great competitor. China's response to the challenge from the West could not be as speedy or as successful as that of Japan because its land was so large, its administration so decentralized and its economy so self-sufficient. Its traditions were continental rather than maritime. Its eighteen provinces were as independent as self-governing British colonies[1] but were administered without police, army, laws or lawyers. Its military tradition was weak and its ethic was persuasion, making it "a State resting on moral force, a concept almost as alien to the Western mind as material progress is to the Eastern".[2] Its dominant mandarinate maintained respect throughout "the country of courtesy and accommodation" for the ancestors, the family and the clan and subordinated all economic activity to social ends while its alien Manchu dynasty lost control over the ports, the customs and the economic policy of "All that is under Heaven".

The impact of the West produced in China the Tai-Ping Rebellion and in Japan the revolution of 1868 which overthrew the Tokugawa shogunate with the support of the anti-foreign sentiment emerging fifteen years after the appearance of Perry's black ships in 1853. The Emperor Mutsuhito who took over the government in 1868 and died in 1912 profited by the centralization of the administration, the society and the nation and by the tradition of unconditional obedience to authority to claim a total competence for the new Meiji state as a moral entity. Japan preserved its independence because of its poverty, began to import the techniques of the industrial civilisation of the West as formerly it had the techniques of the

1. A. Michie, The Englishman in China during the Victorian Era as Illustrated in the Career of Sir Rutherford Alcock. (Edinburgh, Blackwood, 1900), I, 408. II, 372.
2. A. Michie, II, 370.

agrarian civilization of China and remodelled itself "as it were on the field of battle and in front of the enemy".[1] In that way Japan bought the first vessel to reach Shanghai through the Suez Canal for use in the construction of light houses, the 'Thabor' leaving for Nagasaki with cotton on February 7 1870.[2] Local purchase also awaited two steamers sent out by Gellatly, Hankey, Sewell & Co, the 'Sakana' which passed through the Canal on January 12 and the 'Tsuru' which passed through on March 7. Japan imported those steamers via Shanghai, to which it exported coal from Nagasaki from 1870 and from Formosa from 1875. Japan imported capital goods rather than manufactures, to build up its own resources, and imported more than it exported through the Canal. It was nevertheless forced by foreign competition to produce those commodities for which its relative advantages were greatest, tea for export to the U.S.A. and raw silk for export to France. It resented French support of the Tokugawa Shogunate, insisted on exporting all its silk to Lyons via London and Liverpool and would accept in exchange only Birmingham and Manchester goods. Japan was as friendly towards England as it was hostile towards France. It floated its first foreign loan in London in 1870 for the construction of a railway between its new and old capitals[3] and completed the first railway in Eastern Asia in 1872 between Tokyo and Yokohama. Its maritime tradition stemming from its 600 islands and 60 ports inspired it in 1871 to send twelve naval cadets, including Togo, to England for training. It established a Japanese Consulate in London in 1872. Its orders to all farmers to keep and breed the economical and productive pigs, to be sent out from England via the Canal, created a brief pig-boom in Yokohama.[4] In 1873 the first vessels under the Japanese flag passed through the Canal, two ships of 1,004 tons, a response wholly unanticipated in Europe because Japan had made no use of the Cape route. Japan limited its use of the Canal until the Sino-Japanese War, although it built its first warship in 1875. Its reorganisation seemed to the West to be a revolution based on liberal principles. That revolution was in fact planned as a re-orientation

1. A. Michie, II, 84.
2. North China Herald, April 12 1870, 259:ii.
3. The Times, April 15 1870, 12i.
4. North China Herald, January 18 1871, 39; February 15, 103. Yokohama.

of the nation in a military spirit antithetical to that of free trade. It took place under samurai leadership[1] and preserved the continuity of the aristocratic tradition by combining "Eastern ethics and Western science" in order to create "Rich Country and Strong Army". It used foreigners for Japanese ends and never allowed them to use the Japanese for their ends. Thus it integrated all the imports from the alien West into a culture which continued to be specifically Japanese and increasingly divinized its Emperor in Hegelian terms.

1. E.H. Norman, Japan's Emergence as a Modern State. Political and Economic Problems of the Meiji Period. (Institute of Pacific Relations, New York, 1940), 101.

THE CANAL AND STEAM SHIPPING, 1870-1873

The Canal was not only a product of the trade which had developed apace between Europe and Asia since the 1830s but also in itself a cause of economic change. As a commercial innovation its main effects were felt during its first decade when interlocking networks of steam shipping, railways and cables bound the continents of the world together under the technical supremacy of Europe. In that revolution in communications the Canal was a work without precedent designed to replace the old routes to the East by a whole new complex of facilities centring around itself. The new route did not offer better weather or a safer passage as its greatest advantages. Its hazards were strategic rather than nautical because the Red Sea was in effect one great canal free from the difficulties and dangers of a narrow canal. Many fine steamers were, however, lost on the new route through gross blunders in navigation. Insurance premiums were at first higher than had been expected and were higher for the homeward than for the outward voyage, because it was more risky and difficult to enter than to leave the Red Sea from the Indian Ocean. Homeward risks proved ruinous to the underwriters of insurance except in the Bombay trade.[1] The Suez route nevertheless afforded a more direct route to the largest continent in the world by eliminating the circum-navigation of the second largest continent.

The enormous saving in distance was all the more important because distance was covered only slowly at sea and locked up large capitals in goods in transit. The saving was greatest from the ports of the Mediterranean but was still substantial from the ports of North-West Europe. The saving was greatest to Bombay but was still great to Calcutta and Singapore. That reduction in distance shortened the time of voyage, increased the frequency of voyages per ship and enlarged the utilisable capacity of a given tonnage of shipping. Such short-

1. F. Martin, The History of Lloyds and of Marine Insurance in Great Britain. (London, Macmillan, 1876), 380-383. A Classification of Risks. V Suez Canal and Indian Steamers.

term economies attracted shipowners and merchants who balanced the large saving in distance and time against the higher freights and insurance rates. The decrease in the time and distance of voyages reduced substantially the quantity of goods in transit. Thereby it saved in insurance and in interest on the capital thitherto locked up at sea and thenceforward liberated for investment elsewhere. It also opened the Eastern trade to smaller merchants as quick returns on small stocks replaced slow returns on large stocks. It insured importers against the deterioration of goods in transit and exporters against adverse fluctuations of the market. Merchant-speculators in the ports of India and China benefited by the arrival of goods six to seven weeks before the six-months bankers' drafts matured. Those bills were not replaced by bills at four months until 1879, thereby achieving the reform first attempted in 1866 and again in 1872.

The fall in freights in Eastern ports after the opening of the Canal was unexpected. The increase in shipping seeking cargo helped to extend the market in freights and to bring them down to a lower level. The average outward steamer freights by the Messageries from Marseilles to India and China were halved immediately, reduced to one-third within two years and to one-quarter within three years by 1873.[1] Shipowners were compelled to devise new answers to their basic questions. How far was a cargo to be carried? How much freight would a cargo bear and for how long without the fear of competitors spoiling the market? Shipowners responded to two successive falls in freights by creating in self-protection in 1875 the shipping conference The shortening of the time of voyage and the fall in freights also reduced the price of Eastern commodities, contributing to the long fall in prices between 1873 and 1896. That fall furnished a striking example of the interaction of supply and demand, enhancing the appeal of those concepts to the economists of the 1870s. The fall in price affected cotton, jute, indigo, rice and tea from India, gutta percha, sago and tin from the Straits Settlements, coconut oil and cinnamon from Ceylon, silk and tea from China and wool from Australia. The

1. L. Bian, Rapport sur l'Inauguration du Canal de Suez. (Mulhouse, Bader, 1870), 17-18.
E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft. (Berlin, Springer, 2te Auflage, 1920). 232

fall in the price of primary produce thus affected commodities shipped by the Cape route as well as those shipped by the Canal. The emerging world-market used complementary rather than single routes to its European location. In that market prices tended to be equalized but were determined in the West rather than in the East. The increase of consumption in Europe was thus achieved at the expense of the reduction of the monetary returns to the primary producers of Asia, a loss which was only partly offset by the fall in freight-rates and in import-prices.

The Canal route offered better possibilities of freight than the Cape route by avoiding the vast extent of the unproductive coast of Africa with its regular coastline and consequent lack of harbours, its limited contact between seaboard and interior and its lack of new staple products to replace its old export of slaves. The new route avoided the sparsely-peopled southern hemisphere and linked the two most populous continents together through the inland seas of the northern hemisphere with their coaling-stations, entrepot ports and feeder trades. It thus extended the economies of water-borne trade to the oldest route between east and west and to merchandise, which suffered from transhipment as much as passengers appreciated it. It opened a new route to the high-cost steamship rather than to the sailing ship. It thus restricted rather than expanded the scope of cheap seaborne traffic and threatened to undermine the commercial complex associated with the Cape route more than that associated with the overland route. The Canal route from Gibraltar to Aden was peculiarly ill-suited to navigation by sail, which preferred the free domain of the open ocean to a land-bound route of narrow and treacherous seas. For the same reasons the new route was peculiarly well-suited to steam navigation with its far greater dependence on the land and with its independent power to navigate enclosed waters, to sail through calms, to overcome contrary winds and to avoid the danger of lee shores such as that of Port Said. Thus in 1870 the Canal was used by 27 sailing vessels, which supplied 5.5% of the 486 transits but only 1.7% of their total tonnage.

The opening of such a route created a revolution of expectations in both the ship building and shipowning industries. It entailed a massive saving in shipping tonnage by reducing the ratio

to cargo. By lowering the value of sailing vessels it discouraged in succession their sale, their completion, their building and their ordering. During the boom of 1858-1869 in shipbuilding sail tonnage built in Britain had reached its peak in 1864 and sail tonnage registered in Britain its peak in 1865. The opening of the Canal ended that boom, especially in the building of composite wood and iron clippers for the China tea trade,[1] a more effective compromise with the new marine technology than the construction of 'mixed' vessels, or sailing ships with auxiliary engines. The number of sailing ships built in Britain sank from 132 in 1869 to 51 in 1870 and to 10 in 1871.[2] After the last tea clippers were launched in 1870 almost no large sailing vessels were built until the revival of 1873-74. The sailing fleet of both London and Liverpool reached its maximum size in 1870. In America the decline of the shipbuilding industry of Quebec was precipitated by the end of the English timber preference in 1867 and completed by the expectation-effects of the Canal. The Surveyor for Lloyd's Register appointed at Quebec in 1852 was therefore transferred in 1870 to Shanghai.[3]

The opening of the Suez route encouraged the building of steamships as much as it discouraged the building of sailing-ships, first for the Bombay trade in 1870 and then for the China and Calcutta trades in 1871. The new route impressed contemporaries less as a shorter route than as a steam-route and a new avenue for the dominant machine of the new technology. "Coal, the stored-up sunlight of a million years, is the grand agent. Liberty lights the fire, and Christian civilisation is the engine which is taking the whole world in its train".[4] The Canal route even seemed to make feasible the replacement of coal by heavy shale oil or by petroleum gas in steam vessels trading to the East. The losses suffered by the sail shipbuilding industry were more than counterbalanced by the benefits derived by the steam shipbuilding industry, in which the comparative advantages of Britain were especially strong. The shock of the opening

1. Lloyd's Register of Shipping, Annals of Lloyd's Register, 1834-1884, (London, 1884), 86.
2. D.R. MacGregor, The China Bird. The History of Captain Killick and One Hundred Years of Sail and Steam. (London, Chatto, 1961), 165.
3. Annals of Lloyd's Register, 1834-1884, 107.
4. C.C. Coffin, Our New Way Round the World. (Boston, Fields, 1869), 507.

of the Canal was nevertheless necessary to force English shipowners to adopt steam-power.[1]

The typical steamer built for the new route was made of iron and equipped with a compound engine and a screw propeller. The screw-steamer benefited at the expense of the paddle-steamer whose wheels were better suited than the screw to shallow water but increased the width of a steamer by one-third in a very narrow canal and created a more injurious wash to the banks than a screw. The coal-saving cost-cutting compound tandem marine engine had been first fitted by John Elder to a sea-going vessel in 1854, the year of the canal concession. It was perfected only in the late 1860s so as to reduce coal consumption to one-third or even to one-quarter of that of an unimproved engine. Thus coincident with the opening of the Suez route it valorised that route by making possible the construction of steamers economically-engined and economically-fuelled from frequent coaling stations on a long voyage. The typical steamer was larger than had been usual thitherto, although it was limited in size by the dimensions of the Canal, which became thenceforward an additional determinant of the size of ships. The Canal Company had thought in terms of sailing ships and had not considered the size of steamer which would prove most profitable on the Suez route when it adopted the revised profile of 1859. The limited size of the channel restricted the size of steamers and therefore the profits of trade, because small vessels could not pay on a long voyage in competition with sail. The Canal steamer was restricted in both draught and beam by the channel available and secured its increased capacity by a proportionate extension in length on the pattern of the long ships built by Bibby from 1861. That long light and narrow vessel followed the new ratio of length to beam of 10 : 1 instead of 7 : 1 established by Bibby in 1867 and by Holt in 1868. Thereby its capacity and its speed were both increased without a corresponding increase in engine-power, although at the risk of running aground in the sharp curves of the Canal and at the expense of the visual appeal of the serpentine "ditchers",[2] "the ugly, black, snakey steamers which have come so

1. J. Steele, The Suez Canal: its Present and Future. A Round-About Paper (1872), 8.
2. ME.G. Duff, Notes of an Indian Journey I. Contemporary Review, May 1875, 904 November 27 1874.

much into vogue since the Suez Canal was opened".[1] Shipbrokers foretold in 1870, when a 1400-ton ship was considered large, that the 1400-ton, 7-knot steamer would be replaced by the 2,000-ton, 9¾-knot steamer. Such a ship would burn 15-16 tons of coal per day to drive its 250 H.P. engine, would accommodate forty passengers and would cost £40,000, at £20 per ton.[2] J. Scott Russell, the builder of the 'Great Eastern', even proposed 3,000-ton, 300 H.P., 10-knot steamers burning 24 tons of coal per day and carrying 4,600 tons of cargo at half the maximum speed of the 'Great Eastern' as the smallest capable of serving the future needs of trade with the East.[3] The immediate influence of the Canal was to accelerate the triumph of steam over sail, of iron over wood and of the screw over the paddle as well as to encourage the general acceptance of the larger steamship and the compound engine. Existing ships were often rebuilt, lengthened and re-engined to the profit of both the marine engineering and shipbuilding industries.

Some anticipatory orders for steamships for the new route were placed in 1869, providing 3.6% of the tonnage launched on the Clyde during the year and making no extra-ordinary demands on shipbuilders.[4] From January 1870, however, such orders began to increase on Clyde yards. During 1870 53,887 tons were built on the Clyde for the Suez route, or 30% of the total tonnage launched on the Clyde and eight-fold the 6,887 tons launched in 1869. In 1870 steam tonnage launched in Britain first exceeded sail tonnage while steam tonnage registered in Britain first exceeded one million tons. Sail tonnage entering the port of London reached its all-time maximum in 1870 while the new steamers shifted the bias from sail to steam and effected "a complete revolution in the Eastern trade".[5] During 1870 English shipowners learned that the best ship for the new route was one of 1500 tons

1. The Times, April 25 1876, 13i.
2. Le Canal de Suez, 1 Mars 1870, 70. Buckley, Offor & Co., The Freight Market in 1869. Economist, March 12 1870, 27. Commercial History and Review of 1869. J. d'A. Samuda, The Influence of the Suez Canal on Ocean Navigation. Transactions of the Institution of Naval Architects, April 6 1870, 2-3.
3. J.S. Russell, The Fleet of the Future: For Commerce - For War. Transactions of the Institution of Naval Architects, April 7 1870, 69.
4. The Engineer, December 3 1869 341:iii. Engineering, January 21 1870, 38i-ii. The Times, March 28 1870, 10iii.
5. Mitchell's Maritime Register, December 6 1871, 17iii.

carrying 2250 tons of cargo. The average net tonnage of the 358 different steamers using the Canal down to June 30 1871 was 950. The average gross tonnage of the ships launched for the Canal route in 1871 was 1775 while that of transits through the Canal rose from 1180 during the first six months (November 1869 - May 1870) to exceed 2,000 tons only in 1876. During 1871 the Clyde launched for the Suez route 79,887 tons or 40.7% of its total tonnage for the year. The example of the Clyde was followed at Newcastle, West Hartlepool, Hull and London. The boom of 1868-74 in steam shipbuilding encouraged Lloyd's Register of Shipping to recognise engines and boilers for the first time in 1869 as part of a ship's equipment but was not detonated by the opening of the Canal because expectations of the value of the route did not crystallize before January 1870. Nevertheless the growing use of the Canal powerfully reinforced that boom which doubled the steamship tonnage of England between 1868 and 1873. England's lead was followed by Holland, Germany and Russia but not by such sailing-ship nations as France, Norway and Greece. The British steam shipbuilding industry benefited by foreign as well as by home orders and received its greatest stimulus from the opening of the new route during 1870 and 1871 before the dispute over tolls began in 1872. By October 1871 50,000 tons of foreign steamships and 147,986 gross tons of British steamships had been brought into service in the Eastern trade and embarked in unsubsidised lines on the Suez route to the East: the British tonnage represented at £25 per ton a capital investment of £3,699,650 and was the equivalent not so much of 148 sailing ships of 1,000 tons each as of 370 such ships because the steamship was 150% faster than the sailing vessel.[1] Thus the growth of steam shipping accompanied the increase in the traffic of the Canal and greatly depreciated the value of sail shipping.

Sailing shipowners bore almost the whole burden of the decrease in the demand for shipping. Some owners were bankrupted by the 20% depreciation in the value of their ships. Others were reduced to carrying coal around the Cape to the coaling-stations of the East. Most, however, survived the opening of the Canal as J. Samuda, C.H. Wigram and S.R. Graves[2] had anticipated in 1870 that they would. They

1. Mitchell's Maritime Register, November 3 1871, 1391.
2. The Times, February 5 1870, 7vi.

did not attempt to send sailing ships through the Canal like Italian shipowners but responded to its challenge in their own way. They scrapped some tonnage and used the rest to carry on their old trade at lower freights. They continued to carry throughout the 1870s a greater aggregate value of trade around the Cape than that which passed through the Canal. They benefited by lower insurance rates and carried the cheap bulk commodities of rice and jute, wool and wheat in low-cost carriers using the long routes and the unbought wind of the open ocean. Other shipowners changed their front to face the foe and began, especially under the influence of young partners, to build steamships. Such a use of the new technology to retain their established connexions with the markets of the East was made from 1870 by J. MacGregor, Shaw Maxton, William Ross, Thomas Wilson, T. and J. Harrison, from 1871 by R. Alexander, D. Currie, G. Smith, W. Thomson, P. Henderson, F. Green and from 1872 by D.J. Jenkins. Such a readjustment was less a triumph for steam over sail than a triumph for established firms in the maintenance of their accustomed status through the use of a new technology.

The rise of the steamship represented the transformation of a civilisation as much as the emergence of a new technology. The sailing ship represented far less capital than the steamship, was linked to the land at infrequent intervals and served as a hard school of seamanship. The steamship was much less dependent on wind and current but represented a greater investment of capital, saddled the shipowner with heavy overhead costs and exposed the industry to depression which sailing ships could survive with their minimal overheads. Its spread assimilated the sea increasingly to the land on which it was so dependent. Shipping routes became "ocean highways" (1869)[1] subject to a "rule of the road" (1862) and to international regulation from 1879. Channels of commerce became "trade routes" (1873).[2] The cable ended the freedom of the ship's husband and subordinated the captain to the

1. J.M. Dempsey, Our Ocean Highways: a Condensed Universal Route Book. (London, Stanford, 1870), 367-370.
The Times, November 30 1869, 4i.
Our Ocean Highways, the Monthly Geographical Record and Travellers' Register, I, April 1870.
2. T.T. Cooper, The Mishmee Hills. An Account of a Journey made in an Attempt to Penetrate Thibet from Assam to open New Routes for Commerce. (London, King, 1873), 2, 15, 33.

instructions of a central office as ambassadors and governors were similarly reduced to office-boys at the end of a wire. The subordination of the sea to the land and to its machine-technology was also reflected in the rash of projects for ship-railways and in the conversion of the warship into what Nathaniel Barnaby called in 1879 a "fighting machine". Within a ship the compass replaced the stars for navigation while the engine-room telegraph, developed in 1875, mechanized the transmission of orders for power. The steamship inevitably revolutionized the skills of sea-faring personnel, replaced the sailor by the labourer, reduced able seamen to deck-swabbers and destroyed an ancient school of social selection and character-training. The new passenger-liners became floating hotels which sought to make their clients forget that they were at sea and so closed off a whole realm of experience to landsmen. Land-time triumphed over ship's time, the clock over the ship's bell and the language of the mainland over the lore of the sea.

The spread of the steamship increased the demand for coal and for coaling-stations on the new route. The frequency of coaling-stations along that route saved bunker-space, increased cargo-space and enhanced the freights earned by steamships. The growth of coaling-stations was more rapid after 1869 in the eastern than in the western seas and benefited Britain most of all because of her secure hold on the best locations on the capes and peninsulas of the eastern sea-routes. In Asia new sources of fuel were sought, especially of coal, from Calcutta to Japan and from Natal to New South Wales. Labuan in particular was expected to supply half the needs of the steam navigation of the East and so to increase its value to the Empire.[1] The Oriental Coal Company, established in 1868, was the island's third coal company and produced 28% less coal in Labuan in 1870 than in 1869. The volume of Labuan's coal exports had declined in 1867-69 from their peak of £10,000 per annum in 1864-66. Those exports rose in 1870 but fell sharply in 1871 when Labuan lost its garrison and left its mines as a synonym for unsuccessful pretensions.[2] Thus coal exports were stimulated from England to the coaling-stations along the new route

1. The Times, March 14 1870, 7i.
2. Papers Relating to Her Majesty's Colonial Possessions Part II-1874 (C-1102 of 1874). H. Bulwer, Labuan, November 8 1873, 144. 146

both in the Mediterranean and in the eastern seas. Colliers to Aden and even to Bombay were diverted from the Cape to the Canal route while colliers to ports beyond Aden used the Cape route and increased with the increase in steamships using the Canal. A steamer of 1200 tons on a Calcutta voyage of 76 days burned 15 tons per day or a total of 1,130 tons, whereof 700 tons had to be sent by sail around the Cape. Such a steamer made two voyages in the time taken for the one of the sailing ship and thus created more employment for sail and more traffic around the Cape. The Canal Company did not exempt colliers from toll as had been recommended by the Cairo Commercial Congress of 1869. Colliers could thus avoid the payment of the high tolls on their bulk freight by using the Cape route and returning with rice or linseed The opening of the Canal did not stimulate British coal-mining so immediately, so directly and so greatly as it did shipbuilding. The great demand for coal came from the iron industry rather than from the steam shipping industry. The increase in the building of iron steamships however increased the derived demand for iron and therefore the demand for coal. The limited initial use of the new route also restricted the demand for coal. Because the Abyssinian War had produced vast shipments of coal to the East, markets eastward of Suez imported less coal in 1872 than in 1867[1] while India's imports of coal decreased steadily from 1867-8 to 1870-71.[2] Thenceforward Calcutta's imports of coal rose tremendously, imports from Britain first exceeding imports from Australia in 1870-71 while coal-production in India declined between 1869 and 1873.[2] When coal production revived from 1873 English coal remained the fuel of English ships and found more extensive markets in Asia in the 1870s and 1880s than at any later time, in competition with the coal of Asia and of New South Wales.

The Canal thus created its own fleet which was built for, and adapted to, the new route as to no other. British shipowners were untormented by Flaubert's visions of the future and were indeed stimulated by the prostration of the greatest Mediterranean power in the Franco-Prussian War. They enjoyed the protection of British

1. D.A. Thomas, The Growth and Direction of our Foreign Trade in Coal during the Last Half Century. Journal of the Royal Statistical Society, 1903, 485.
2. D.R. Gadgil, The Industrial Evolution of India in Recent Times. (Madras, Oxford University Press, 1924), 65.

supremacy at sea, which secured British control of the new route to India, and they could therefore make massive investments not merely in shipping but also in peace, free trade and universal brotherhood. Their construction of such a fleet of specialized cargo-vessels adapted to a single route and incapable of conversion into warships was a great act of faith which was economic in the short run but most uneconomic in the long run. Such a fleet was liable to be treated as a client- or captive-fleet either by the Canal Company or by the powers which flanked the whole length of the land-locked Suez route from Gibraltar to Aden. It was wholly dependent upon a canal which was wide enough for only one vessel and could easily be blocked. It would be useless for the Cape route if the Canal were blocked in the event of war with a Mediterranean power because its vessels did not have sufficient power to round the Cape with safety. In the event of a Mediterranean war it would require such massive cruiser protection that it would employ a large proportion of the Navy and leave few ships to protect the great bulk of British trade: it would thus become the most expensive of cargo-carriers. Even in the Russian Black Sea Note of 1870 the threat emerged to the security of the Mediterranean which was to be made by the Franco-Russian alliance of 1892. Sir Alexander Milne, who had attended the inauguration of the Canal, wrote the first Admiralty memorandum on commerce-protection as the First Sea Lord in 1874.

By contrast to the Suez route the Cape route was a secure ocean route in a world dominated by British seapower and by the British colonies at the Cape and Natal. The Cape route was a familiar route to the British Navy and was indeed its private thoroughfare. It did not pass by hostile states nor compel the British to flaunt their dominance in the very face of their rivals. The opening of the Suez route did not throw that old route into disuse, although it captured its steam traffic and deprived it of potential steam traffic for a decade. The Cape route ceased to be used by the new steamers of the P. & O., outward bound since 1842, and of the Messageries, outward bound since 1861 to their eastern station for the service to Suez. It also lost the lines of fast steamers maintained by Holt and Robertson in the China tea trade. The steam route via the Cape could be used

only by steamers of high steaming radius: it suffered from the great distances between its coaling ports and therefore from the sacrifice of cargo-space to unprofitable bunker-space. The steamship line to Calcutta via the Cape which was projected by Rathbone Brothers of Liverpool in December 1869 abandoned the Cape in 1870 for the Suez route. Cape Town's facilities were also limited for docking, coaling, shelter and repair. The new basin and dock opened to traffic on May 17 1870 was first used by a sailing vessel rather than a steamship and was named the Alfred Basin and Dock by the Duke of Edinburgh when he opened them on July 11.

The disadvantages of the Cape route for steam navigation were positive advantages for navigation by sail. The Cape route was the perfect all-water route, using the great expanses of the oceans, the great-circle technique of navigation and the favourable westerly winds of the high latitudes. The continued supremacy of sail over steam in world shipping ensured the continuing use of the Cape route far more than did the technical deficiencies of the Canal or the heavy dues charged by the Canal Company. Such established merchant-shipowners as Brocklebanks were never in the freight market, carried only Brocklebank cargoes to and from Calcutta and imbued the younger shipowners of Liverpool such as Donald Currie with their preference for the Cape route to India. The Cape route continued in use by the sailing-vessels of the U.S.A., France, Germany, the Netherlands, Scandinavia, by clippers in the trade to Bengal, Java and China, by clippers in the trade from America to India and China and by ships in the Australian trade. Thus the Glasgow Shipping Company began the new Loch Line from Glasgow to Australia in 1869 under the management of Aitken, Lilburn & Co. The Cape route was a low-cost route by contrast to the high-cost Canal route and was used for the carriage of cheap bulk commodities which did not represent large investments of capital and a heavy burden of interest capable of reduction by the shorter route. Thus it was used for the shipment of jute, rice, wool, hides, oil-seeds, sugar, salt-petre, cutch, timber and metal ores: it also competed in the carriage of tea, cotton and wheat.

The Cape route was even used in conjunction with the Suez route in experimental combinations by ships carrying tea, salt, coal and cables.

Australia which was best adapted to combine the use of the two routes remained wholly dependent on sail until 1877. The opening of the Canal reduced the overseas tonnage entering Table Bay in 1869, 1870 and 1871. The trade of the Cape itself was, however, stimulated by the discovery of the diamond fields in 1870. The entry of Donald Currie, who had been driven out of the Calcutta trade by the new steam competition, into the Cape trade from 1872 accelerated the voyage to Cape Town as much as the Suez Canal accelerated it to the East. The Union Line in reply secured the contract of 1873 for a service to Zanzibar which linked up with a new Aden-Zanzibar service by the British India Line. Those two new services linked up with the P. & O. at Aden to create a mail service girdling Africa but joined South Africa to the Suez overland route rather than to the Canal route.

THE REVOLT OF THE STEAM SHIPOWNERS, 1872-1874

The Canal Company remained on the verge of bankruptcy after operating the Canal for two years while its client shipping lines paid satisfactory dividends and merchants doubled their turnover and their profits by using the Canal route.[1] The Company's receipts rose in 1871 to £475,000 but did not cover expenses although losses fell to £105,700, or to 28% of those made in 1870. After the war and the Commune the Company came under growing pressure to produce dividends from its shareholders, from its bondholders and especially from the delegation-holders, who were entitled to receive dividends only for 25 years from 1869 and therefore wished their distribution to begin as soon as possible. The Company was also faced by a revolt of the middling shareholders against the large shareholders who habitually supported the administration. The shareholders had no voice in the affairs of the Company save through the general meeting which was, however, restricted to shareholders with 25 shares. The average French shareholding had been ten in 1858 and might have fallen as low as five by 1864 with the increase in shareholders. In 1872 only 1425 shareholders were eligible to attend the general meeting while 38,500 were ineligible. The powers of that minority were further limited by the restriction of attendance at the general meeting to those who had registered their shares with the Company five days beforehand, by the constitution of a quorum by forty shareholders representing 5% of the Company's capital, by the restriction of votes to a maximum per member of ten representing 250 shares on the basis of one vote for every 25 shares, and by the acceptance of proxy votes. A company so constituted could justify itself only by financial success. The continuing absence of dividends, aggravated by Lesseps' techniques for raising funds, aroused the discontent of the middling shareholders of the provinces. Those vehemently French shareholders detested the idea of a sale of the Canal and the Anglophile bias of the Company administration in

1. J. Steele, The Suez Canal: its Present and Future. A Round-About Paper. (London, Simpkin, 1872), 9.

Paris. They disliked the large shareholders and the delegation-holders especially Jules Lebaudy, who held 5% of the Company's shares and had become its financial saviour in January-February 1872 by subscribing to 60% of the 1871 loan. They established their own journal[1] under another Charles de Lesseps, the manager from 1858 to 1871 of 'L'Isthme de Suez', in opposition to the official journal of the Company's administration.

The board of directors accepted the use of the Canal by a smaller tonnage than had been anticipated and sought to secure from that tonnage some return to their unruly shareholders. It therefore determined to capitalise on the huge capital investment made in steam shipping for the specific use of the Canal and to revise the basis on which tolls were levied, so that the same tonnage would yield a greater revenue. Such a revision was justifiable because real tonnage was invariably higher than the official tonnage on which harbour- and Canal-dues were paid. Shipowners had also constructed spaces adding materially to their carrying-capacity but not to their tonnage-dues, had arranged their engine-spaces so as to increase deductible capacity unduly and had so exploited for monetary advantage concessions intended to make steamers more seaworthy.[2] The commission of inquiry into tolls reported after five months to the board on January 20 1872. The board then defined on March 4 the ton of capacity referred to in the concession of 1856 as the real capacity of a vessel and decided to levy tolls from July 1 on that real capacity, using as a basis of measurement gross tonnage, which was not so easily tampered with as register tonnage. Thereby high-powered steamers, which were the best clients of the Company, would be taxed more in proportion than low-powered steamers.[3] Tolls would be increased by about 30% on English ships, which supplied 71% of the total tonnage during the first thirty months of the Canal's operation down to June 1872. The Company's income would also be increased by the postponement of improvement works and even by the suspension of dredging so that it would be able to declare a dividend.

1. Le Canal des Deux Mers, 4 Janvier 1872 - 25 Février 1875.
2. J. Steele, The Suez Canal (1872), 12. Report from the Select Committee on Merchant Ships (Measurement of Tonnage) Bill. (C.309 of July 17 1874), Q.21 & Q.151, July 2 1874, Colonel J. Stokes.
3. J. Steele, 13.

Lesseps could not however avert a serious clash with his dissatisfied shareholders. "The father of the Isthmus",[1] who regarded his employees as "the family of Suez", always treated his shareholders as a grand seigneur his tenants. Usually he dominated the general meeting as he did the elected board of directors and the delegated executive committee, which remained an extension of his family, comprising Mutet Bey, a former Engineers officer in the service of the pasha of Egypt, Lesseps' brother Jules, his brother-in-law Victor Delamalle and his eldest son Charles, who had been a director since 1869 and a vice-president since 1872. That small executive committee undertook the real management of the Company, met much more frequently than the monthly board, and was wholly under Lesseps' influence. Lesseps claimed to be President of the Company not by virtue of election by the shareholders but by virtue of the concession and he claimed to hold that position for life rather than for the ten years from the opening of the Canal prescribed in 1856. He thus enjoyed a position unparalleled by that of any other president. He never lacked the support of a strong group of loyalist shareholders, although he never recruited his directors from the general body of shareholders, not even if they were as rich as Lebaudy. He used his highest arts as a diplomat to the full in the conduct of a general meeting. He delayed the distribution of the annual report and withheld information useful to discontented shareholders. He restricted the budget and the list of shareholders to the Company administration but did not discourage friends of the administration from forming a caucus. He framed the agenda of the meeting carefully and sought to avoid the raising of controversial issues. If he was forced to permit speech by a shareholder hostile to the administration he then invited speakers for the opposing view in order to prevent other shareholders from rallying to the rebel flag. If he was forced to accept controversial resolutions he sought to frame the questions put to the vote in the interests of the administration. He postponed voting or imposed the guillotine when either course seemed desirable in order to wring a favourable vote from a hostile assembly. He even adjourned a meeting rather than risk an unfavourable vote and so gained time to

1. E. de Leon, The Khedive's Egypt (1877), 25

encourage the rally of loyalists to the support of the administration. He could not however always succeed in diverting currents of opposition to reinforce his own dominance.

One week before the meeting of shareholders the Company with the aid of Lebaudy resumed the payment of interest on its bonds from March 6 1872 with interest on the deferred coupon, (i.e. with interest on the interest), and so regained credit on the Bourse. The day before the meeting preparatory caucuses were held on March 11 by 150 opponents and by 33 friends of the administration. The meeting on March 12 was attended by 661 shareholders representing 51,749 shares. An attempt by ten shareholders to convert the Company into a French joint-stock company under the Law of July 24 1867 was opposed by the board, because of the Company's obligations to the khedive, and rejected by the meeting. The dissident shareholders then threatened to haul the directors before the courts. Lesseps refused to put to the vote a motion that sovereignty lay with the general meeting of shareholders and not with the board of directors. He emphasized that the shareholders had subscribed their money but were not petty sovereigns free to interfere in the administration of the Company. He especially denied their freedom to vote on the taxation of shipping tonnage and so to encroach on the central mystery of the board. He secured approval of the board's action regarding tonnage only after asserting that defeat would mean legal action against the board and only by a narrow majority of 810 to 722 votes, amidst confusion and tumult because 17 directors cast 170 votes for themselves to convert a hostile majority of 82 into a safe one of 88. He then read out the names of four nominees to the board without specifying which were nominated by the board and which by the shareholders. The meeting nevertheless elected two directors hostile to the board by 796 and 786 votes and defeated by the large majorities of 413 and 408 votes the two directors recommended by the board, including Guichard. Lesseps was audibly moved by his defeat and closed the meeting amidst confusion.

The new regulations for the taxation of tonnage, published on March 17 to give the necessary three months' notice, were attacked in England as protectionist and as liable to drive shipping away from

the Canal.[1] They were commended by the Board of Trade on April 8 because they provided for the calculation of gross tonnage by the British method of measurement. English shipping interests were, however, compelled to revise all their calculations of costs and expectations of profits: they began a sustained campaign against the new tariff and encouraged proposals for the purchase of all the Company's shares[2] and for the creation of an English company, compelling Lesseps to deny on April 20 that the Company had offered to sell the Canal. The steam shipowners led by Palmer, Donkin, Norwood and Sutherland protested to the Foreign Office on June 8 and raised the question in the Commons through Norwood on June 13 and Cochrane on June 24. In France the Messageries Maritimes began a law-suit against the Company on June 26, when loyalist shareholders formed the Union of Suez Shareholders in support of the new tariff. The Company rejected pleas from England and Egypt to postpone the introduction of the new tariff and brought it into force from July 1 1872. It returned on July 2 the voting rights of the Government of Egypt, which had repeatedly refused to accept disfranchisement at the annual general meeting. The general meeting of July 31 was not asked to approve the President's Report but approved the accounts by 1459 to 704 votes in a triumph for the friends of the administration. It also refused by 1410 to 669 votes to consider the regulation of the tariff and so preserved the statutory prohibition on the control of the tariff by the shareholders. That success for Lesseps was followed by a 20% rise in the quotation of the Company's shares between July 30 and August 8 while the frustrated dissidents vented their wrath in a rash of pamphlets. The Messageries sent a circular to English shipowners on September 4 appealing for their support. The P. & O. thereupon drew up its memorandum of protest of September 10, which alleged that the new tariff would increase the dues on its vessels by 67%. The Messageries won its case in the Commercial Court of the Seine on October 26 and secured a verdict for the repayment of the excess dues plus interest, so reducing the Company's shares by 11.4% in value in a single day. The Porte decided on October 28 to summon

1. The Engineer, March 22 1872, 207. The Suez Canal.
2. The Times, January 30 1906, 14vi. Lord Loftus' report of the suggestion for purchase made by Consul Dunlop from Port Said in 1872.

a conference on the tonnage question and protested on December 15 against the assumption of jurisdiction by the French courts between the Canal Company and the Messageries. Thenceforward Constantinople became the scene of diplomatic conflict, first between the representatives of the Canal Company and the Messageries and then between the French and English ambassadors.

The Cour de Paris heard the appeal of the Canal Company against the verdict in favour of the Messageries and on March 11 1873 recognised the Canal Company as foreign and therefore as non-justiciable before a French court, reversing the judgment of the lower court to a salvo of applause in the court-room and to the approval of the Bourse.[1] That judgment satisfied French opinion which regarded the State-subsidised Messageries as the symbol of the high finance of the Pereiras and resented its invocation of the moral support of English shipowners in international financial comity. The P. & O., which had asked the permission of the G.P.O. on March 5 to use the Canal for its mailboats, continued the battle against the Canal Company The law suit left a lasting bitterness between Lesseps and the Messageries. The favourable reception of the court's verdict gave the first hint that the Canal Company had been accepted in France as a symbol of the small investor and inspired the novelist Erckmann to recapture for literature the story of the Canal's construction on his visit to Egypt in 1873 to recover from the shock of Sedan. The Company's shares rose by 11.5% (March 8-11) to 432.50. The Company received a letter of congratulations on March 14 from the President of the Republic and the support of Thiers for Lesseps' mission to Constantinople in his constant enthusiasm for the cause of France in the Levant. "In all our dealings with the French Government we invariably encounter M. de Lesseps and in all our dealings with M. de Lesseps, we are immediately encountered by the French Government"[2] In Paris the Company paid on April 14 the coupons for the first half of 1870 after a delay of nearly three years, as the first fruits of the new tariff. In Constantinople Lesseps suggested on April 4 the determination of 'real capacity' by a commission of maritime powers

1. Voisin Bey, Le Canal de Suez (1902), II, 103-104.
2. J. Marlowe, The Making of the Suez Canal (1964), 284. Lyons to Granville, April 18 1873.

and on April 27 the submission of the question to a council of former Turkish Ministers but failed to secure a favourable compromise despite a sojourn of five months. He lost official support after the fall of Thiers and the advent of Macmahon, with Decazes as Foreign Minister under the anti-imperialist Broglie. He therefore offered on June 28 to accept a surtax of 5 francs per ton additional to the toll of 10 francs per ton but rejected on July 2 the levy of dues on net tonnage (i.e. on gross tonnage less 20%). The Porte urged in a Vizirial letter of July 12 to the Khedive the use of net tonnage on the English Moorsom system of 1854. The general meeting of July 15 was attended by only 380 shareholders, who accepted the reports unanimously for the first time since the opening of the Canal because the Company had made net profits for the first time in 1872 of £82,851 and had carried forward a surplus. That financial triumph for Lesseps was followed by decisive action by the Porte which warned the Company through the Khedive on July 30 not to oppose the just and legal decision of the Porte in the tonnage question. The Porte summoned on August 21 a conference on the measurement of ships' capacity in general and on the Canal tolls in particular.

The resulting Conference of Constantinople was attended by 23 diplomatic and technical representatives of twelve powers, including Colonel John Stokes, who had been from 1856 to 1871 British Commissioner on the European Commission for the Danube.[1] From its beginning on October 6 the conference became a debate between the English and the French, in which the French lost ground steadily and the Company's shares began to drift downwards from October 13. The English representatives offered in private negotiations on October 30 - November 1 a surtax of 3 francs while the French representatives held out for a surtax of 4.50 francs. On November 4 the first formal motion was carried against the French by 9 to 3 votes and decided in favour of the Moorsom system for the determination of gross tonnage. The delegates then voted on December 2 that there was no difference between utilisable capacity and net tonnage, so frustrating the French desire to investigate utilisable capacity. They offered in private

1. Correspondence regarding Suez Canal Dues (C-1075 of 1874). Voisin Bey, Le Canal de Suez (1902) II, 127-232.

negotiations on December 3 a maximum surtax of 4 francs to compensate the Company for any loss of revenue on the new basis of measurement of net tonnage. A condemnation of the Company's tariff was debated on December 4 but not put to a vote because of Russian intervention. The threat implicit in that discussion coupled with the lack of support from Decazes compelled the return of the French representatives to the conference, after their absence from eight sessions. After 21 public sessions and a month of private negotiations a compromise emerged with the withdrawal of the English suggestion that gross tonnage should become the basis of tax and of the French suggestion that the surtax should correspond to the difference between net tonnage and cargo-capacity.

The Final Report of the Conference on December 18 1873[1] adopted space not merchandise as its basic criterion of tonnage and the Moorsom ton of 100 feet cubic capacity as its unit of measurement of gross tonnage. It drew up general principles for the computation of tonnage and agreed on the deductions from gross tonnage which were necessary to determine net tonnage. It recommended the issue to every merchant ship of a certificate showing both gross and net tonnage calculated either according to its own recommendations or according to those of the Danube Commission. As a penal sanction it recommended that any deductible permanent space used for cargo or passengers should be added to the net tonnage and never again be allowed as deductible. The report also provided for a surtax of 4 francs per net register ton, for its progressive reduction after the year in which the net tonnage reached 2,100,000 tons, for its extinction after the year in which net tonnage reached 2,600,000 tons and for the exemption from the surtax of all warships, troop transports and vessels in ballast. That report represented a triumph for the British Government and for the British shipping interests which it had championed. It was accepted by Decazes on December 19 but not by the Canal Company or by Lesseps because its recommendations seemed to frustrate the long-cherished expectations of his shareholders, to afford no relief to the delegation-holders, to limit the Company's receipts beyond reason and thereby to degrade its whole status.

1. Voisin Bey, Le Canal de Suez (1902), II, 205-217.

Lesseps made his first protest to the Khedive on December 22 but received from Ismail on January 29 1874 a copy of the recommendations of the Conference with three months' notice until April 29 in which to conform to them. The Company's shares began to fall in price while Ismail made plans to take over the operation of the Canal and European interests revived plans for its purchase.[1] Lesseps made counter-proposals on January 31 to Tewfik, Ismail's son and heir and Minister of the Interior, especially for the retention of the surtax until the shares had received an 8% dividend. He was influenced by the imminence of the slack season in traffic after the end of the cotton-moving season in March and by the need to encourage his future shareholders in the Central Asiatic Railway. The crisis of April 1874 became inevitable after the Grand Vizier rejected Lesseps' proposals on March 7 and Lesseps asserted on March 20 that he would hold the Porte responsible for all financial losses under the new tariff. The ambassadors of England, Austria, Germany and Italy demanded on March 30 the immediate enforcement of the decisions of the Conference. The Porte thereupon instructed the Khedive accordingly on April 7, having no wish to jeopardise Turkey's prospects of a loan. After the Company's shares resumed their decline on April 8 Lesseps declared to Ismail on April 11 that he would oppose the passage of any vessel which did not pay dues based on the gross tonnage, refuse pilots for the ships, cut the telegraph wires, remove the buoys, extinguish the lights and so render passage through the Canal impossible. Ismail blandly replied, "In that case I will take possession of the Canal and operate the passage for the Company".[2] From Constantinople it was even reported on April 17 that Lesseps had told the Grand Vizier that he would put chains across the two entrances of the Canal and sink every ship that dared to navigate "his waters".[3] Lesseps affected to believe, La Compagnie c'est moi, having forgotten the implacable Turk. "The suicide of the Company would never produce the death of the Canal".[4]

1. Manchester Guardian, January 19 1874, 4iv.
2. F.J. Cox, General Stone and the Suez Canal Incident of 1874. Cahiers d'Histoire Egyptienne, Octobre 1952, 200.
3. The Times, April 24 1874, 12iv.
4. The Times, April 24 1874, 12iv.

From Petersburg Gorchakov refused any further support for Lesseps on April 15 because of the growing Anglo-Russian rapprochement. From Paris Decazes cabled his Consul-General in Egypt on April 16 to ask Lesseps to enforce the new tariff from the end of April and to reserve his objections to the future. Thereupon Lesseps exhorted the Company's workmen at Port Said to resistance, threatened to blow up the Canal approaches rather than submit and left on April 16 for Jerusalem, promising to be back at his post on April 26. In London letters from D.A. Lange were republished which had been written on behalf of Lesseps to the Board of Trade on April 21 and to the Admiralty on April 22. Those letters affirmed that no ship would be allowed to enter the Canal without first paying the extra charges demanded by the Company and that any objectors might revert to the use of the Cape or of the Alexandria-Suez Railway. Those letters alarmed the new Prime Minister Disraeli and stimulated him to consider the acquisition of the Company's shares by Britain, while his Foreign Secretary, Derby, favoured their acquisition by the maritime powers.[2] Delane publicly advised Lesseps to yield. "M. DE LESSEPS is not afraid to face SULTAN and KHEDIVE, Ambassadors and Consuls, the Peninsular & Oriental and the Messageries Maritimes, the merchants of India and China and the Antipodes. It is M. DE LESSEPS contra mundum, but the ruler of the Suez Company will not flinch".[3]

Ismail ordered 1250 troops in three battalions under General Stone and two frigates under Captain H.F. M'Killop to Port Said. Those troops arrived on April 23 and were immediately deployed along the Canal on the basis of one battalion to each town, with the support of Beduin. General Stone conducted his sole active operation during thirteen years' service in Egypt with skill and tact.[4] He made no threats against Lesseps and permitted no interference with the officials of the Canal Company before the due date. He deployed his troops outside rather than inside the zone of the Company's concession.[4] He established an independent telegraph line and placed European

1. The Times, April 24 1874, 12iv.
2. G.E. Buckle, Life of Disraeli. (London, Murray, 1920) V, 412 Disraeli to Derby, April 23 1874.
3. The Times, April 23 1874, 5iii; April 24, 9ii-iii.
4. G.E. Hubbard, Suez Canal. The New Englander, May 1885, 316.

and American officers in readiness to take over and manage the Company's offices and stations. Lesseps returned to Port Said on April 24 to find Egyptian troops at all the key-points of the Canal and deduced that they were prepared to treat the Company's workmen as Egyptians in defiance of all conventions and treaties. He therefore went from Ismailia directly to Cairo, saw Ismail on April 25 and agreed to apply the new tariff with effect from April 29. He had no alternative save to surrender in the face of the resolute and united opposition of Britain, the Powers, the Porte and the Khedive. He had been abandoned by Decazes, Gorchakov, Vogüé, Ignatiev and even by Ruyssenaers, the oldest of his colleagues. His last weapon, which was publicity, crumpled in his hand when his threatened closure of the Canal provoked no response from French opinion and earned him only derision as a stage-knight, "the Roland of the Isthmus".[1]

The defeat suffered by Lesseps in 1874 was, however, far less severe than the catastrophe he had experienced in 1849. Lesseps submitted to Ismail in the spirit of Henry IV at Canossa, so preventing the administration of the Canal by Egypt and any contribution by it to the financial needs of the Khedive. Ismail was forced to withdraw his troops from the Canal by May 1 under the pressure of Decazes, Vogüé and the Sultan. His consequent anger against Lesseps and the French Government hardened Lesseps' opinion against judicial reform in Egypt and ushered in two years of Franco-Egyptian tension. The failure of Ismail's venture led him to attempt to impose an 8% duty on the coal for Canal steamers,[2] to commission Fowler's preliminary study of a sweet-water ship canal from Alexandria to Suez via Cairo and to renew from 1874 his drive for empire in the equatorial south. The near-success of Ismail's coup encouraged Lesseps to take an interest in Roudaire's scheme of 1873 for a 150-mile Susa or Gabes Canal to create an inland sea in the Sahara. The new tariff sealed the fate of Lesseps' dream of a Central Asiatic Railway. The crisis also encouraged the publication of the first biography of Lesseps[3] and the

1. Le Canal des Deux Mers, 5 Mai 1874, 59-60 Le Roseau Peint en Fer.
2. Manchester Guardian, August 21 1874, 7ii. Hansard, Commons Debates, August 5 1874, Jenkins.
3. S. Berteaut, Ferdinand de Lesseps et son Oeuvre. (Marseille, Cayer, 1874).

composition by Lesseps of a self-justifying documentary history of the Canal.

Immediately after Lesseps submitted he protested to Tewfik on April 26 against the breach of contract with the Company inspired by "a foreign coalition against public and private law".[1] The new tariff which fixed the toll from April 29 at its all-time maximum of 13 francs per ton benefited shipowners and mail-ships most of all. The Canal Company did not accept that tariff without continuous protests. It stopped the publication of its monthly reports of traffic from Ismailia refused to accept the official papers of vessels and remeasured them from April 29 in order to "verify" their tonnage. It thus assumed the power to measure ships in defiance of the recommendations of the Conference. It also served each vessel paying dues with a protest and a claim for the amount due under the old tariff while it sent in from May 2 monthly claims on the Porte through the Government of Egypt for a financial indemnity for its losses under the new tariff. It also raised difficulties as to the dues on tugs accompanying troopships and warships and pursued a policy of reprisals towards British shipping. Thus the Company maintained what it held to be its legal rights, evaded or defied the recommendations of the Conference and reaffirmed its proprietary view of its clients and of what Lesseps called in 1875 "the fleet of the Canal".

The resistance of the Company led Disraeli to introduce a bill in the House of Commons on May 19 to generalize the Suez Canal measurement of tonnage as agreed at Constantinople. He also made soundings in Paris through Sir Nathaniel de Rothschild for the purchase of the Company's shares, encouraging a recovery in share-prices from May 20. Lesseps who had became a vicomte on the death of his elder brother on May 24 1874 and had so acquired aristocratic status in "the republic of dukes", refused to consider a sale of the Company except at the prohibitive price of £40, 000,000,[2] or four time as much as its shares could have been bought for in 1872, and so flatly rejected the English bid. At the general meeting of June 2 1874 he protested against "a political conspiracy formed against a free and private Company" to

1. Voisin Bey, Le Canal de Suez (1902) II, 254.
2. Lord Newton, Lord Lyons. A Record of British Diplomacy. (London, Arnold, 1913) II, 93.

dispossess it of its property, "the first example of the spoliation of foreign capital trustingly invested in the East".[1] He used the crisis to eliminate dissension among his shareholders, to confirm his own personal ascendancy, to consolidate his power by a unanimous vote and so to ward off renewed demands for the redemption of the Canal tolls.[2] His new board of twenty directors included six members of his own family, three former members of the Foreign Service, four retired soldiers, two engineers, two former officials of the Company including Guichard, one journalist, one member of the Jockey Club and a former lawyer.[3]

After a long debate the meeting approved the creation of new 40-year 5% consolidated-interest bonds to represent the seven coupons of interest which were still in arrears on the shares after the payment of the first coupon on April 14 1873 and of the second coupon on February 2 1874. These bonds were a financial device of brilliant simplicity and marked a turning-point in the fiscal history of the Company. They enabled the Company to capitalise or fund the seven coupons due, increasing the ultimate total of payments by the addition of 5% interest between 1874 and 1882 (or £68,000 per annum) but spreading its payment over a period of 48 years from 1882 to 1921. Thus the Company again wrung immediate financial help from its future expectations of profit in order to regain full credit on the Bourse and to begin the regular distribution of dividends six years earlier than would otherwise have been possible, to the particular benefit of the holders of the delegations. Those delegations were admitted to joint quotation on the Bourse from August 18 1874, when the coupons were exchanged for the new bonds.

After the general meeting of shareholders Lesseps, deprived of Russian support by the Anglo-Russian rapprochement, proposed on July 11 1874 through the British ambassador in Paris the raising of a loan of £1,000,000 - £1,500,000 from the Powers using the Canal, i.e. 75% from Britain.[4] He also suggested the creation of a 12-Power Commission to decide on the works necessary for the Canal, to fix the amount of

1. Voisin Bey, II, 259-260, 265.
2. The Times, June 12 1874, 4v.
3. Le Canal des Deux Mers, 13 Juin 1874, 96-97. Composition du Nouveau Conseil d'Administration sur la Proposition de son Président.
4. Lord Newton, Lord Lyons (1913) II, 93.

the loan necessary and to sign a convention for the guarantee of interest and sinking-fund in the event of the Company's resources proving insufficient. That proposal was supported in the Cabinet by Derby and Northcote but opposed by W.H. Smith who thought that outright purchase would be safer.[1] The Cabinet dropped the idea of purchase and of a loan, hoping that the Commons Tonnage Committee would settle the vexed question of Canal tolls permanently. Lange was so alarmed at the prospect that he appealed for protection against political pressure on "a private and defenceless company".[2]

The clash between the Company and its clients was not over a vital issue[3] but only over money. The Company was defending its future interests as well as its past achievements in resisting the pressure from its clients but so precipitated the first of the disputes over tolls which continued throughout its history. The question of tolls was not one of general concern to Britain but only to sectional interests and especially to British shipowners. Their response was ungenerous and narrowly economic, especially after England had recognised Lesseps' achievement in 1870 as one of the greatest of the age. Those shipowners had given Lesseps even less support during the construction of the Canal than had the P. & O. They recognised, however, their importance to the completed Canal in supplying in 1873 69% of its transits, 71% of its revenues and 72% of its tonnage. They exaggerated the significance of the waterway to Britain although they could not prevent the increased use of the Cape route nor the revival of interest in the Euphrates Valley Railway. The Canal which was "one of the highways of the world" to Granville in 1873 and a "great highway of nations" to Farrer in 1874 undoubtedly assumed the appearance of an English highway because of the predominance of British shipping. Baillie Cochrane ranked the Canal on behalf of Southampton and the P. & O. as of "deep interest" and "vital consequence to England."[4] The shipowners, however, sought their ends through the Chamber of Shipping and the Association of Chambers of Commerce and

1. H.E. Maxwell, Life and Times of the Right Honourable William Henry Smith, M.P. (Edinburgh, Blackwood, 1893) I, 279-280.
2. Morning Post, July 14 1874, 5iv.
3. Economist, June 22 1873, 771. The Suez Canal Company's Rates.
4. Hansard, Commons Debates, April 1 1873, 454, B. Cochrane.

by means of questions in the Commons and petitions to the Foreign Office rather than through public meetings, public agitation or public correspondence. Nelson Donkin & Co. had the 2145-ton steamer 'Suez' built at Newcastle in 1874 but the public mind had little clear idea of the significance of the Canal and seemed more concerned with the significance of drunkenness in the streets. "It is time for Englishmen to awake to a vivid perception that the early closing of the Suez Canal is a matter more urgently concerning them - even such of them as are cockneys - than the early closing of the Bull and Mouth, or the Goat and Compasses".[1] The shipowners secured the use of political power for economic ends against a weaker state, prostrated by the Franco-Prussian War, in an act of international brigandage. They ensured that the British Government fought to the utmost on their behalf and proved by their success that the Canal Company was no state within the state. They consolidated their victory by demanding a refund of the excess dues paid to the Canal Company since July 1 1872 and by securing the rejection of the Tonnage Measurement Bill. That bill would have generalised the Suez Canal measurement but at the expense of an increase in net register tonnage and was abandoned in deference to the opposition of the shipowners of Liverpool led by William Rathbone. The new measurement remained unique to the Suez Canal, an expedient elaborated for one waterway as Lesseps insisted rather than a stage towards the general unification of tonnage measurement.

The new tariff reduced navigation dues per net ton by 12.5% to the benefit of the most regular and stable element in the Canal's traffic, the mail lines. The P. & O., which had sent 86 mailboats through the Canal in 1873, transferred its heavy mails from the overland route to the Canal from August 1874, after the Chambers of Commerce of Manchester and Bombay cooperated in pressing for the acceleration of mails to India and China.[2] The revision of the mail contract reduced the subsidy paid by the G.P.O. to the P. & O. not by

1. (W.M. Thorburn), The Great Game; a Plea for a British Imperial Policy. By a British Subject. (1875), 210, 133, 164-5.
2. A. Redford, Manchester Merchants and Foreign Trade, 1850-1939 (1956) II, 150.

the £50,000 proposed in 1870 but by £20,000 to £450,000 and was regarded by Lesseps as the sharing of the plunder between two thieves. The renewal of the P. & O.'s contract was opposed by the shipping lines of Liverpool, especially by Holt, who offered to carry the mails to China in a special ocean yacht.[1] The P. & O., however, enjoyed the powerful support of the Government of India which further adapted itself to the Canal route by reviving in 1873 the marine surveys it had stopped in 1862.[2] Thus Captain A.D. Taylor's 1874 edition of "The India Directory" included for the first time a limited chapter on the Mediterranean.[3] The P. & O. adopted the Canal route only after completing a major reconstruction of its fleets between 1868 and 1874. It ordered all its new ships of suitable dimensions for the Canal, sold off its oldest vessels and reconstructed its newer ones by increasing their length and reducing their draught. It ended its separate Home Station after 1873 and generalised its employment of Indian crews, except on the express Brindisi service. It introduced automatic ventilators for the Red Sea and began to compete with the vessels of the Bibby Line in the Mediterranean. It reduced its establishments at Alexandria and Suez to the minimum and concentrated its workshops at London. From 1874 it made London its terminal port and so tapped a rapidly-growing traffic. It continued to ship the mails at Southampton but reduced its establishment there to the minimum necessary for the performance of the mail contract and discharged 150 local employees in 1874. The consequent fall in the tonnage of Southampton by 12% between 1873 and 1875 provoked Southampton to begin to discriminate against London cargo in favour of Southampton-direct cargo.

The diversion of the Southampton steam packets to the Canal reduced the British steam tonnage entering Alexandria by 14.2% in 1875 and left the shipping of Alexandria predominantly sail while that of Port Said remained mainly steam tonnage. After the completion of the new breakwater at Alexandria in May 1874 the management of the harbour dues was placed from June 1 under English naval officers to increase their yield. Suez ceased to be "the western gate of India".[4] The diversion

1. F.E. Hyde and J.R. Harris, Blue Funnel (1956), 42.
2. The Geographical Magazine April 1874, 27. The India Directory; July 1874, 135 Indian Marine Survey.
3. J. Horsburgh, The India Directory, for the Guidance of Steamers and Sailing Vessels, (London, Allen, 1874).
4. M.E.G. Duff, [illegible]

of the heavy mail coincided with the end of the harbour works at Port Ibrahim in 1874. The consequent decrease in the demand for labour spread distress and dissatisfaction among the indigenous population of Suez and reinforced the anti-infidel and anti-Coptic sentiment reported by Consul West in 1874. The commerce of Suez was reduced to that of an English coaching town untouched by the railway, deserted by traffic and devoid of productive industry. The tonnage of its imports was reduced by 12% in 1876 and by 12.5% in 1877.

The Canal gained what the overland route lost and increased the share of subsidised mail tonnage to 31% of its total tonnage. The transfer of the P. & O. mail to the Canal increased English interests in the Canal route and encouraged speculation in September-November 1874 in the Canal Company's shares, which first passed their pre-crisis level of 440 francs on October 1 and rose markedly from November onwards. The Canal Company gained revenue on both tonnage and passengers, including cargo which would never have used the overland route. The decline in trade by the overland route did reduce English exports to "Egypt", as recorded by the Customs, from £6,000,000 in 1868 to £2,000,000 in 1878 and English imports from "Egypt" from £18,000,000 in 1868 to £6,000,000 in 1878. The exports of raw silk from "Egypt" thus declined from £5,147,770 in 1871 to £48,572 in 1875 and ceased thereafter. A similar decline took place in the exports from "Egypt" of tea, indigo and manufactured silk. The Egyptian Railways lost an estimated annual revenue of £300,000 on goods and passengers.[1] Egypt's imposition of a compensatory import duty on coal was accepted by the British firms at Port Said on July 21 1874.[2] That duty reduced the imports of coal to Suez by 13% in 1874 and encouraged the bunkering trade of Malta.

Passengers from India were spared their habitual struggle for a seat in the Suez-Cairo train, which became thenceforward one of the slowest trains in the world. Civilian passengers using the Canal had increased from 5,657 in 1870 to 12,143 in 1873: their number rose by 36% in 1874 and by a further 18% in 1875 to 19,624. The outward flow of travellers through the Canal became especially marked from 1875.

1. The Times, April 28 1874, 12ii. Egyptian Notes.
2. Manchester Guardian, August 21 1874, 7ii.

Meadows Taylor, who had reached Bombay in 1824 via the Cape and had returned to England through Egypt in 1837 and in 1860, revisited Hyderabad via the Canal in 1875 before his death in 1876.[1] The Duke of Connaught became the first English prince to pass from Suez to Port Said on the warship 'Helicon' on March 15 1875. Sultan Barghash of Zanzibar was escorted by Consul Kirk through the Canal and reached Gravesend in 37 days (May 9 - June 15 1875) from Zanzibar for his state visit to England.[2] Mary Carpenter, whose father had attracted R.M. Roy to Bristol, made at the age of 68 her fourth visit to India in the cause of social reform via the Canal on October 3 1875 rather than via the overland route: "I consider that transit through the desert the one event of the voyage; and I think it worth the voyage to anyone who has time and money, simply to go through it... I was full of admiration of the genius of Lesseps and this wonderful work, which is the work of the century, unless indeed Sahara should be made an inland sea".[3] A Canadian traveller was more impressed by the mighty ditch than by its ports.[4] Monier Monier-Williams was also more moved by his first impressions of the Canal on October 26 1875 than by those of Port Said: he had been brought to England at the age of three in 1822 via the Cape and he returned to the land of his birth as the Boden Professor of Sanskrit to enlist the support of the leading princes of India for his projected Indian Institute at Oxford.[5] Isabel Burton, who found the passage on January 9 1876 through "the last link riveted in the great belt of trade" like a river-picnic, heard the appeal for bakshish at Suez for the first time since her days in Syria in 1871 and heard its change to curses when it was left unanswered.[6] Thomas Brassey, the son of the great railway-contractor

1. P.M. Tayler, The Story of My Life. (Edinburgh, Blackwood, 1878), 466.
2. R. Coupland, The Exploitation of East Africa 1856-1890. (London, Faber, 1939), 239.
3. J.E. Carpenter, The Life and Work of Mary Carpenter. (London, Macmillan, 1879), 443.
4. J.S. Cowan, From Port Said to Suez. Canadian Monthly, November 1875, 407, 410
5. M. Monier-Williams in The Times, December 26 1876, 9i-ii. M. Monier-Williams, Modern India and the Indians. (London, Trübner, 1878), 12-20, The Five Gates of India.
6. I. Burton, Arabia Egypt India. A Narrative of Travel. (London, Mullan, 1879), 68-69.

and millionaire, brought his steam-yacht 'Sunbeam' through the Canal on April 26-27 1876 on the last lap of a pioneer 35,393-mile circumnavigation of the world, the first to be completed by way of the Canal.[1] The overland route continued in use after 1874 by the express mail via Brindisi and Alexandria. After the Government of Italy purchased the railway line to Brindisi in 1874, Pullman sleeping cars were introduced on the Indian Mail Train while the Channel Tunnel scheme was revived in 1874 to complete the rail link between London and Brindisi. The Canal Company introduced in 1874 an express boat service from Port Said to Suez making the return trip in 18 hours in imitation of the express mail from Alexandria to Suez which the Company coveted for the Canal.

British shipping using the Canal had increased faster than other shipping until 1873, when the British rate of increase first fell below the general rate in increase. After the settlement of the dispute over tolls shipowners resumed building up their Canal fleet in 1875, encouraged by the fall in coal and iron prices and by the appointment in 1874 of the first engineer surveyor by Lloyd's Register of Shipping.[2] Thus Holt decided in 1874 to organise sailings to China at short fixed intervals, coaling only at Liverpool and Singapore. Regular services were also begun to Bombay by R. & F. Henderson's Anchor Line from Glasgow on March 4 1875 and to Calcutta by T. & J. Harrison from Liverpool on October 21 1875. The City Line doubled the frequency of its Calcutta service in 1875. The 'Queen Margaret' of the Queen Line reached Calcutta from London in under 29 days (August 24 - September 22 1875).[3] The growth of steamer competition drove out of the Indian trade Currie in 1874 and Wilson in 1875. The Canal remained more important to Britain than to the world and more useful to British shipping than to British trade. Thus an estimated 3.6% of the total value of British commerce and a larger share of its volume passed through the Canal in 1875 when the Canal carried 1,382,000 tons of cargo or 1.6% of the total volume of world trade of 88,000,000 tons. Britain's Canal tonnage was not subsidised like that of other states

1. Mrs. A. Brassey, A Voyage in the 'Sunbeam'. (London, Longmans, 1878), 463-466.
2. Lloyd's Register of Shipping, Annals of Lloyd's Register, 1834-1884 (1884), 113.
3. The Times, September 24 1875, 12ii; September 25, 4ii.

but represented a higher proportion of its steam fleet than the total Canal tonnage represented of the world steam fleet. Britain's gross Canal tonnage represented in 1874 74% of the total Canal tonnage but only 16% of the total British steam tonnage, assuming six transits per annum to each vessel. British ships carried the trade of other nations with Asia as well as British trade and could thus be larger in size than the general average so that Britain supplied 71% of the transits in 1874 but 74.2% of the tonnage. In 1875 Britain employed 10% of its gross Canal tonnage on routes to or from non-English ports.[1] The shipping tonnage between England and Asia and Africa beyond the Canal totalled in 1875 4,863,420 tons net, of which only 1,384,900 or 28.47% used the Canal while the remainder used the Cape routes.

From Suez Consul West calculated on January 23 1875 that the new tariff had reduced the Company's income in the eight months from May to December 1874 by £74,602 or 11.65%. Receipts which had risen by 35.3% during 1873 rose by only 7.6% during 1874 while gross tonnage rose by 16.2% and British gross tonnage by 19.8%. The British share of the total tonnage rose from 72% to 74% and continued to rise from 1874 to 1878 inclusive. Receipts for the year 1874 nevertheless first exceeded £1,000,000. The regular distribution of dividends was resumed from January 1 1875, refuting the British charge that the Company was a commercial failure. Shares exceeded their par value of 500 francs for the first time since 1869 on January 25 1875. After an extra-ordinary increase in traffic during January 1875 shares rose in February by 11.6% to a premium of 15.5% by February 24. The first quotation of the shares on the London Stock Exchange from February 23 earned the Company a welcome as a prospective second New River Company and as an illustration of the great value of an absolute monopoly of an article of increasing use.[2] The Company's prospects for growth were recognised as favourable and were estimated not at the 15% of 1874 which would have been unprecedented as a regular increase after the initial stage of development but at a minimum of 5% per annum, which was the rate of increase of traffic on railways in Britain and in the foreign shipping of Britain and was below the rate of increase

1. Le Canal de Suez, 22 Mai 1877, 3. L'Angleterre et le Canal de Suez, 1860-1875.
2. Economist, March 6 1875, 273-5. The Financial Position and Prospects of the Suez Canal.

in the steam shipping of Britain.

Lesseps' position was also strengthened by the end of the rival publication of 'Le Canal des Deux Mers' after its last issue on February 25. He resumed discussions with the Porte to increase the surtax. Charles Lesseps arrived at Constantinople on April 1 to undertake those negotiations with the aid of Vogüé and Decazes. His father wrote a personal letter to Disraeli on May 9, to facilitate his son's task, and sent Marius Fontane, the new Assistant Manager of the Company, as his personal representative to London. Derby remained under mercantile pressure to secure a reduction in tolls and countered the proposals of the Company by asking for some assurance that the money raised by an additional surtax would be spent on improvement works and for the acceptance by the Company of some outside influence in its administration. Lesseps became alarmed at the threat to encroach on the internal administration of his Company and to establish external control of its budget, which he regarded as tantamount to the creation of an international commission analogous to the Danube Commission.[1] He therefore recalled Fontane from London on May 17 and Charles from Constantinople on June 29 and offered the French-reading public the historical justification of his policy in the first volume of his early correspondence.[2] With that first important contribution to the written history of his own creation Lesseps began to incorporate into the history of France what the French Treasury, the French Foreign Office and the French courts had recognised as a foreign company.

1. Voisin Bey, Le Canal de Suez (1902) II, 281.
2. F. de Lesseps, Lettres Journal et Documents pour Servir à l'Histoire du Canal de Suez (1854-1855-1856). (Paris, Didier, 1875.)

THE SALE OF THE KHEDIVE'S SHARES, 1875

"The riches of Egypt are for the foreigners therein".
J.L. Burckhardt, Arabic Proverbs, (London, Quaritch, second edition 1875), 83. No.262.

In the late summer of 1875 the reputation of the Disraeli Ministry was declining steadily with the health of its 70-year old head in an accumulation of embarrassments. Plimsoll's violent attack on Disraeli for postponing the Merchant Shipping Bill struck the first great blow on July 22 at the popularity of the Ministry. That scene "without precedent in the annals of this assembly"[1] reduced "the Sphinx" to utter distraction and inflicted a striking defeat on one who believed the conciliation of opponents to be more important than the reward of supporters. Then the ironclad 'Vanguard', the pride of the British Navy, on a recruiting cruise off Ireland was rammed in error and sunk by its sister-ship, the 'Iron Duke', on September 1[2] and so became the first capital ship in the annals of the Navy to be sunk by a collision. The decline of the Ministry's standing in the country was accelerated by the Admiralty Circular on Fugitive Slaves of July 31, which was deplored first by Delane[3] and then by the country for its savour of the Fugitive Slave Laws of the American South in its inhumane restriction of the right of captains to receive slaves on board their "floating islands" of English law. The Government felt an increasing need to restore its damaged prestige and its control over Parliament and the country. "Water, I trust, will not prove fatal to the Government. Between Plimsoll, the Vanguard, and the Admiralty Instructions and Minute, we seem in a leaky state: but it is only October, and there is time, I hope, to caulk".[4]

The means of deliverance was opportunely provided by the re-emergence of the Eastern Question. The revolt of the Christian peasantry of Hercegovina and Bosnia against their Serb Moslem landlords

1. H.W. Lucy, A Diary of Two Parliaments. The Disraeli Parliament 1874-1880. (London, Cassell, 1885) I, 106-111.
2. Manchester Guardian, September 3 1875, 5iv.
3. The Times, September 20 1875, 9iv.
4. G.E. Buckle, Life of Disraeli (1920) V, 433. Disraeli to Salisbury October 15 1875.

began to arouse the Panslav demon in Russia. It also introduced the word 'moratorium' into English[1] and precipitated the bankruptcy of Turkey on October 7 after 21 years of foreign loans. The heavy fall in Turkish stocks on the London Stock Exchange produced a sympathetic decline in Egyptian stocks,[2] the depreciation of Henry Oppenheim's unissued holdings of the 1873 Egyptian loan and a decline of 7.4% (October 7 - November 3) in the shares of the Canal Company. All interests involved in Egyptian finance were impelled into activity by their fear of a similar moratorium in Egypt and by their hope to turn the financial straits of the Khedive to their own advantage. The Prince of Wales, the first crown prince to visit India, decorated Tewfik on October 24 with the Star of India and was asked by the anglophile Nubar on October 30 for an English financial official who might give Egypt a certificate of solvency. While Turkish bondholders suggested the cession of Palestine for conversion into an independent Jewish principality by a limited company modelled on the East India Company,[3] Egyptian bondholders hoped that Egypt might become an English dependency as was publicly suggested first on October 27 by the Liberal Brassey[4] and then on November 3[5] by the Conservative Greenwood, who assured Turkish bond holders that the tribute to Constantinople would nevertheless remain a first charge on the Egyptian Treasury.[6] Simultaneous rumours on the Bourse of the sanding-up of the Canal and of the imminence of an £8,000,000 loan reduced the price of Suez shares by 6.3% (November 3 - 15), a sharper fall than that which had followed the Turkish bankruptcy. Suggestions for a 4,550-mile telegraph from "Cairo to Cape Town"[7] and even for a railway from the Mediterranean to Natal[8] were also encouraged by Stanley's exploration of Central Africa and by Carnarvon's campaign for South African confederation.

1. The Times, September 28 1875, 5iii, Vienna.
2. The Times, October 28, 6iii. J. Fowler, Egyptian Finance.
3. C. Warren, The Land of Promise; or, Turkey's Guarantee. (London, Bell, 1875), 5.
   Manchester Guardian, November 27, 7iv.
4. The Times, October 28, 6v.
5. F. Greenwood, Egypt for the English. Pall Mall Gazette, November 3 1875, 1.
6. F. Greenwood, Russians, Turks and Egyptians. Pall Mall Gazette, November 8 1875, 2.
7. The English Mechanic, November 26 1875, 278, 373 quoted by L.C. Raphael, The Cape-to-Cairo Dream. A Study in British Imperialism. (New York, Columbia University Press, 1936), 49-50, 409.
8. W.M. Thorburn, The Great Game (1875), 201.

In Cairo rival French financial groups sought to profit by plans for the restoration of Egyptian credit. The Credit Foncier had agreed in February 1875 to advance the Government first £5,000,000 and then £8,000,000 against bills falling due for payment from February 1 1876 to January 1 1877. It thereby increased its investment in the Egyptian floating debt to £10,000,000 or to 56% of the total £18,000,000 and locked up in Egypt nearly four times the amount of its own paid-up capital. To restore and maintain the price of Egyptian stocks the Credit Foncier envisaged a general consolidation of the debt with the Khedive's Canal shares as a guarantee. Its confidential agent was Jules Pastré[1] who had established the Anglo-Egyptian Bank in 1862 and bought the 351-ton 'Glencairn' in 1875 to rename it 'Suez'. For his part Ismail desired financial relief free from onerous conditions. He sought for access to a fund of credit which would never run dry and would never demand control over his expenditure. He could never accept restriction to a fixed income while Egypt was liable to famine, flood and competition in the world market any more than Lesseps could accept external control of his budget while he remained under binding obligations of honour to his shareholders. Ismail wished to mortgage his shares rather than to sell them and to a French banker as a counterpoise to the appointment of an English financial official. He wished, however, to use the prerogative of a prince and to seek help from new financial syndicates rather than from the large Credit Foncier. He accordingly accepted the services of A. Dervieu of Alexandria. His offer to mortgage his shares proved unattractive because the interest had already been mortgaged for 25 years to create the delegations in 1869. He therefore granted on November 12 an option to sell the shares.

On Sunday November 14 Henry Oppenheim, who had adhered to the Credit Foncier's scheme of a consolidation of the debt[2] and wished to disrupt Dervieu's operations, invited Frederick Greenwood to dine at his home at 17 Park Lane in Mayfair and told him that negotiations were on foot in Cairo to raise a loan on the security of the Khedive's shares. Greenwood thereupon conceived the idea of purchase by the

1. J.C., Histoire Financière de l'Egypte depuis Said Pacha, 1854-1876. (Paris, Guillaumin, 1878), 202.
2. M. Sabry, L'Empire Egyptien sous Ismail (1933), 161.

British Government and passed the information on to Derby at the Foreign Office at 10.30a.m. on the next day. The inner Cabinet first approved and then the whole Cabinet decided on November 17 "by a sort of whirlwind of agreement"[1] in favour of the principle of purchase. Dervieu failed to raise the necessary funds despite the support of the "irrepressible" Lesseps in Paris[2] and then proposed on November 19 a mortgage of the shares together with Ismail's 15% share in the profits of the Canal Company. The Credit Foncier, having succeeded in closing the Paris market to Dervieu, also proposed on November 19 to Ismail a general consolidation of the Egyptian Debt with a prohibition on any further loans, a control over expenditure and a guarantee in the shares. Decazes supported the Credit Foncier like Leon Say, the Finance Minister, but seems to have had speculative as well as political motives in view because he made no use of his Consul in Egypt.[3] Ismail was determined never to grant such control over his finances, least of all over his expenditure. He permitted himself to be persuaded on November 23 to sell his shares to the British Government, which approved the purchase-price of £4,000,000 on the same day and offered a counterpoise to the French Government which might enable the Khedive profitably to pursue a middle course between two rival suitors. Ismail also wished to discourage the resistance of Decazes and Reuvier to the judicial reform embodied in the decree of September 17 1875 which created the Mixed Courts and crowned eight years of effort by Ismail and Nubar to re-establish the control of the State over foreigners. The shares were thus sold as well as bought in a stroke of statecraft in the oldest Oriental tradition and worthy of the new serpent of old Nile. The Khedive thereby asserted Egyptian independence and made the first move in a planned campaign to enlist foreign credit in his service rather than the last fling in a career of riotous expenditure.[4] The purchase-price was equal to 37% of his 1874 revenue of £10,800,000 but was a once-for-all payment. Ismail's aim was not simply to raise money nor to rid himself of the burden of

1. A. Hardinge, The Life of Henry Howard Molyneux Herbert Fourth Earl of Carnarvon 1831-1890. (London, Oxford University Press, 1925), II, 91.
2. Lord Newton, Lord Lyons (1913), II, 86. Derby to Lyons, November 17 1875.
3. J.A., Histoire Financière de l'Egypte (1878), 204.
4. J. Marlowe, The Making of the Suez Canal (1964), 293-302.

the Canal shares but to secure continuing credit appropriate to his status and granted on his own terms.

The monies for the purchase were advanced by Nathan de Rothschild & Sons as the British Government asserted its independence of the Bank of England as well as of Parliament. The Rothschilds promised their cooperation on November 17 and so earned a commission of £152,319, or 14.47%, on the security not of the Egyptian Government but of the British Government itself. Their gains seemed to reduce British credit to the level of that of Honduras or Paraguay to the concern of the Treasury, the Bank of England and the City. The gains made on the Stock Exchange by the manipulation of Egyptian stocks were, however, far more substantial. Late on Monday November 15, after Greenwood had passed his information to Derby and had so informed Oppenheim, the buying of Egyptian stocks, especially of the 1873 loan, began on the Exchange. Those purchases were made by a very large buyer and continued steadily for the next ten days side by side with the negotiations for the sale of the shares while the market in foreign stocks remained on the whole unsettled until November 20. The market quotation of the 1873 loan rose by a daily average of one point from 54-54½ on November 15 to 62¼ on Wednesday 24[1] before the largest rises of the whole fortnight occurred on the following two days. The quotation rose on Thursday by 4⅞ points as rumours of the purchase filtered through, necessitating an evening Stock Exchange, and on Friday by 4¼ points to 72¼ when the official news arrived at 1.35p.m.[2] On Saturday November 27 when the 1873 loan had regained the pre-crisis level of October 7 it was estimated that Egyptian stocks had risen by more than £8,000,000 after the official announcement.[3] Enormous losses were sustained by the speculators for the fall who had oversold, enormous profits were made by the speculators for the rise who then unloaded their stock on to the general public in London and

1. Pall Mall Gazette, November 15 1875, 7ii.
   Manchester Guardian, November 20 1875, 6i; November 22, 4i; November 23, 4i; November 25, 4i.
2. The Times, November 26, 4i.
   Manchester Guardian, November 26, 4i.
   Daily Telegraph, November 26, 3i.
   Morning Post, November 26, 2i.
3. Observer, November 28, 2vi. City Topics. Egyptian Finance.

the provinces.[1] Everyone rushed to buy Egyptian stock as though England had just announced that she would pay the Egyptian Debt[2] rather than that she had bought the Khedive's shares. The despatch of the Cave financial mission to Egypt, rumoured from November 26 and confirmed on November 29, reinforced those expectations. On Settlement Day November 30 transactions of nearly £300,000,000 (or 76% of the total value of Consols), made during the preceding fortnight were settled through the Stock Exchange Clearing House.[3] Within the preceding eighteen days over £300,000,000 of Egyptian 1873 was estimated to have changed hands.[4] Egyptian credit was re-established in the money-markets of London, Alexandria and Cairo to the great benefit of Ismail. English interests in the solvency of the Khedive were vastly increased.

There is no evidence of the identity of the English speculators for the rise in Egyptian stocks which is more than circumstantial. Nor would the knowledge of their identity be of more than antiquarian interest unless it could throw light on the antecedents of the share-purchase and reveal a consummate ability to turn a public transaction to private profit. Suffice it to emphasise that speculation for the rise required substantial funds unlike speculation for the fall and was usually undertaken by men of means. Such was Henry Oppenheim, the only loan contractor in London whose firm was wholly dependent on Egyptian finance and had developed an unrivalled proprietary interest in the funded debt through its issue of the six Egyptian loans of 1862, 1864, 1866, 1867, 1868 and 1873.[5] His firm had withdrawn at the last moment from the private Daira Loan of 1865 which with the Daira Loan of 1867 were the only Egyptian stocks which did not appreciate in value during the last fortnight of November 1875. As the sole expert in Egyptian finance in London Oppenheim alone was aware of the secret financial negotiations in Cairo and Paris and so possessed the information denied to all other members of the Stock Exchange as well as the motive to prevent the sale or the mortgage of the Khedive's

1. The World, December 29, 6ii.
2. The Times, November 27, 6ii.
3. The Times, December 3, 4ii, L.L. Cohen.
4. The Hour, December 1, 8iii.
5. A.M. Hamza, The Public Debt of Egypt 1854-1876 (1944), 73, 88, 96, 143, 193, 209, 218-219, 222, 249.

shares through Dervieu. Oppenheim's Liberal political sympathies denied him the access to the Conservative administration which was necessary to capitalise his information in London but did not prevent him from passing on the information to the Conservative editor of a Liberal evening paper. Oppenheim may even have inspired Greenwood's clarion-call of "Egypt for the English" on November 3. He was given the credit for the purchase by such well-informed contemporaries as Labouchère and Gavard. Labouchère, who lost a reputed £80,000 - £200,000 by speculating for a fall in Egyptians,[1] published Oppenheim's own claim to have originated the idea of the purchase[2] and so provoked Greenwood to credit Oppenheim with the information rather than with the idea.[3] Gavard, the French chargé d'affaires, called Oppenheim on December 14 "the organiser of the Suez affair".[4] Oppenheim never directly claimed any such credit, being "a very retiring man who never bothered about kudos".[5] He may have been discouraged by the pressure of contemporary opinion which disapproved of the manipulation for personal gain of the Stock Exchange,[6] and vastly more of the manipulation of the State for personal ends.[7] Granville's view that the share-purchase was a "stock-jobbing transaction"[8] was shared by such other Liberals as Bright, Forster, Harcourt, Holms and Lubbock. Disraeli himself did not seek to deny in the debate of February 21 1876 the occurrence of stock-jobbing but rather rejoiced in the charge by referring to the Stock-Exchange speculation on the glorious battle of Waterloo. The house of Rothschild was nevertheless forced to remain content with its financial profits and did not gain until 1885 the peerage which had been anticipated for its head amidst the first

1. H.O. O'Hagan, Leaves From My Life. (London, Lane 1929) I, 366. The Englishman (Calcutta), December 27 1875, 3iii.
2. The World, December 8 1875, 6. Who Suggested the Purchase? The World, December 15, 9ii.
3. Pall Mall Gazette, December 8, 1-2. City Gossip and the Suez Canal
4. C. Gavard, Un Diplomat à Londres. Lettres et Notes 1871-1877. (Paris, Plon, 1895), 280-281.
5. J.W.R. Scott, The Story of the Pall Mall Gazette. (London, Oxford University Press, 1950), 203.
6. The Hour, November 24, 8iv. The Globe, December 1, 4iii.
7. B. McGill, Conflict of Interest: English Experience 1782-1914. Western Political Quarterly, 1959, 808-827.
8. A. Ramm (ed), The Political Correspondence of Mr. Gladstone and Lord Granville 1868-1876 (1952), 474. Gladstone to Granville, November 28 1875.

enthusiasm. Greenwood neither sought nor received any public recognition for his unpaid service, perhaps because he was held to have been used by others for their personal gain. Whether the State itself had been so used is another question which may at least be asked if not answered.

The official announcement of the purchase provoked, at first, general surprise with some hesitation and, then, widespread satisfaction. Thus Delane allotted England a "heavy stake" in Egypt which he increased the next day to "an abiding stake".[1] Many editors experienced a week-end conversion from neutral acceptance of the purchase to enraptured praise of its aagacity. F.H. Hill elevated the act from "bold and timely" to "bold and wise".[2] Alexander Russel was at first perturbed by the possibility of complications but then discovered the act to the both wise and fair.[3] The purchase was welcomed as much for its manner as for its content and for the energy, speed, secrecy and boldness revealed by a regime characterised until then by a spirit of square-toed humdrum, marred by its blazing indiscretions. The act was regarded as a political achievement by a government even weaker in foreign policy than in domestic policy and as an emphatic assertion of British power to the states of the Continent which had grown too accustomed to ignore Britain. The purchase was especially popular among the national classes of newspaper editors, publishers, civil servants, army officers, Anglican clergy and railway directors in an inevitable reaction against the Liberal attack of 1868-1874 on Church and State. It was also supported by the Liberal press and by Liberal M.Ps. before the first Government representative spoke on Tuesday, November 30. It gratified Northbrook, the Liberal Viceroy of India, as much as the Queen and the Prince of Wales.[4] Radicals such as Chamberlain recognised the act as a

1. The Times, November 26, 7i; November 27, 8i.
2. Daily News, November 27, 4vii; November 29, 4viii.
3. The Scotsman, November 27, 6ii-iii; November 29, 4i.
4. G.E. Buckle (ed) Letters of Queen Victoria. Second Series (London, Murray, 1926) II, 428. Queen Victoria to Theodore Martin, November 26 1875.
   S. Lee, King Edward VII. A Biography. (London, Macmillan, 1925), I, 295.

"clever thing" done by the Tories.[1] Liberal M.Ps. broke away from the express wishes of their leaders to voice their approval in public. The Liberal press of London, especially the 'Daily Telegraph' joined the Conservative press in "a shout of triumph as if the world were conquered".[2] The Liberal leaders were cowed into oracular silence in public and provoked into fuming vexation in private. Gladstone was stirred to the roots of his being by the purchase which followed so closely on the Turkish repudiation. "The manner in which it was received really makes me blush for my Countrymen and for their press".[3] The applause of the London press was re-iterated in Calcutta, Singapore Hong Kong, Shanghai and Durban[4] but not in the Liberal press of the provinces.[5] The purchase was attacked in the Gladstonian spirit by Bagehot as incomprehensible,[6] by Lord Sandhurst, C.-in-C. in India from 1865 to 1870, as an unprecedented application of State-resources and "a mischievous anomaly"[7] and by City opinion as a purchase at a high price, low interest and bad security. The general acclaim of the metropolitan press however drowned the voices of dissent and won over the dubious Northcote to the policy of the purchase.[8] Such extensive press-generated approval reflected the rise of a new public opinion distinct from the older club-moulded opinion and the triumph of the journalists over the clerisy.

The elation of the press was in part a reaction against the dullness of trade and politics during the parliamentary recess and was carried further by society. "Society was far more excited than the papers, and was far less reticent of speech. Professional men, of

1. J.L. Garvin, The Life of Joseph Chamberlain. (London, Macmillan, 1935) I, 223.
2. J. Morley, Home and Foreign Affairs. Fortnightly Review, January 1 1876, 143.
3. A. Ramm, The Political Correspondence of Mr. Gladstone and Lord Granville 1868-1876 (1952), II, 474, 476 Gladstone to Granville, December 10 1875.
4. The Englishman, November 29, 2v; Singapore Daily Times, December 14, 2v; China Mail, December 13, 2vi; North China Herald, December 16, 603ii; Natal Mercury, December 31, 3i.
5. Leeds Mercury, Sheffield Post, Manchester Examiner, Liverpool Mercury, Dundee Advertiser, Gloucester Journal, Cheltenham Examiner, Cheltenham Express.
6. Economist, November 27 1390. The Political Effect of the Suez Canal Purchase. Economist, December 4, 1417-1419. The Suez Canal Purchase as Far as We Yet Understand It.
7. The Times, December 3, 7vi. Baron Sandhurst.
8. A. Lang, Sir Stafford Northcote (1891), 274-5. Northcote to Disraeli, November 26 1875.

middle age and sober habit, were beside themselves with glee. For ten days men the most sedate and cynical raved about Egypt and India, as schoolboys rave about Troy and the Achaean League. Diplomatists toasted the Nile. Clowns joked about the Khedive in the Christmas pantomimes. Ladies and curates put their savings into Egyptian stock".[1] "For the despondent the purchase was a ray of light; for the speculator Egyptian would be up; for the trader and shipowner the tolls were to be lowered and freights raised; for the politician it floated the 'Vanguard'; for the philanthropist it liberated the fugitive-slave; for the patriot it was a peaceful triumph. To everyone the act came home with a feeling of pleasure and hope".[2] The reputation of the Ministry and of the Premier was enhanced, despite criticism by the landed gentry of the southern counties.[3] In many ways the purchase seemed eminently characteristic of Disraeli with his love of the calculated surprise, the hurried decision, the immediate triumph and his preference for peacocks over pheasants at Hughenden. His appeal to the pride and imagination of "the most enthusiastic race in the world" stemmed from a deep yearning for the admiration of the multitude[4] as well as from a recognition of its political advantages. His earlier purchases of the Blacas gems for the British Museum for £48,000 in 1867 and of the Barker pictures for the National Gallery for £10,000 in 1874[5] were similar achievements on his own responsibility which he delighted to recall. His hand was detected behind the audacity of the act by Delane, Townsend, Pollock and Tenniel.[6] He claimed the credit for himself and Rothschild,[7]

1. W.H. Dixon, The Way to Egypt. Gentleman's Magazine, February 1876, 169.
2. H.D. Wolff, The Suez Canal an International Highway. Quarterly Review, October 1876, 430
3. W.S. Blunt, Secret History of the English Occupation of Egypt. (London, Unwin, 1907), 20.
4. F. Greenwood, Characteristics of Lord Beaconsfield. Cornhill Magazine, November 1896, 590
5. The Times, February 8 1867, 12iii; The Times, June 8 1874, 7v.
6. The Times, November 26 1875, 7i. Spectator, December 4, 1508ii, Mr. Disraeli from a New Side. Saturday Review, November 27, 665, England and Egypt; December 4, 695, The Suez Canal Purchase. Punch, December 11, 245, Mosé in Egitto.
7. Saturday Bristol Times and Mirror, November 27 5v. Morning Advertiser, December 2, 5vi, The History of the Suez Canal Bargain.

especially in winning over Derby and Northcote,[1] and earned the lasting admiration of Rothschild, Greenwood[2] and Delane.[3] Most journalists of repute, however, gave the credit not to Disraeli but to Derby as did the Liberals Morley and Levy,[4] the Radicals Labouchere and Arthur Arnold[5] and the Conservatives Dicey, Dixon, Wolff and Greenwood[6]. Greenwood refuted Delane's ascription of the credit to Disraeli, affirming "The truth is that the hand is not the hand of Mr. DISRAELI, but of necessity".[7] He not only gave full credit to Derby[8] but also revealed that Disraeli appeared at first unfavourable or pretended to be unfavourable to the project.[9] Disraeli may have wished as much as Derby to be converted to an idea which he already supported. He accepted the purchase for political reasons while Derby accepted it for commercial reasons.

The purchase was greeted by the stockbroker-socialist Hyndman as "a splendid idea"[10] and welcomed by the craftsmen of London as much as by the newly-enfranchised artisans, on whose behalf George Potter commended the act as "wise, honest and useful".[11] The workingman enfranchised in 1867 seemed essentially a civis Romanus who liked national prestige because it cost him nothing and flattered his vanity. Thus the gulf between the classes was bridged by the enlistment of patriotic sentiment in a common cause, as A.B. Richards, the chief promoter of the Volunteers of 1859, explained: "Mr. Disraeli never accomplished anything in his life so likely to acquire popularity for

1. G.E. Buckle, Life of Disraeli (1920) V, 443. Disraeli to Queen Victoria, November 18 1875. G.E. Buckle, Letters of Queen Victoria second Series (1926) II, 428. Marquess of Zetland (ed), The Letters of Disraeli. (London, Benn, 1929) I, 306.
2. H.M. Hyndman, The Record of an Adventurous Life. (London, Macmillan, 1911), 233.
3. The History of The Times (1939), II, 506.
4. Fortnightly Review, January 1 1876, 141; Daily Telegraph, November 27 1875, 4vii.
5. The World, December 1 and December 5; The Echo, December 4, 2v.
6. The Observer, November 28, 4iii. Gentleman's Magazine, January 1876, 39. Quarterly Review, October 1876, 429-430.
7. Pall Mall Gazette, November 26, 1.
8. Pall Mall Gazette, December 3, 1-2; December 4, 1-2, 10.
9. H.M. Hyndman, The Record of an Adventurous Life (1911), 164.
10. Hyndman, 163-164.
11. The Bee-Hive, the People's Paper and Organ of Industry, December 4, 9ii.

his name and administration as this spirited bargain.... There are paupers not in heart, but in pocket, who delight in hearing of a national purchase like this. It is their only taste of and participation in wealth; for are they not citizens of so mighty a community, humble sharers in this magnificence?"[1] The purchase was thus admired not only in Birmingham but also in Lancashire, the pioneer of the Conservative reaction in England, the home-county of the Foreign Secretary and the home of the great majority of the working population. They welcomed warmly the prospect of imperial expansion as an intoxicating substitute for the alcohol for which they supplied the great market. "It is they who raise the money that buys the Suez Canal".[2] In Manchester the delighted C.P. Scott equated the transaction with "the purchase of the Suez Canal by England".[3] There the first public statue to Cromwell who had made England powerful by the sword was unveiled on December 1 1875. There on December 8 Northcote defended the purchase as an act of unselfishness amid repeated outbursts of applause from the Conservatives assembled in the Radical-Liberal foundation of the Free Trade Hall.

The swelling chorus of approval inevitably exaggerated the significance of the purchase and encouraged estimates that the shares would have been cheap at £40,000,000 or even at £400,000,000[4] and that the Government's act was "the greatest financial achievement of modern times".[5] Thus it was thought that England had prevented the establishment of Russian control over the Canal Company and gained supreme command of the Mediterranean with the power to prevent Russian steamers from carrying arms through the Canal to the East, so settling the vexed Eastern Question. It was even thought that a British protectorate had been established in Egypt in preparation for one in Syria and that the first Resident appointed at Cairo was Cave. It was hoped that Port Said would be made a free port by the Khedive at the request of the British Government, would attract British capital and

1. Morning Advertiser, November 29, 4iv.
2. The Times, December 8, 8i.
3. Manchester Guardian, November 27, 7iii-iv; December 7, 5i.
4. Herapath's Railway (& Commercial) Journal, November 27, 1234.
5. The Observer (Bristol), December 4, 5i.

would so become a vast depot for Eastern produce for reshipment to Mediterranean ports, so supplying the half of the entrepot trade not supplied by London.[1] That sudden wave of interest in Egypt created a new picture of the Canal in the English mind, which had regarded it first as an anti-English device of French policy and then as a triumph of engineering, a bond between East and West and a standing proof of the shortsightedness of English opposition but never as a vital British highway. Expectations could still be cherished of the imminent destruction of the Canal by God which would spare His Englishmen the cost of construction of a work of which He disapproved.[2] The material importance of the Canal in 1875 was still far below its potential importance. In economic terms it was relatively unimportant either to world shipping or to world trade. The growth of trade with America had reduced the relative importance of the Eastern trade and had made the Atlantic the main highway of world commerce. The Eastern trade itself was carried along various routes of which the Canal was less important than the Cape. For Britain the waterway was more important to shipping than to trade and more important in military than in economic terms because the British hold on India was military rather than naval. Even for military purposes its utility could not prevent the periodic revival of projects for a Euphrates Valley Railway.

The news of the share-purchase encouraged the press, especially the Conservative press, to revalue the Canal as a peculiarly national route and an indispensable highway of empire. Thus Christopher Marlowe became a far-sighted precursor of the engineer Lesseps[3] while the Canal became "the world's most important highway"[4] and "the greatest commercial highway in the world",[5] although it carried less than 2% of the volume of world trade. It was elevated to "the finest military and naval route in the world",[6] although it had never been used by troops of the two great military powers, Russia and Germany, although

1. Cook's Tourists' Handbook for Egypt (1876) 232-3 quoting the Planters' Gazette, December 1 1875.
2. Leading the Nation to Glory by Our Identification with Lost Israel, December 1, 346-9; December 8, 352-6. Egypt and the Suez Canal.
3. J.H. Pepper, The Suez Canal. R. Routledge, Discoveries and Inventions of the Nineteenth Century (1876), 163.
4. Spectator, November 27 1875, 1476.
5. The Hour, November 27, 4iv.
6. Daily Bristol Times and Mirror, November 29, 2vii.

it could not be used by the heaviest ironclads[1] and although it remained as fundamentally insecure as any route along a defile. It was allotted extensive strategic significance without reference to any other route as "the south-eastern key of the Mediterranean",[2] "the key to the Red Sea and to India",[3] "the key of our Eastern Empire"[4] and "the key to the East".[5] The Canal was exalted by the free-trade school at the expense of Egypt as "the most valuable of all the public works of Egypt"[6] and "a glorious enterprise by which the world will profit when the pyramids have crumbled into the sands of the desert".[7] Cave's conclusion that the Canal was all that Egypt had to show for Ismail's loans was accepted by most Englishmen but by few Egyptians. The Canal was also assimilated by the imperial vision of Conservatives to the sea as "a liquid highway" accidentally bounded by Egyptian soil.[8] "The Canal is, in fact, the sea".[9] 'An Englishman feels proud now that he can "paddle his own canoe" on his own canal.... No doubt we shall come to possess the whole property and build arsenals on the canal, whence we can supply India in any time of need'.[10] As the connexion between the two great seats of the human race the waterway was "the gate of the East"[11] or the "water-gate of the East".[12] "History repeats itself, though centuries may intervene between its lessons; and, as the first canal was constructed more as a defence against invasion than as a channel for transportation, it would be only a repetition of history if the Suez Canal became again the boundary line between Africa and Asia".[13] Thus Egypt became almost an appendage to the necessary stepping-stone to India and

1. C.N. Parkinson, British Intervention in Malaya 1867-1877. (Singapore, University of Malaya Press, 1960), 373 on the grounding of the 'Iron Duke' four times on its passage of March 23 1875.
2. Daily Bristol Times and Mirror, November 29, 2vii.
3. Hampshire Advertiser, December 1 2ii.
4. The Observer (Bristol), December 4, 5i.
5. China Mail, December 13, 2vi.
6. Liverpool Mercury, December 2, 6iii.
7. Journal of the Statistical Society, September 1876, 504. W. Farr.
8. Sheffield and Rotherham Independent, November 29, 2vii. Manchester Courier, November 27, 5ii.
9. The Times, February 11 1876, 8ii. H.D. Wolff.
10. Birmingham Weekly Post, December 4, 4vi. J.T. Bunce.
11. The Times, November 26, 7i. The Globe, November 26, 4iii.
12. The Standard, November 27, 4iv. W.H. Mudford.
13. The Hour, November 29, 4v. The Way to the East.

increased in value as a dependent link in a chain of empire. "Egypt is as necessary to England as Alsace and Lorraine to Germany".[1] "The Isthmus of Suez has become what Sir Walter Raleigh said the Isthmus of Darien was to Spain - the key of her Empire".[2] "What Acre was to Napoleon, or what he thought it, the Suez Canal is to us today, and as long as we hold that we have the key to Constantinople and India. Holding that we hold Turkey and Egypt in the hollow of our hands, and the Mediterranean is an English lake, and the Suez Canal is only another name for the Thames and the Mersey".[3]

Even lawyers encouraged the identification of property in the shares with property in the Canal and the Lord Chancellor Cairns concluded that a British seizure of the Canal in a future war would be the seizure of British property. Sheldon Amos, the philosophical radical and Professor of Jurisprudence at University College, London, since 1869 recognised that the logic of the purchase would compel the Government in the interest of the State to become directly or indirectly "the supreme controller of the fortunes of the Canal".[4] He could suggest no easy solution for the dilemma created by the conflict between the military and the commercial use of the waterway and by that between the divergent claims of Europe and Asia to the protection of international law.[5] Suggestions for the "pacification" or "neutralisation" of the Canal on the model of the Clayton-Bulwer Treaty of 1850[6] were firmly rejected by Conservative opinion as entailing intolerable restrictions on British freedom of action: "We must hold the Canal in trust for Europe and the world, but our legal responsibility for the management of our trust should be to God and Parliament alone".[7] The expansion of English interests also precluded the redemption of the Canal dues on the model of that of the Sound dues in 1857.[8]

1. Cheltenham Free Press, December 4, 2i.
2. Dublin Evening Mail, November 29, 2v.
3. Daily Bristol Times and Mirror, November 29, 3i.
4. S. Amos, The Purchase of the Suez Canal Shares; and International Law. (London, Ridgway, 1876), 31.
5. S. Amos, 27-29.
6. The Hour, November 29, 5v; December 2, 5v; December 5, 5v; December 9, 6i. T. Twiss.
7. Spectator, December 4, 1509-10. Europe and the Suez Canal. Gentleman's Magazine, February 1876, 173.
8. Manchester Guardian, December 30, 5vi.

The new importance of the Canal was given visual emphasis in the illustrated lecture,[1] the diorama and the opera, in the diorama of "The New Overland Route to India via Paris, Mont Cenis, Brindisi and the Suez Canal" which opened in the Egyptian Hall, Piccadilly, on February 7 1876 and in the opera "Aida" which was first performed in England on June 23 1876 at Convent Garden. Publishers consolidated the press-generated interest in the sea route to India.[2] A full account of the P. & O. steam-route to India was published by an unsuccessful rival of the P. & O. of 1856.[3] Lesseps' version of the Canal's history was imported into England by the translation of his letters and of his lecture of 1870[4] and by the publication of the first English history of the Canal by a Catholic journalist with substantial help from Lesseps. That history comprised a biography of Lesseps with chapters on the engineering and finance of the Canal and concluded that Egypt had gained enormously from the construction of a toll-gate of the most permanent kind.[5] It represented the Canal as a benefit to Britain rather than as a calamity to English commerce[6] and marine-insurance[7] or a mere ditch in the desert which needed doubling in width to be worthy of its geographical position and future capacity.[8] The nation thus lay enthralled in "its dream about the

1. R. Routledge, Discoveries and Inventions of the Nineteenth Century (London, Routledge, 1876), 162-178. J.H. Pepper, The Suez Canal. 'Eau de Suez' was advertised by 1880 and had become a familiar name by 1882. Walter Pelham's Illustrated Journal, September 25 1880, 3ii. The Times, August 12 1882, 4vi. That long-lived mouth-vaccine may have been manufactured from 1876 by Wilcox & Co. of London, which had been established in 1846 and was acquired by John J. Snook in 1873.
2. E. Ashley, The Life of Henry John Temple, Viscount Palmerston: 1846-1865. (London, Bentley, 1876) II, 325-328, Views about the Suez Canal Scheme. Palmerston to Russell, December 8 1861. Cook's Tourist Handbook for Egypt, the Nile and the Desert. (London, Cook, 1876), 220-233.
3. W.S. Lindsay, History of Merchant Shipping. (London, Low, 1876), IV, 416-446, 643.
4. F. de Lesseps, The Suez Canal. Letters and Documents descriptive of its Rise and Progress in 1854-1856. (London, King, 1876). F. de Lesseps, The History of the Suez Canal - A Personal Narrative (Edinburgh, Blackwood, 1876) Translated by H.D. Wolff. W. Chambers, Lesseps and the Suez Canal. Chambers's Journal, February 19 1876, 113-117
5. P.H. Fitzgerald, The Great Canal at Suez. (London, Tinsley, 1876) II, 56.
6. C. Magniac, On the Commercial Aspects of the Suez Canal. Journal of the Society of Arts, February 18 1876, 253-262.
7. F. Martin, The History of Lloyd's and of Marine Insurance in Great Britain. (London, Macmillan, 1876), 380-383. Appendix. A Classification of Risks: V Suez Canal and Indian Steamers.
8. The Times, April 18 1876, 5vi. J. Corbett.

Suez shares"[1] beneath the spell cast silently by a master-magician.

The news of the purchase aroused Arab hopes that Britain had ceased to support Turkey, encouraged the anti-Ottoman aspirations of the first Arab liberation society founded at Beirut in 1875 and rallied support in favour of the annexation of Syria to Egypt.[2] A new stimulus was given to the hopes centred on Palestine by Jews and British Israelites. From Dublin the British Government was advised to seize Palestine, to promise protection to all Jews desirous of returning there and to buy the properties of all who wished to sell. "Thus would be re-established a people, friendly to Great Britain and under her protection, on the only line by which Russia could have invaded Egypt".[3] From Bristol a British Israelite concluded that God had given the British Nation suzerainty of the land of Egypt by the purchase and would shortly destroy the Canal on the restoration of the lost tribes to Israel.[4] From Sheffield a fellow-believer agreed that the Canal would suffer annihilation within six years but thought that the same act of God would open up the Akaba Canal and would divert the Nile into the Sea of Jerusalem: thus British ships would sail direct from Britain into the interior of Africa, the slave-trade would be abolished and the redemption of Africa accomplished.[5] The Porte was disturbed by both the form and the substance of the transaction. It was annoyed by the Khedive's failure to consult Constantinople and to pay the customary blackmail. It was alarmed by the interpretations of the popular press in England especially by its readiness to believe that England had renounced its faith in the integrity of the Ottoman Empire, recognised the inevitability of partition and staked its claim in Egypt if Russia should take Constantinople. "We have shifted the

1. M.E.G. Duff, The Pulse of Europe. Contemporary Review, July 1876 359, 363-4.
2. D.E. Lee, Great Britain and the Cyprus Convention Policy of 1878 (Harvard University Press, 1934), 15 note.
3. Dublin Evening Mail, November 30, 4vi. Cheltenham Express, December 4, 2iii.
4. Daily Bristol Times and Mirror, November 30, 4i; December 1, 4i; December 3, 4i; December 6, 4i. Philo-Israel of Clifton (E.W. Bird). Leading the Nation to Glory, December 8, 352-356. Philo-Israel, Egypt and the Suez Canal.
5. Sheffield Daily Telegraph, July 6 1876, 8iii. F. Newbery, The Suez Canal and the Passage to India. The Nation's Glory Leader, July 26 1876, 296-299.

point of gravity of the Eastern question as far as British interests are concerned, from Constantinople to Suez".[1] "The Suez Canal is at least worth fighting for while the preservation of the autonomy of Turkey is at best a mere shadow".[2] Turkey was nevertheless forced to accept England's refusal "to merge the Suez Question in the Eastern Question"[3] by its dependence on British support against Russia and canalised its wrath into a week of warlike gestures and machinations for the dismissal of Nubar[4].

Russia was surprised by the move which could be seen as a reply to the denunciation of the Black Sea clause in 1870. The organs of commerce and the landed gentry approved the purchase while Panslav and military opinion opposed it as unilateral English intervention in the Eastern Question. "England most unceremoniously has taken the lead in partitioning Turkey" and pocketed "the key to the whole of Southern and Eastern Europe".[5] Gorchakov concealed his opinion from the British ambassadors in Petersburg and Berlin[6] but was not averse to a rupture of the Angle-French entente or to the creation of a precedent for Russian expansion at Ottoman expense. Russia nevertheless replied to the transaction by sending to Egypt at the end of 1875 General Rostislav Fadeyev, a Panslav leader and aspirant to the command of the Egyptian Army.[7] The Grand Duke Alexis also toured the Canal on March 23 1876 in the company of Lesseps in reply to Cave's proprietary tour on January 6-8. Germany made no reaction save such as Bismarck dictated. Bismarck was delighted because the act offended Russia as well as France and shattered the Anglo-Russian-Austrian 'coalition' of May 1875 in defence of France. Thereby it increased English dependence on German goodwill and restored Germany's freedom of action in a

1. The Observer, November 28 1875, 2vi. E. Dicey.
2. Manchester Evening News, November 29, 2iii.
3. Pall Mall Gazette, December 10, 2. F. Greenwood.
4. Manchester Guardian, December 2, 4vii, 6iii.
5. The Times, December 9, 5iv quoting the Moscow Gazette. The Times, December 10, 7i, 5ii. Manchester Guardian, February 19 1876, 8i.
   G.B. Smith, Ferdinand de Lesseps. (London, Allen, 1893), 180-182.
6. A. Loftus, The Diplomatic Reminiscences of Lord Augustus Loftus, P.C., G.C.B. 1862-1879. Second Series. (London, Cassell, 1894) II, 145-146.
   W. Taffs, Ambassador to Bismarck. Lord Odo Russell First Baron Ampthill. (London, Muller, 1938) 116.
7. F.J. Cox, Khedive Ismail and Panslavism. Slavonic Review, December 1953, 161-163.

world of five Great Powers in unstable equilibrium. Thus Bismarck was not annoyed by the purchase as Queen Victoria had hoped. He rather extended his hearty congratulations to the British Government in having done "the right thing at the right moment"[1] and so became the first foreign statesman to offer congratulations. He was also encouraged to designate Egypt as Britain's share in the event of the peaceful partition of the Ottoman Empire and so hoped to avert conflict between England and Russia through mutual compensation in non-competing spheres The offer of Egypt made by Bismarck on January 2 and again on February 19 1876[2] was not accepted by Derby, who thereby encouraged a closer association of Germany with Russia and Austria.

Decazes, who had asked for Russian support on November 25 to block any plans for a British occupation of Egypt, was infuriated by the purchase. He enacted a ritual outburst of bad temper on first hearing the news in the presence of Blowitz on November 25 but hoped in vain to repeat his earlier coup when he had secured publication in 'The Times' of May 6 1875 of his article on "The French Scare". He made soundings to muster support against England in Vienna, Rome, Athens, Constantinople and, above all, in Petersburg on November 27.[3] He also sought to secure the dismissal of Nubar by the Sultan,[4] asked the British ambassador in Paris on November 30 whether Ismail had the right to sell the shares without the Sultan's consent and blamed the Bank of France for insisting on usurious terms for a loan. On December 3 he published in a justificatory Yellow Book the diplomatic correspondence about the Canal between the British and French Foreign Offices since 1872. In 1876 he appointed a new French Consul in Egypt and began to work actively against Cave's schemes of financial re-organisation. Throughout his remaining eighteen months of office

1. W. Taffs, Ode Russell, 122-116, November 29 1875. Manchester Guardian, December 2 1875, 6iii.
2. G.H. Rupp, A Wavering Friendship: Russia and Austria 1876-1878. (Harvard University Press, 1941), 92.
   W.N. Medlicott, Bismarck and Beaconsfield. A.O. Sarkissian (ed), Studies in Diplomatic History and Historiography in Honour of G.P. Gooch. (London, Longmans, 1961), 228, 232.
3. Pall Mall Gazette, December 6 1875, 7ii.
   C. Bloch, Les Relations entre la France et la Grande-Bretagne. (Paris, Editions Internationales, 1955), 251-252.
4. Documents Diplomatiques Francaises 1er Serie, II, No 20, Decazes à Bourgoing, 29 Novembre 1875.

Decazes retained a distrust of England. He suffered immediate attacks from the Legitimist, the Bonapartist and the Catholic press and was defended only by the official and the Orleanist press. "The Suez Canal is about to become a second East India Company.... The seizure of the Suez Canal by the English Government inaugurates a new type of conquest.... conquest by mortgage"[1] "Henceforth the Suez Canal has become an English possession, a new Gibraltar".[2] Gambetta's organ demanded the resignation of Decazes for his lack of radical nationalism and his failure to understand the world function of the French flag:[3] it blamed Rouvier for Ismail's reluctance to resort to the Paris money-market because of the delay of his committee in reporting on judicial reform in Egypt. At Versailles a caucus of the Left discussed the purchase at great length on November 27 but decided that the time was not opportune to raise it in the Assembly.

France as a nation remained still paralysed by the shock of Sedan[4] and dependent on Britain for support against Germany since the war-scare of May 1875. Thus she could not regard the transaction as an affront comparable to the Hohenzollern candidature of 1870 or as an Asiatic Sedan. All her attention was concentrated on home rather than on foreign affairs, on the definitive acceptance of the Republic and the final rejection of the Monarchy after 1,000 years. The Suez Canal was not yet deeply embedded in French traditions. The traditions it represented were those of the Empire rather than those of the Nation. Thus it lay under the cloud of infamy which surrounded the imperial party in the 1870s. "The Suez Canal was made a national question formerly, and is again today. Yet there never was a question less national for France than this".[5] The transaction was seen as a threat to Egypt rather than to Suez, which was identified with England in the tradition of Lamartine. France could recognise no national

1. Journal des Debats, Novembre 27 & 29, John Lemoinne quoted by C. Lesage, L'Achat des Actions de Suez (Novembre 1875). (Paris, Plon, 1906), 228.
2. A. Neymarck, Finances Contemporaines. (Paris, Guillaumin, 1905), 80, 82. Le Canal de Suez.
3. La République Francaise, 30 Novembre, 2iii; 1 Décembre, 1-2; 2 Décembre, 2ii; 3 Décembre, 2v-vi; 7 Décembre, lvi.
4. Pall Mall Gazette, December 11, 10ii. F. Greenwood, France and Egypt.
5. The Times, April 14 1876, 3iii. Blowitz quoting a French statesman of "high authority", perhaps Say or even Decazes.

interest in the road to India before the imperial expansion of 1883-1885. The Canal was used almost exclusively by English shipping, English warships and English troopships. Even if it was used by French warships, the Navy was a costly exotic import into France, unlike the Army. Trieste and Brindisi had derived double the advantage from the Canal of Marseilles, Cette or Toulon. The failure of Dervieu and Lesseps to acquire the Khedive's shares for French interests affected French capitalists rather than the French nation. The 40,000 shareholders holding 178,659 shares or 44.7% of the total were small investers rather than high finance. They were wounded in their pride by the transaction but benefited in their pocket as their shares rose by 150 francs or by 22.2% (November 24-29) on the Bourse, where sentiment was at a discount. France also retained 5/6 of the total assets of the Company of £24,000,000.

Egypt's credit was restored by the establishment of relations with the first financial power of the world and the leading financial house of Europe. Ismail was able to order on December 1 a punitive expedition of 11,000 to Abyssinia but remained short of cash and was faced by the prospect of a mission of enquiry under Cave instead of the single official he had requested. He mooted on November 25 the possibility of a sale of his 15% share in the profits for £1,200,000 - £1,600,000, an offer which was rejected by Derby on December 6 and left the way open for renewed competition between English and French financial interests. He succeeded in securing the promulgation by France on December 25 of the Law of Judicial Reform sanctioning the new Mixed Courts. The shares which Ismail had sold were "a very peculiar property" in Bagehot's opinion.[1] They had been deprived of their coupons in 1869 when the delegations were created. Thus they would receive no dividends before 1894 but only 5% interest per annum from Ismail in lieu of their coupons. Nor would they receive the dividend on the participating shares which gradually replaced the capital shares through amortization from 1876. Their market-value was only 36.8% of the actual purchase-price while the other 63% was represented by the delegations. They formed 44% of the ordinary shares but possessed only the ten votes allotted to the British

1. Economist, December 4 1875, 14181.

Government by the Company on December 8 while each of the 270 shareholders attending the general meeting had at least one vote and a similar maximum of ten votes under the Company's statutes. Future friction was almost inevitable with France over "an undefinable bit of England located in Egypt, subject to the laws of France".[1] From mid-December a reaction against the over-valuation of the purchase began to be voiced by northern Liberal M.P.s[2] and by the Newcastle Chamber of Commerce in its memorial of December 16 to the Foreign Secretary. On the day after Cave's arrival in Egypt on December 16 Derby addressed the Conservative Working Men's Association at Edinburgh and delivered a completely different interpretation of the transaction from that which had been generally accepted. His speech provoked thunders of applause as he first touched on the purchase but continued in a stunned silence as he demolished the popular press-generated illusions and minimised its significance to the last degree. He explicitly disclaimed such unjustified imputations as "a wish to establish a Protectorate over Egypt, an interested reversal of our policy on the whole Eastern question, or an intention to take part in a general scramble (for that) which does not belong to us".[3] He denied any deep-laid scheme and implied that the Government had taken a leap in the dark in self-defence. He disclaimed all ulterior motives other than that of the security of the passage through Egypt to India. "We seek no exclusion, no monopoly, only a secure passage for ourselves, and the same security we are willing that all the world should enjoy".[3] Derby did not reveal the source from which the security of passage was threatened nor, out of deference to Lesseps, the manner in which the purchase of the shares had increased that security. He concluded dryly that there was no reason why the State should lose a penny by the transaction in the end. His exposition had required considerable moral courage but disheartened all the enthusiasts for a spirited foreign policy, earned him rebukes from Greenwood, Dicey and Townsend[4] and impelled Disraeli towards Salisbury.

1. The Times, December 14 1875, 4i. C. Magniac.
2. Hull News, December 18 1875, 4v. C.M. Norwood.
3. The Scotsman, December 18, 8i.
   The Times, December 18, 6iv.
4. Pall Mall Gazette, December 18, 5ii. Observer, December 19, 4vi. The Times, December 20, 9i. Manchester Guardian, December 20, 5ii. The Spectator, December 25, 1617-1618. Lord Derby on Turkey and Egypt.

His speech was a reassurance to the offended susceptibilities of foreign powers and a warning that England would not permit "the roguery of the Khedive"[1] to draw her into the vortex of Egyptian finance. It enabled Lesseps, who had followed Cave and Stokes to Egypt, to offer Ismail on December 20 a loan of £2,000,000 at 9% on the security of the 15% share in the Company's profits and so began the battle of the loans.[2] The full significance of Derby's speech was expounded by the irrepressible Harcourt on December 30 in a speech which shocked Delane. "Since the speech of the Foreign Secretary, the whole aspect of the question has been completely changed, both at home and abroad. Up to that time a sort of glamour had invested a very plain business with the unnatural haze that distorts the true proportion of things. There was something Asiatic in this mysterious melodrama. It was like the 'Thousand and One Nights' when in the fumes of incense, a shadowy genie astonished the bewildered spectaters. The public mind was dazzled, fascinated, mystified. We had done, we did not know exactly what, we were not told precisely why, omne ignotum pro magnifico.... England had at length resumed her lead amongst the nations. The Eastern Question had been settled by a coup d'état on the Stock Exchange. Turkey was abandoned to her fate. Egypt was annexed. The Bulls of England had vanquished the Bears of Russia. Moab was to be our washpot, and over Edom we had cast our shoe. France and M. de Lesseps were confounded. We were a very great people and we had done a very great thing; and to consummate the achievement, a Satrap from Shoreham, attended by a troop of financial Janissaries, was despatched to administer the subject provinces of the English Protectorate on the Nile.... We, all of us, felt some six inches taller than before. We spread our tails like peacocks to the sun, and were as pleased as children at our soap-bubble, iridescent with many hues. But, all of a sudden, this beautiful vision melted away; the Egyptian mirage evaporated; the great political phantasmagoria

1. A.T. Wilson, The Suez Canal. Its Past, Present, and Future. (London, Oxford University Press, 1933), 53. E. Hammond to A.H. Layard, November 30 1875.
2. J. Tagher, Les Dessous de la Mission Cave. Cahiers d'Histoire Egyptienne, Octobre 1952, 205-222.
J. Bouvier, Les Intérêts Financiers et la Question d'Egypte (1875-1876). Revue Historique, Juillet 1960, 81-83.
J. Bouvier, Le Crédit Lyonnais de 1863 à 1882. (Paris, Imprimerie Nationale, 1961) II, 668-676.

faded like a dissolving view.... Lord Derby is a great master of prose, and he has translated the Eastern Romance into most pedestrian English .... And so the nine days' wonder is over, the enchantment is at an end, and the chariot of Cinderella relapses into its original pumpkins and mice. (Great laughter) .... Now that this great affair is reduced to the moderate dimensions of a sort of post-office subsidy, we may criticise it".[1]

The shares reached Portsmouth on December 31st on the Indian troopship H.M.S. 'Malabar', whose captain was granted £500 or far less than he had asked for carrying "treasure", and were stowed in the vaults of the Bank of England on January 1st. Lesseps signed a protocol of agreement at Ismailia on January 3rd with Stokes. Nubar's resignation on January 5 after the speeches by Derby and Harcourt and the payment of the last instalment of the purchase-price by Rothschilds produced a sharp fall in Egyptian stocks in London. Sir George Elliot, the contractor for the harbour-works of Alexandria, presented Ismail on January 12 with a sbheme for the consolidation of the Egyptian Debt and for its management by a specially-created branch of the financial administration which would include two Englishmen. That scheme proposed to reduce the capital of the Debt by 20% to £65,000,000 and its interest-rate by 1% to 6½%, so saving £250,000 per annum at the expense of the French. Cave's support for the scheme provoked the intervention of the new French Consul in opposition on January 14. When Cave cabled on January 24 that he might be obliged to give provisional approval to Elliot's scheme Derby immediately forbade him to do so and ordered him on January 26 to return to London. Thus the English withdrawal from Egypt began, disappointing Ismail's hopes that he might benefit by the competition between English and French to lend him money.

Hostile analyses of the purchase as a bad bargain, a poor investment, a political folly and a legal anomaly were published by leading intellectuals[2] while Bradlaugh began to deliver weekly protest

1. The Morning Post, December 31st 1875, 6ii. A.G. Gardiner, The Life of Sir William Harcourt (London, Constable, 1923) I, 294-295.
2. H. Reeve, The Suez Canal. Edinburgh Review, January 1876, 250-280. J.R. Jefferies, Suez-Cide!! Or, How Miss Britannia Bought a Dirty Puddle and Lost her Sugar-Plums. (London, Snow, 1876, 20pp) C. Magniac, On the Commercial Aspects of the Suez Canal. Journal of the Society of Arts, February 18 1876, 253-262, 277-284, 302-3, 341-3.

lectures. Sir George Campbell, who had been Lieutenant-Governor of Bengal from 1871 to 1874 and Member of the Council of India in London in 1874-75, delivered the most trenchant attack on the purchase of a large share in "a great Egyptian property" as a loan to a foreign ruler at great risk but without the compensatory high interest-rate which Ismail would have been compelled to pay in any of the money markets of Europe.[1] Such a direct subsidy or financial protectorate was the worst and most dangerous form of protectorate, encouraged creditors to seek usurious terms as well as their complete fulfilment and could only end in a political protectorate over a land where the ordinary land revenue was tenfold the average rate in India. Campbell recognised the lure of Africa as a possible "gigantic Java or Ceylon"[1] but warned Britain against the belief that it was a matter of life and death to maintain the Canal route under all possible circumstances and against further official interference in Egyptian finances. "We cannot so interfere without making ourselves in some sort responsible, and creating financial hopes and expectations, compared to which our own £200,000 per annum is a small sum".[2]

On February 8 1876 Queen Victoria, robed in the imperial purple, opened Parliament for the first time since 1871 and asked it to approve the act of her Ministers ten weeks earlier. Disraeli explained for the benefit of Lesseps that the world was governed by conciliation and compromise and for the benefit of the public that the Canal had increased the security of the great chain of fortresses between London and India, emphasizing English maritime rather than territorial interests in the Canal in that revival of his catenary metaphor of 1863. In Egypt the Mixed Courts were inaugurated on February 1 with £40,000,000 of foreign claims outstanding against the Government. On February 8 Ismail accepted with regret a loan of £2,000,000 from Pastré's Anglo-Egyptian Bank with his 15% share in profits as a guarantee and on February 10 a loan of £700,000 from André Dervieu. The success of the Credit Foncier encouraged Elliot to present his scheme in more detail to Ismail on February 11[3] and Decazes to propose

1. G. Campbell, Our Dealings with Egypt, and the Possible Results. Fortnightly Review, February 1 1876, 167.
2. G. Campbell, 173.
3. Observer, March 5 1876, 5iii; April 2, 3iii, Manchester Guardian, April 3, 6ii.

on February 14 an Anglo-French control of Egypt's finances. Derby refused on February 19 to join France in such a control. The criticisms of the purchase compelled the Government to present three batches of supporting parliamentary papers on February 9, February 11 and February 14 and to spread the debate over two days, February 14 and February 21. In the debate on February 21 the private member H.D. Wolff was chosen to answer Lowe's attack on the Government as an authority on the Suez Canal, the translator of Lesseps' lecture-history[1] and the pseudonymous defender of the Government in 'The Times'.[2] Gladstone attacked the transaction as obscure, unconstitutional and illusory. He ridiculed the Government's argument of the security of the road to the East by referring to the speech of a parliamentary candidate at Manchester. "He said, is not the Prince of Wales in India, and is not the Princess of Wales in England, and are we going to put the Prince to the hazard of not coming home by the nearest route?"[3] Gladstone concluded that the best way to avoid future apprehension and embarrassment would be to distribute the shares among the members of the Cabinet as a small acknowledgement of their services in the transaction from a grateful country. He was so infuriated as to publish a syllabus of 21 questions from his speech on the purchase[4] and retained thenceforward an unconquerable distrust of the route-to-India argument. Sir George Campbell thought that English commerce could not be carried on in wartime by the aid of a chain of fortresses through the Mediterranean separated by 2,000 miles. The Liberal Roebuck however defended the Premier and so earned membership of the Privy Council. Norwood, the shipowner and opponent of Plimsoll, was the only private Liberal member openly to deplore the principle of the purchase on behalf of the commercial community of Hull. The Liberal leaders recognised the support of their own followers for the Government and refused to force a division. Disraeli said the English people wanted the Empire to be maintained and would not be alarmed even

1. F. de Lesseps, The History of the Suez Canal - A Personal Narrative (Edinburgh, Blackwood, 1876).
2. Memnon, The Suez Canal. The Times, January 20 1876, 8; January 26, 4.
3. Hansard, Commons Debates, February 21 1876, 598. Gladstone.
4. The Times, February 24 1876, 8iii.

if it were increased. The cheers which greeted that assertion provoked Herbert Spencer to use "the Suez Canal business" in association with British expansion in Fiji and Perak to illustrate a wider social metamorphosis, the reversion from the industrial to the militant type of society and from voluntary to compulsory cooperation and the tendency to disregard the principles of free government in the name of military exigency. "Military officialism everywhere tends to usurp the place of civil officialism".[1] Even the Canal Company attained a military unity under Lesseps. "It was drilled under M. de Lesseps as an army under its commanding officer - they moved forward, halted or receded, just as he chose to give the word of command".[2]

Lesseps signed with Stokes after four weeks of negotiations the Cairo Convention of February 21 1876.[3] Lesseps thereby accepted on behalf of the Canal Company the decisions of the Conference of Constantinople regarding the measurement of tonnage in return for the prolongation of the surtax, which the increase in traffic threatened immediately to reduce and then abolish under the procedure laid down in 1873. The British Government agreed to undertake negotiations whereby the surtax would be eliminated through a sliding-scale of six successive stages at fixed dates independent of the increase of traffic. The surtax would be reduced first from January 1 1877 and again from January 1 1879 and would then be reduced four times more on January 1 of each year between 1881 and 1884. The original counter-proposals made by Lesseps in 1874 were thus partly met by making the reduction of the surtax more gradual. In return Lesseps agreed to spend £40,000 per annum for the next thirty years on the development of the Canal in addition to its ordinary maintenance. He also withdrew his claims against the Porte which had averaged £9,200 per month and totalled £1,921,700 for the period from April 1874 to January 1876. He ended his protests against the Convention of Constantinople and the four-year war against the clients of the Canal. The Convention of

1. H. Spencer, The Principles of Sociology. (London, Williams, July 1876) I, 603.
2. Hansard, Commons Debates, February 21 1876, 595. Gladstone.
3. Egypt No. 9 (1876). Further Correspondence regarding the Suez Canal. (C-1525 of 1876), 14-18

Caire encouraged engineers to contemplate a double canal for northbound and southbound traffic at a cost of £10,000,000. Lesseps however limited the expenditure of the Company on improvement to the stipulated annual £40,000. On February 28 he dismissed his London agent, D.A. Lange who after 19 years of service to the Company had been revealed as "too English in his feelings"[1] by the publication on February 9 of his unofficial correspondence with Granville in 1871[2]. Thereby Lesseps demonstrated the absolute nature of his power, unrestrained by any influence which the British Government could exert, and his unswerving opposition to any English bid to take over the Company. The Exchequer Bonds Bill was passed on March 6 to raise a 35-year loan of £4,080,000 at 3½%, or 1½% less than Egypt was paying Britain in interest, from the P.O.S.B. The Khedive's shares were thus bought with the money placed by the small investor in the institution created by Gladstone in 1861. The transaction was kept separate from the ordinary finance of the year on the inauspicious precedent of the payment of the Alabama indemnity. Northcote established a new Sinking-Fund and raised the income-tax by 1d from 3d, the first rise in the tax in peace-time since 1842. The financial cost of the shares remained much less than its political cost.

Disraeli was determined not to abandon Turkey to Russia and not to accept the Russian solution of the Eastern question implicit in Bismarck's offer of Egypt. He was also alarmed by the size of Ismail's liabilities and by the Khedive's inclination to accept a French financial solution. He therefore followed Northcote's express disclaimer of March 6 of any overt interference with Egypt's finances by the equally public refusal on March 23 to guarantee an £18,000,000 loan to consolidate the Egyptian Debt, declaring that Ismail did not wish the Cave Report to be made public. Thereby he finally disentangled his administration from the Egyptian morass into which he had unwittingly trodden in November 1875 and annihilated the expectations built up among the investors in Egyptian stock. The

1. Hansard, Commons Debates, March 6 1876, 1427, Gladstone.
2. Egypt No. 2 (1876) Correspondence Respecting the Suez Canal (C-1392 of 1876), 145-6 Lange to Granville, April 3 1871. The Times February 29 1876, 9vi; February 1 1877, 11vi. Saturday Review, March 11 1876, 318-319. Incidents of the Suez Canal Discussion.

resulting panic on the Stock Exchange, where the 1873 loan fell from 62-63 on March 23 to 51½-52½ on March 30, made the establishment of British control of Egypt and "the true approach to our Indian possessions"[1] a moral obligation in the eyes of English bondholders. The defeat of the Egyptian troops in the valley of the Gura in Abyssinia on March 6-8 destroyed the prestige of Ismail's Circassian officers and generals and shattered his expectations of speedy returns from his new empire in the south. The publication of the Cave Report on April 3 and the failure of Pastré on April 5 to float an unguaranteed loan of £10,000,000 - £14,000,000 precipitated Ismail's bankruptcy. His last wholly independent act of authority was to postpone on April 7 the payment of the Treasury bonds due in March and April for three months. In Paris the Great Syndicate of bankers was formed under Hentsch on April 8 while in London a panic-fall on the Stock Exchange drove the 1873 loan down to 42-46 on April 12 and to 40-42 on April 13, a decline in value of 33% in three weeks. That financial collapse doomed Fowler's proposal for an Alexandria-Cairo-Suez Canal.[2] On May 9 the decrees of May 2 and May 7 were promulgated, establishing a Commission of the Public Debt and a General Unified Debt of £91,000,000 and favouring the French holders of the floating debt at the expense of the British holders of the consolidated debt. Derby demonstrated his dissatisfaction with Ismail's acceptance of a French scheme. On May 10 Vivian replaced Stanton, the unfortunate consul-general who had neglected to keep Derby informed of the negotiations proceeding in Cairo in November 1875, had failed to keep Nubar in power and had not protected British interests in Egypt. Derby refused to make official British appointments to the new Commission of the Public Debt. He was not responsible for the Cave mission and its results which Lowe described in the Commons on August 5 as a tragedy in four acts, intrusion, inquisition, suppression and repudiation.

The general meeting of the Canal Company on June 27 1876 was attended by only 273 shareholders, or 40% of those present at the excited meeting on March 12 1872, and heard the Report for 1875 which

1. G.C. Chester, Some Truths About Egypt. Fortnightly Review, April 1 1876, 580-590.
2. Manchester Guardian, April 12 1876, 5iii.

showed a profit for the first time in the history of the Company. During 1875 receipts rose by 15.4% to exceed the 1855 estimate of thirty million francs for the first time and to prove wrong the 'Economist's' forecast of a 5% rise per annum. The average price of the 500-franc share for the year rose by 60% to 674 francs, or to a premium of 35%. Net profits rose by 60% making possible the first full distribution of surplus profits for the year 1875. Derby had nominated on June 26 three English directors to the Company, Stokes, Rivers Wilson and Standen. Wilson had been a Treasury official since 1856 and Comptroller-General of the National Debt since 1874 and was also a great friend of the Rothschilds. Standen had been Stokes' old secretary on the Danube Commission. H.D. Wolff was not named a director and repeated his plea for an international administration of the Canal. The three new official directors-elect were prevented by the Company from taking their seats on the board because they lacked the statutory qualification of 100 shares apiece. On August 5 Parliament therefore voted a further £9,200 to buy 300 more shares in the open market at a cost of over £8,000. The directors held these shares under bond and paid the dividends received thereon to the Treasury. A Treasury minute of July 17 fixed salaries of £800 for the resident director, Standen, and of £300 plus expenses for the two non-resident directors.

The acquisition of the shares stimulated a new activity along the Suez route by Anglo-Indian interests which justified the purchase in retrospect. The improvement of the port of Bombay from 1875 was geared to the Canal's depth of 26 feet, as was that of the ports of Aden, Madras and Singapore from 1876. On the eastern flank of the Suez route Arabia excited aspirations to open Mecca to the march of civilisation[1] and attracted Doughty to join the pilgrimage of 1876 from Damascus as a confirmed Nazarene in quest of Biblical inscriptions and reckless of the wave of indigenous unrest which swept Asia in 1872-1875. The Maghrebi pilgrims proved unusually insulting to the Europeans at Suez in 1876 in defiance of the local authorities. Anglo-Indian policy sought to extend its control of the Suez route

1. I. Burton, Arabia Egypt India (1879), 93.

and to protect Aden against any renewed threat from Egypt, which Derby had warned off Somaliland on November 23 and off Abyssinia on December 17 1875. The Treaty of January 23 1876 with the Mahri Sultan of Qishn and Socotra precluded him from alienating his island except to the British Government. Aden also became the scene of the first official rite on the new route to India. Lytton's gaudy and theatrical ambition had been intoxicated by his transfer from Lisbon to Calcutta, by the introduction of the bill to bestow the imperial title on the Queen of India and by the commissioning of H.M.S. 'Orontes' as "an Imperial troopship".[1] He toured the Canal on March 24 on his overland passage through Egypt and landed from the 'Orontes' in state on April 1 at Aden as the first point of his new dominions,[1] so seeking to impress the local population and creating the precedent followed by every later viceroy at Aden and Bombay. Northbrook became the first returning Viceroy to use the Canal en route to Brindisi in the Indian troopship 'Tenasserim' in 1876. Pender's duplication of the Suez-Bombay cable followed the introduction in 1875 of duplex operation and the interruption of the line for eighty days in 1875-76. The cable-laying ships 'Hibernia', 'Kangaroo' and 'Seine' passed through the Canal to link Suez to Aden (October 27 - November 11 1876), Aden to Bombay (February 23 - March 7 1877)[2] and Penang to Rangoon on April 7 1877. Pender then made in 1877 a joint-purse agreement with the Indo-European Telegraph Company and sought a subsidy from Zanzibar for an Aden-Natal cable,[3] so encouraging Donald Currie to plead for a west-coast cable from England to South Africa.[4] The monthly service begun by Mackinnon in 1876 between London and Calcutta brought the British India Line out of the coastal trade and into the long-distance trade in direct competition with the P. & O. for the first time. In reply the P. & O. extended its China terminal from Hong Kong to Shanghai and adopted the auxiliary rudder for the better navigation of the Canal. The British India Line helped to increase Calcutta's

1. E.H. Seymour, My Naval Career and Travels. (London, Smith, 1911), 177
2. J.U. Bateman-Champain, Telegraph Routes between England and India. Journal of the Society of Arts, May 10 1878, 529.
3. R. Coupland, The Exploitation of East Africa 1856-1890 (1939), 301-2, 323.
4. Journal of the Royal United Service Institution, March 2 1877.

shipments of rice via the Canal above those shipped via the Cape for the first time in 1876. The increase in steamer competition in the Calcutta trade stimulated the voyage of the clipper 'Coriolanus' to Calcutta in 69 days via the Cape, a record equalled but never beaten. Mackinnon also began from 1876 to project an East African Company[1] as an inland extension of his Aden-Zanzibar service and an essential organ of legitimate commerce in place of the slave-trade from the interior which was prohibited by the Sultan of Zanzibar on April 18 1876.

The deterioration of the situation in the Balkans drew England inexorably but unaccompanied towards Constantinople. To avoid isolation as in the war-scare of 1875 Bismarck was compelled to become the associate of the revolutionary powers of Russia and Austria in their bid to subvert the status quo in the Balkans and to partition Turkey like Poland in the 18th century. Britain had no prospect of active French support for its conservative Turkish policy as in 1853 and experienced growing pressure to accept compensation for the expected gains of Russia and Austria, especially after the insurrection spread from Hercegovina to Bulgaria on May 2, the news of the Bulgarian atrocities of the Turkish irregulars was published on June 23 and Gladstone's pamphlet on 'The Bulgarian Horrors' rallied Christian, Nonconformist and Liberal opinion from September to the side of Russia. Thus Bismarck in his memorandum of October 20 again assigned Egypt as Britain's share in any partition of Turkey in exchange for the liberation of Turkey's subjects north of the Balkans. The Tory-Turkish-Moslem interest in England was, however, more tempted by the emerging prospect of a new empire based on Constantinople and under the rule of an English duke, his Russian wife and Anglo-Indian administrators.[2] Disraeli's acceptance of partition in his letter of September 4 to Derby ushered in six months of debate within the Government as to where the British share should be taken. Disraeli firmly rejected Bismarck's suggestion of Egypt. "Our strength is

1. Coupland, 302-3.
2. G.E. Buckle, The Letters of Queen Victoria Second Series (1926) II, 475-6. 27 Aout 1876, King of the Belgians to Queen Victoria. The Times, September 11 1876, 6ii, M.E.G. Duff.

on the sea. Constantinople is the Key of India, and not Egypt and the Suez Canal".[1] Thereby he refuted Tenniel, completed his withdrawal from the Egyptian snare of 1875 and dissociated himself from the supporters of a forward policy in Egypt. He sought a naval base for a policy based on naval power, a Malta or a Gibraltar in the Aegean or even in the Black Sea rather than in the South-East Mediterranean. He considered such bases as Crete, Rhodes, the Dardanelles and Gallipoli in his wish to divert Anglo-Indian enterprise and English capital to Turkey rather than to Egypt, ignoring pleas for the annexation of the Egyptian road to India. "So surely as Russia is setting her face towards Constantinople must England concentrate her attention on Egypt, Port Said and the Suez Canal".[2] "Our gate to India is Port Said, the entrance of the Suez Canal".[3] Disraeli, however, hoped to protect the Canal by naval power and sent H.M.S. 'Fawn' to survey the Port Said entrance, so leading the Association of the Chambers of Commerce of the United Kingdom to submit a memorial to Derby on December 12 in favour of the neutralisation of the Canal. British policy focussed on Constantinople rather than on the Canal and was drawn towards Cyprus after the Conference of Constantinople by Colonel R. Home's suggestion on February 8 1877 of an alternative to the Dardanelles[4] and by Disraeli's preference for "some unexpected act to the constant writing of State papers".[5] Unofficial English interest centred on the Holy Land rather than on Egypt.

French interest in Egypt grew after the creation of the Commission of the Public Debt and the establishment by the Credit Lyonnais, the largest bank of deposit in France, of a branch in Port Said in September 1876. The formation of the unofficial Angle-French Dual Control of Egypt's finances by the Goschen-Joubert agreement of November 18 1876 was welcomed by the French as a permanent basis of

1. G.E. Buckle, The Life of Disraeli (1920) VI, 84. Memorandum by Lord Barrington, October 23 1876.
2. The Times, December 26 1876, 9i-ii M. Monier-Williams, The Suez Canal. M. Monier-Williams, Modern India (1878), 18.
3. H.M. Havelock, Constantinople and Our Road to India. Fortnightly Review, January 1 1877, 121 quoting the advocates of Egypt against Turkey.
4. D.E. Lee, Great Britain and the Cyprus Convention Policy of 1878 (1934), 174-177.
5. A. Hardinge, The Life of the Earl of Carnarvon (1925) II, 355, April 21 1877, Disraeli in Cabinet.

French influence in the administration of Egypt. That Control secured the payment of 78% of Egypt's revenue in 1877 to the bondholders, although the Nile flood was the lowest in 150 years, and brought Evelyn Baring to Egypt as the first British Commissioner on March 2 1877. Baring encouraged Ismail to resist suggestions by the French Commissioner in 1877 and 1878 to suspend the payment of the 5% interest to the British Government on the Suez Canal shares. French influence however spread through the new Mixed Courts which were French in language, law and administration and extended their protection to the Canal Company. The new Mixed Civil Court of Ismailia could hardly function otherwise than as a Company court in a Company town, as the Company administration could hardly avoid giving speedy passage to French mail steamers and delaying the mail steamers of the P. & O.[1] Thus it showed a consistent tenderness in its decisions for the rights of the Company against individual litigants and declared itself on April 20 1876 competent to hear a suit for the price of land lodged by the Company against a French widow because the Company was neither French, Ottoman or Egyptian but international.[2] On the other hand it declared itself on January 15 1877 incompetent to hear an action for damages against the Company because the Company was not a commercial company carrying on trade. The mortgage on October 20 1877 of the Khedive's 15% share in the Company's profits to the Great Syndicate of Paris bankers satisfied some of Ismail's richest creditors, especially the Credit Foncier, at the expense of Egypt's last financial interest in the Company. The growth of French influence evoked the demand for "Egypt for the Egyptians".[3]

The purchase of the Khedive's shares aroused some unease in France which encouraged proposals for the repurchase of the Canal by means of a toll on French shipping[4] and the capture of the heroic legend of Suez from the Empire for the Republic, especially after the Republican victory in the elections of 1876. The incorporation of some study of

1. The Times, January 14 1878, 7vi.
2. Y. van der Mensbrugghe, Les Garanties de la Liberté de Navigation dans le Canal de Suez. (Paris, Pichon, 1964), 196-8.
3. J.C. McCoan, Egypt As It is (1877), 85.
4. The Times, June 28 1876, 51.

the Canal into the educational curriculum was facilitated by the spread of the study of geography in French schools from 1872 and by the postwar efflorescence of geographical societies. Waddington as Minister of Public Instruction decided in 1876 that a lecture on the Canal should be given annually in every lycée in France by the Professor of History and Geography and ordered a hundred models of the Canal.[1] Those models were small reproductions on the scale of four feet to the hundred miles of the Canal, of the large-scale model made by Vice-Admiral Edmond de Paris, Curator of the Naval Museum of the Louvre and President of the Academy of Sciences. His model was displayed in the Suez Canal Room, the Salle de Lesseps, at the Louvre and described in a notice published on its first exhibition in 1875. Lesseps himself extended the basis of the French tradition of the Canal by publishing the first two volumes of his letters in 1875 and the third in 1877. In 1876 the first novel ever written about the Canal appeared[2] based on the reminiscences in 1873 of the foreman Montezuma Goguel. That national and popular work with an anti-clerical bias and an anonymous workman as its hero went through five editions in the year of its publication. It successfully extended the French affection for Egypt to embrace the isthmus of Suez as a little France, identified the Canal with France and urged its renaming the Canal de Lesseps. Thus the Canal was divorced from the imperial regime which had sponsored its creation and became a means of reconciling the new France to the old France amid the growing tension between Left and Right. As an achievement of eternal France, the pioneer of civilization and the benefactor of humanity, the Canal became part of the layman's new religion of republicanism which blossomed on the loss of the monarchy. The acceptance of the Canal into the pantheon of the Republic preceded the observance of Bastille Day from 1880 but coincided with the fall of French Canal tonnage in 1877 below the level of the preceding year after six successive years of increase, making the Canal seem to have been made by the French "for the English in spite of the English".[3]

1. The Times, September 20 1876, 9v.
2. E. Erckmann & P.A. Chatrian, Souvenirs d'un Ancien Chef de Chantier à l'Isthme de Suez. (Paris, Hetzel, 1876).
3. Léon, Le Canal de Suez et la Politique. Journal des Economistes, Juillet 1877, 145.

The second great boom in sea-canal projects after that of 1869 extended French interest from Suez to Panama. That canal boom of 1876 was encouraged by the completion of the Dutch North Sea Canal (1865-76) with basin-intervals on the Suez model, the remarkable growth of traffic through the Suez Canal, the share-purchase by the British Government, the distribution of the first dividends by the Canal Company and the distribution on July 1 1876 of the first dividends on the founders' shares. At least ten schemes were proposed including projects for a White Sea-Baltic Canal, a Black Sea-Caspian Sea Canal, a Samoyed Canal from the River Ob to the Kara Sea, a Channel-Mediterranean Canal, a Biscay-Mediterranean Canal, a Seine Canal, a Manchester Ship Canal, a Gabes Canal, a Congo-Zambesi Canal and a Nicaragua Canal.[1] That rash of projects perhaps encouraged the astronomer Schiaparelli to announce in 1877 his discovery of 'canals' on Mars. It also inspired some Arabs of Aneyza in Arabia, where no rivers existed, to ask Doughty in 1878, "Might there not be made a canal through Nejd?"[2] Lesseps himself favoured the idea of a Congo-Zambesi Canal to link Dakar to Madagascar but accepted the presidency of a committee formed on March 24 1876 by the Paris Geographical Society to study the question of an American Interoceanic Canal after American interest had revived in the Nicaragua route. On his advice Lucien Napoleon Bonaparte Wyse, a grand-nephew of Napoleon I, was sent to explore the isthmus between November 1876 and April 1877, so diverting Bonapartist support to a Panama Canal.

Lesseps had been thitherto neglected by public opinion as expressed in elections but grew in status as the Republic accepted his creation as the greatest achievement of the century. His nomination was sought in 1876 as an opposition senator to the candidate of Marshal Macmahon, the President of the Republic, and in 1877 as a government deputy for Paris by Macmahon and Decazes[3] after the coup of May 16 1877 and Macmahon's attempt to govern through a junta of generals rather than through the Assembly. He became the president of the French National African Committee established on March 24 1877 under

1. Appleton's Annual Cyclopaedia, 1876, 252-256. Engineering.
2. C.M. Doughty, Travels in Arabia Deserta (1921) II, 421-2, 438.
3. L. Bridier, Une Famille Francaise. Les De Lesseps (1900), 413-419.

the inspiration of Leopold of Belgium, lectured on the colonisation of Africa at the Paris Exhibition of 1878 and so sought to divert the rising ardour of the Republic into colonial expansion. The incorporation of the Canal into the French tradition aroused opposition only from Bordeaux which complained on February 11 1878 that the Canal was a cause of the decay of its trade. The ageing Flaubert remembered his unfulfilled ambition of 1862 to study the interpenetration of East and West, especially the barbarisation of the West and the civilisation of the East". "If I were younger and richer I would revisit the Orient in order to study the modern Orient. A great book about the isthmus-of-Suez Orient is one of my old dreams".[1]

1. G. Flaubert, Correspondance. (Paris, Conard, 1930) VIII, 94. Flaubert à Mme. Roger des Genettes, 10 Novembre 1877.

THE RUSSO-TURKISH WAR, 1877-1878, AND THE SCRAMBLE FOR THE OTTOMAN EMPIRE.

The deterioration of relations between Russia and Turkey encouraged Nubar to visit England in order to urge the annexation of Egypt by England and thereby his own restoration to power.[1] Thus the Eastern crisis continued to open new prospects of empire as well as new horizons of danger. The declaration of war by Russia on April 24 1877 under the pressure of Panslav, Orthodox and military opinion transformed the Canal into a potential scene of warlike operations and aroused concern in Britain for the right of passage acquired during the previous seven years. As a ditch in the desert the waterway could be blocked easily and quickly and rendered useless in 24 hours as natural straits could not.[2] Both belligerents made use of the Canal. Russia was the eighth largest user in 1876 when 14 ships of 23,916 tons had passed through under the Russian flag. Turkey was the fourteenth largest user, more for her troops than for her commerce, while Russia had sent no troops through the waterway. The Canal belonged to Turkey as the suzerain of Egypt as much as the Caledonian Canal did to England. Turkey was entitled to control its navigation and even to use it for warlike operations. She might stop all navigation either by scuttling ships in the channel or by removing the beacon lights in the Little Bitter Lake. Russia in reply might also seek to block the Canal or more feasibly to blockade its approaches. Thus English merchants and shipowners as well as shareholders in the Canal Company became concerned for the security of navigation.[3] English opinion sought to treat the Canal as an arm of the sea uniting the northern and southern oceans and thereby to bring it out of the sphere of land-power into that of sea-power. More advanced private opinion began to think in terms of the cession of the Canal by Turkey to England and the establishment of English rights over the isthmus or even over Egypt itself. Such ambitions

1. Die Grosse Politik, Band 2, 148. Munster to Bismarck, April 24 1877
2. The Times, May 22 1877, 8i.
3. The Times, May 4 1877, 4vii; May 19, 6vi. C. Magniac.

exaggerated the value of the Canal, which carried only 1/28 of the total commerce of Britain and had far less strategic security than the Canadian rail link from the Atlantic to British Columbia.[1] They also assumed, as Gladstone emphasized in the debate of May 7 on the Eastern question, that the English had rights in the Canal quite distinct from those of the rest of the world and were entitled to assert their mastery without regard to the interests of the other portions of mankind. English opinion in Alexandria was content to urge the neutralisation of Egypt and "the denationalisation of the Canal".[2]

Derby's Note of May 6 expressed a Cabinet decision of May 1 and gave the world the first official intimation of the degree of British interest in the Canal. It asked Russia to respect as primary British interests the Suez Canal, Egypt, Constantinople, the Straits and the Persian Gulf, affirming "the necessity of keeping open the communication between Europe and the East by the Suez Canal: an attempt to blockade or otherwise interfere with the Canal or its approaches would be regarded as a menace to India and a grave injury to the commerce of the world".[3] Thus Britain did not deny Russia's right to blockade the Canal but asked Russia to refrain from the exercise of that right lest Britain should abandon her passive neutrality. Derby's Note evoked the conciliatory reply of May 18 by Russia who renounced therein her belligerent rights against the Canal, considered "as an international work", and excluded Egypt from the sphere of her military operations. That renunciation was an act of grace rather than the acknowledgement of any legal obligation. It cost Russia very little while it avoided friction with England and the other users of the Canal. Russia lacked the interest, the desire and the means to undertake operations against Egypt or the Canal. She concentrated all her efforts and hopes on the Balkan approaches to Constantinople. She had only a limited direct interest in the Canal from which her base in the Black Sea was cut off by the Turkish Straits while her base at Vladivostock lay at the furthest end of her line of maritime communications.

1. J.C.R. Colomb, Imperial and Colonial Responsibilities in War. Journal of the Royal Colonial Institute, May 15 1877, 321-2.
2. The Times, May 16 1877, 4iv. Alexandria, April 29.
3. The Times, June 25 1877, 5ii, 8i.

The exchange of notes established that no hostilities should take place in the Canal and no blockade at its mouths; the ships of war of belligerents might use the waterway on those conditions including those of the belligerent territorial power. That bilateral arrangement infringed on the sovereign rights of Turkey, which was thereby expected to permit such free passage of her foe through the Canal as would be denied through a natural strait. The Canal was far less vital for commerce to Turkey or to Egypt than it was to Britain or even to Russia. Although its destruction would not have damaged the material interests of Turkey or Egypt the exclusion of Russian warships was deemed a sufficient safeguard of Ottoman imperial interests. By agreement between the Porte and the Khedive the Canal was closed from May 10 to Russian warships and its entrances were placed under the surveillance of H.F. M'Killop.[1] Lesseps' proposal of May 10 for the neutralization of the Canal was rejected by Derby on May 16: thus England resisted neutralization in 1877 as in 1856. British determination to defend freedom of transit through the Canal was shown in the arrival at Port Said on May 16 of a British squadron of six ironclads, the first such despatch of a foreign naval force to the Canal in history. Although no sailors or marines were landed, rumours of the movement of German and Italian squadrons to Pelusium showed the reluctance of the powers to permit a single state to establish itself as the guardian of the waterway. The British squadron left Port Said on May 19, the day after the Russian renunciation of her belligerent rights against the Canal. The British withdrawal undermined Bismarck's plan of May 27 for an Anglo-Russian agreement which would establish British control of Egypt and Russian control of the Black Sea. Disraeli continued to focus his interest on the southern maritime approaches to Constantinople.

Five days after a cartoon in 'Punch' showed a Russian bear in a boat in the Canal with casks of dynamite[2] a plot was reportedly discovered to make the waterway unnavigable by blowing up its banks with nitro-glycerine.[3] That report coincided with a sharp increase in

1. Hansard, Commons Debates, May 11 1877, 726. G. Errington.
2. Punch, June 16 1877, 271.
3. The Times, June 22 1877, 5vi quoting Le Temps of June 21.

the threat to the Ottoman Empire as Russian troops crossed the Danube. Ismail promptly appointed on English advice a Commission of Supervision to prevent such attempts.[1] He was as much concerned to prevent the use of Turkish troops as to preserve the security of transit. He had no ironclads and could not use mines at Suez or in the waterway but he organised an Egyptian canal police by land and water at the cost of several thousands of pounds. Eight infantry stations on the banks escorted land travellers across the isthmus, to prevent damage to the banks or to the water-pipe to Port Said. Six patrols of mounted police ranged from Suez to Port Said. Passing ships were watched night and day by two gun-boats, steam-launches and rowing-boats. M'Killop Pasha was appointed to take charge of the Surveillance Force and was raised to the rank of Field-Marshal for his services. Those symbolic precautions could not deter a determined and active foe. Lemasson, the Chief Engineer of the Canal Company since 1873, considered how best to deal with the blocking of the waterway by a sunken ship and decided that the easiest way would be to dredge a new channel around it in five to six days, so laying down the Company's tactics for any future emergency. The Turkish Note of June 21 to Derby accepted the principle of the free navigation of the Canal by neutrals but reserved to the Porte the right to fight the enemy's vessels:[2] that note remained unpublished by the Foreign Office. The scare-report of June 22 inspired a pamphlet published on June 25 urging the fulfilment of "the mission of England in the Land of Egypt"[3] and ranking Gibraltar as a costly toy in comparison to the Canal.[4] That pamphlet recommended the purchase of the rights of the shareholders of the Canal Company for £20,000,000, the purchase of the suzerainty of the Porte over the Canal for £5,000,000, the establishment of a permanent alliance with the Khedive, and the extinction of the Egyptian Debt by a Government guarantee for £3,250,000 per annum. The establishment of England's territorial right to the Canal, supported by fortifications, observation

1. Manchester Guardian, July 9 1877, 8i. The Times, April 1 1878, 4i; June 12 1878, 11vi. H.F. M'Killop.
2. The Times, June 25 1877, 5ii, 8i.
3. An Englishman, England in Egypt. The Highway to India. A Proposal Submitted to the People of England by an Englishman. (London, King, 1877, 18pp), 13.
4. Ibidem, 6.

posts and gun-boats, was to be followed by the extinction of the bulk of the Canal tolls and perhaps by the duplication of the channel.

In June Nubar returned to England and the friendliest reception from the Foreign Office, the India Office, the Treasury, the War Office and the City[1] but was given no encouragement by Derby for an English occupation of Egypt. His friend Edward Dicey, who had been interested in Egypt since his first visit in 1869, came to his help with an article like a trumpet-blast.[2] Dicey urged England to occupy the isthmus of Suez and the Nile Delta so as to profit from the prostration of France by the war of 1870, by the Russian threat to Constantinople and by her own policy of free-trade which would mollify Italy, Spain, Portugal and Holland. He asserted that England's choice lay between strengthening her hold on Egypt and weakening her hold on India because a Russian fleet on the Bosporus could reach Port Said long before reinforcements could arrive from Malta. He thought it would be advisable to buy out the Canal Company for under £15,000,000 but essential to hoist the British flag at Port Said and Suez, to undertake the military occupation of the Canal and the isthmus and to establish a British Resident at Cairo. "The same causes which compelled us the other day to annex the Transvaal Republic in the south of Africa compel us also to occupy the Isthmus".[3] Dicey was supported by the growing interest in the opening-up of Africa and by the Free Trader Emile de Lavaleye who urged the occupation of both Egypt and Cyprus as the logical sequel to the purchase of the shares.[4] Bismarck renewed on July 6 his offer of Egypt to England in return for the Russian annexation of Armenia and the Russian freedom of the Dardanelles.[5] The crisis, however, became less urgent as the defence of Plevna blocked the Russian advance on Constantinople for four long months.

The Government remained fixed in its determination to require an island base near Constantinople. Conservative opinion disliked Dicey's

1. Die Grosse Politik, Band 2, 155. Munster to Bismarck, June 28 1877
2. E. Dicey, Our Route to India. Nineteenth Century, June 1877, 665-685.
3. Dicey, 685.
4. E. de Lavaleye, British Interests in the Present Crisis. Fortnightly Review, July 1 1877, 25-34.
5. G. von Bunsen, Germany and Egypt. Nineteenth Century, September 1877, 167-175.

suggestion which would present England to the world "in the character of a sort of Methodist Pirate".[1] The greatest spokesman of the Liberal Opposition rejected the proposal with a vehemence that was the greater since he had himself considered Dicey's idea in 1870. Dicey renewed his appeal for the occupation of the Canal as an expedient which was possible without war, cost, resistance or injustice "Since the abolition of West Indian slavery, no single act of our Government could do so much to lessen the sum of human misery and suffering as the establishment of a British protectorate in the isthmus".[2] Gladstone however rebutted the fundamental premises of his argument by denying that Russian supremacy at Constantinople would imply the closure of the Canal, that the Canal was the only route to India and that India was of value to England as a source of tribute. He stressed the value of the Cape route which many had forgotten "as completely as if that route lay by the North-West Passage"[3] and reduced the stoppage of the Canal to a mere question of profit and loss. Above all, he stigmatised the suggested occupation as a political crime which would end cordial relations with France and asked "whether to protect a few score miles of Canal, we are to take the charge of two thousand miles of territory?"[4] "What I seek to impress is, that territorial questions are not to be disposed of by arbitary limits; that we cannot enjoy the luxury of taking Egyptian soil by pinches. We may seize an Aden and a Perim, where there is no already formed community of inhabitants, and circumscribe a tract at will. But our first site in Egypt, be it by larceny or be it by emption, will be the almost certain egg of a North African Empire, that will grow and grew until another Victoria and another Albert, titles of the Lake-sources of the White Nile, come within our borders and till we finally join hands across the Equator with Natal and Cape Town, to say nothing of the Transvaal and the Orange River on the south, or of Abyssinia or Zanzibar to be swallowed by way of viaticum on our journey. And then, with a great empire in each of the

1. Saturday Review, July 14 1877, 33. England and Egypt.
2. E. Dicey, The Future of Egypt. Nineteenth Century, August 1877, 12
3. W.E. Gladstone, Aggression on Egypt and Freedom in the East. Nineteenth Century, August 1877, 156 reprinted in Gleanings of Past Years, 1851-77. (London, Murray, 1879) IV Foreign, 341-365.
4. Gladstone, 161.

four quarters of the world, and with the whole new or fifth quarter to ourselves, we may be territorially content, but less than ever at our ease".[1] Goldwin Smith was also alarmed by projects to make England mistress of all the water communications of the globe and to recreate the Roman Empire in the nineteenth century. He perceived that the overland route pivoting around "the fatal Canal" demanded Syria as well as Egypt and East Africa for its protection and yet remained open to attack from every port between Cherbourg and Port Said. He blamed the share-purchase for having served as the signal for the demolition of the Ottoman Empire by powers each seeking their own interests. "Already our nervous anxiety about the canal has brought an avalanche of calamity on the world".[2] In rebuttal Dicey could only invoke the manifest destiny of England to bear the burden of an Empire and the absence of set purpose in the growth of that Empire,[3] four years before Seeley's first lecture of 1881 on 'Tendency in English History'.

The debate over the expediency and morality of an English occupation of the Canal undoubtedly strengthened Ismail's determination to maintain his rights to the full and remove any possible pretext for British intervention in Egypt. On July 5 the Government of Egypt issued at the behest of the Porte a circular to Foreign Agents[4] closing the Suez Canal to Russian vessels for the duration of the war but keeping it open to neutral vessels. Such a declaration of the neutrality of the Canal was in accordance with international law but remained an isolated precedent so that the very existence of the circular could later be doubted.[5] After the mysterious arrest of an Armenian or Maltese with a chest of dynamite cartridges for blowing up the Canal, the steamers on watch were increased from two to four while the Admiralty ordered warships to Port Said to undertake a careful resurvey of the sandbank at the entrance.[6] In reply Russia authorised

1. Gladstone, 158-9.
2. G. Smith, The Policy of Aggrandizement. Fortnightly Review, September 1 1877, 321.
3. E. Dicey, Mr. Gladstone and our Empire. Nineteenth Century, September 1877, 295.
4. H.D. Wolff, The Suez Canal and the Egyptian Question. Quarterly Review, October 1887, 448.
5. B. Avram, The Evolution of the Suez Canal Status from 1869 up to 1956. (Geneva, Dres, 1958), 30.
6. The Times, July 24 1877, 6i; Manchester Guardian, July 26, 7iii.

on August 15 the issue by her Consul-General in London of certificates of protection against seizure by Russian cruisers to ships clearing from British ports with coals for Port Said for commercial use.[1] Thus Russia asserted its belligerent rights over coal destined for belligerent use and by implication over coal for the guard warships at Port Said. The Institute of International Law at Zurich on September 13 was sufficiently concerned to begin to consider the legal status of the Canal.

English interest increased in Egypt after the end of Ismail's Abyssinian ventures, the establishment of the Anglo-French Control in 1876, Ismail's appointment in 1877 of Gordon as Governor-General of the Sudan and the conclusion of two Anglo-Egyptian Conventions. On August 9 1877 Ismail accepted a convention for the suppression of the slave-trade.[2] The Convention of September 7 1877 recognised Egyptian jurisdiction over the coast of the Red Sea as far south as Ras Hafun and gave England a diplomatic document wherewith to exclude other powers from the Red Sea but revealed official concern with Egypt only as the guardian of the route to India. The creation of the Anglo-French Control reinforced the growing mystical interest in the monuments of Egypt and the growing appeal of Egypt as a winter resort, which led James Cook to open a hotel at Luxor in 1877 and the Australian author James Bonwick to ask "what a future for Africa to contemplate, should Egypt be our colony in the North, as the Cape in the south?"[3] The shipment of the obelisk from Alexandria, sanctioned by Ismail on March 10 1877,[4] was undertaken by private interests to symbolize England's growing concern with Egypt rather than with Turkey but was only completed after five months (September 21 1877 - January 20 1878). The growth of interest in Egypt was countered by the revival of the Euphrates Valley Railway from November 1877 after the completion

1. The Times, August 25 1877, 8v.
   E. Hertslet, Commercial Treaties. (London, Butterworth, 1880) XIV, 1150.
2. H.L. Hoskins, British Policy in Africa 1873-1877. A Study in Geographical Politics. Geographical Review, January 1942, 147-8
3. J. Bonwick, Pyramid Facts and Fancies. (London, Paul, 1877) 6, August 28 1877.
4. T. Mackay, The Life of Sir John Fowler Engineer. (London, Murray, 1900), 266-267.

of the Indus Valley Railway on June 8 1877, the revival of friction between Bombay and Karachi and the publication of Burton's second study of Sind.[1] Sir Henry Hoare as a member of the anti-Russian deputation to the Foreign Office on November 28 1877 expressed in vain to Derby his fear of a Russian Euphrates Valley Railway competitive with the Suez Canal.[2] Lesseps was praised by a British archeologist for the energy which had enabled him as a single untitled individual to succeed where great kings with nations at their disposal had failed[3] but was expected to be succeeded as President of the Company by an Englishman, after the first three English directors took their seats on the board in 1877.[4] After the fall of Plevna pro-Turkish zealots in England depicted the resumed Russian advance as a menace to the Suez Canal. On January 9 1878 Turkey appealed for an armistice while the Commissioners of the Egyptian Debt demanded from Ismail a general inquiry into the finances of Egypt and so began a new phase of encroachment on the independence of Egypt. The annexation of Egypt was advocated on January 14 by the Radical Dilke at Chelsea while the Liberal Campbell urged the purchase of the full pecuniary interest in the Canal Company by fair and honest means.[5] Standen as Resident Director in Paris paid a long winter visit to Egypt (January 10 - March 28 1878) to inspect the Canal works.

After Russian troops entered San Stefano on February 23 in their advance on Constantinople Bismarck again urged Egypt on the British ambassador in Berlin.[6] The Treaty of San Stefano of March 3 annulled the Treaty of Paris of 1856 and created a Big Bulgaria which was expected to be a Russian satellite overshadowing Constantinople. To secure British acquiescence in the peace-treaty the German ambassador in London urged Egypt on Derby on March 9, with some unofficial support.

1. R.F. Burton, Sind Revisited (London, Bentley, 1877), II, 319.
2. The Times, November 29 1877, 61.
3. J.W. Grover, Suez Canals from the Most Ancient Times to the Present. Journal of the British Archaeological Association. December 1877, 448.
4. E. de Leon, The Khedive's Egypt (1877), 39.
5. G. Campbell, An Inside View of Egypt. Fortnightly Review, January 1 1878, 47, 42
6. W. Taffs, Ode Russell, 218. February 25 1878.

Thus Brassey urged a joint Anglo-French protectorate of Egypt with the Delta allotted to France and the Canal to England[1] while Sir George Elliot thought that the harbour he had built at Alexandria could serve as a British naval base for the protection of the Canal.[2] Disraeli decided to summon troops from India as a substitute for Austria, to take Cyprus from Turkey and to compel Russia to submit the Treaty of San Stefano to a Congress of Europe. He capitalised on the upsurge of jingoism fifteen years after the humiliating retreat by Palmerston and Russell over Denmark and Poland and forced his decisions through the Cabinet on March 27, compelling Derby to resign. The succession of Salisbury to the Foreign Office began a new era in British foreign policy and ushered in a new forward policy in Egypt, Asia Minor and the Levant in general. Dicey was encouraged to argue that Russia could not be allowed to dominate Egypt, the isthmus and the Canal. "Our flagstaff in other words, should be planted at Port Said - as it was at Perim".[3] The collective protest by Austria, Germany, England, France and Italy on March 28 secured the appointment on March 30 by Ismail of a commission of enquiry into Egypt's finances. That commission was intended by Ismail to discover how he should pay his debts but by Baring to enquire into expenditure as well as revenue, to produce an unfavourable report and so to facilitate the deposition of the Khedive. Lesseps accepted the presidency of the commission in order to prove that Egypt was solvent[4] but after visiting the Canal (April 18-22) with Rivers Wilson he remained in Ismailia, leaving the effective presidency to Wilson. His retirement confirmed that Egypt's bankruptcy was due to the double disaster of the low Nile of 1877 and high Nile of 1878 rather than to the Suez Canal because Lesseps would otherwise have ensured that the commission returned a report favourable to the Canal Company.

The instrument of the new imperial policy was the Indian military contingent, whose movement Parliament was allowed to learn of from the

1. The Times, March 9 1878, 8ii.
2. B.F. Cobb, Egypt: its Commercial Changes and Aspects. Journal of the Society of Arts, March 22 1878, 361
3. E. Dicey, England's Policy at the Congress. Nineteenth Century, April 1878, 796.
4. The Times, June 6 1878, 5iv.

newspapers on April 17, the day after it had adjourned for the holidays The troop movement was decreed by Disraeli, organised in Bombay and executed with the help of the P. & O. The demand for transports created employment for some of the steam shipping rendered idle in the harbours of India by the depression of 1878 but was mainly met by the transfer of home shipping from commercial to strategic use, causing a delay of at least 25 days. The Indian troop movement provoked a Russian naval reaction and the Tsar's decision on April 8 to equip American-built privateers with Russian crews at Philadelphia for operations against British merchant vessels.[1] The announcement on May 2 that three ironclads would meet the troopships at Port Said was followed by the British offer to Egypt of as many more ships as its Navy might require to protect the Canal and Red Sea,[2] encouraging speculations by the British colony in Egypt on a possible British occupation of the Canal. "Port Said and Suez, it is said, are both without defences, either of casemates or earthworks, and the Canal will fall as easily as a ripe pear into the hands of any great naval Power that has a fancy for it".[3] The thirty transports, including one dhow and 16 sailing vessels with their better accommodation for horses, reached Aden on May 9-10 and began to arrive at Suez on May 16. As the ships began to pass through the Canal on May 18 signs appeared of a Russian move from San Stefano on Constantinople and the Russian ambassador Shuvalov left Petersburg for London. The ships passed through between May 18 and May 21, facilitated by Egypt as well as by the Canal Company. The 12 steamers passed through in 30 hours on the average while the 16 sailing vessels were towed through by eight tugs in 44 hours on the average. The last substantial use of the Canal by sailing vessels was thus made at a speed seldom before exceeded. Some of the former animation of Suez revived as the 8,412 Indian troops and followers passed northwards, seven years after the first use of the Canal for the transport of British troops.

1. L.I. Strakhovsky, Russia's Privateering Projects of 1878. A Page in the History of Russian-American Relations. Journal of Modern History, March 1935, 26.
2. H.L. Hoskins, The Suez Canal as an International Waterway. American Journal of International Law, July 1943, 375. Paunceforte to Vivian, May 3 1878.
3. The Times, May 15 1878, 5vi.

The troops began to leave Port Said on May 19 not for Cyprus but for Malta, where they were concentrated at the end of May and reviewed on June 19 by the Duke of Cambridge in the first inspection of the Indian Army by the English C.-in-C. and in partial fulfilment of his aspirations of 1857. Those 8,000 troops could fulfil no practical purpose against the four million troops which the five Great Powers could bring into the field. They served, however, as both vanguard and symbol, intimating to Russia that she faced two empires rather than one and that Britain could draw on her military reserves in India with great facility. The expedition revived the demand for speedy railway communication with India[1] but proved the utility of the Canal to a fleet of vessels seeking to pass through very quickly[2] and the military value of the Suez route to the British Government. It strengthened the need to neutralize the Canal in time of war by a treaty with Turkey on the model of the Clayton-Bulwer Treaty of 1850 so as to preserve the essential freedom of passage for troopships and warships.[3] It paralysed trade by the threat of war and especially deterred commerce from the use of the Canal route but achieved its aim. The Salisbury-Shuvalev Protocol was signed in secret on May 30, the day after the last transport left Port Said. That agreement gave Russia Batum in return for her renunciation of the Big Bulgaria of San Stefano and in compensation for the English gain of Cyprus under the secret Convention of Constantinople of June 4. Russia replied to England's use of her Indian reserves by despatching on June 13 a Russian mission from Tashkent under "the De Lesseps of Turkestan" to Kabul. Lytton's excessive reaction to that mission produced the disastrous Afghan War of 1878-9 and the endless quest thenceforward for a "scientific frontier". Britain replied to the threat of Russian privateers by completing inland telegraph lines across Canada and South Africa in 1878 and by fortifying from 1878 Aden, Karachi, Bombay, Rangoon, Singapore and Table Bay.

1. F.J. Goldsmid, On Communications with British India under Possible Contingencies. Journal of the Royal United Service Institution, June 14 1878, 675-698. The Times, June 25 1878, 11vi.
2. The Times, June 10 1878, 4i; June 18 1878, 10iv.
3. J. Macdonell, The Legal Position of the Dardanelles and Suez Canal. Fraser's Magazine, May 1878, 662.

The Malta Expeditionary Force was the first military expedition ever sent from India to Europe. The summons of that force by a constitutional state from a despotic state was without precedent in peace-time and aroused an English response comparable to that of the Roman Senate on the crossing of the Rubicon by the legions. Goldwin Smith attacked the appearance on the European scene of such barbarian mercenaries as the harbingers of a third Indian war and of an orientalized England.[1] Meredith Townsend deplored the removal of the greatest single restraint on arbitary government by the separation of the army from the nation. In his view Disraeli understood and loathed the British Constitution, which he had subordinated to the Indian Empire. Disraeli had opened up an inexhaustible recruiting-ground in Asia which cost nothing but money. He had made the Indian Empire into a seventh Great Power and brought it to the very doors of a jealous Europe, so adding enormously to the powers of the Crown within the Empire outside the British Isles. No such alteration in the military position of England had taken place since she replaced feudal retainers and train bands by regular regiments. Such a Carthaginian use of mercenary swords in the service of empire revealed the "deep, inner vulgarity of soul"[2] of those whom Macaulay had thought the "hereditary nobility of mankind". The temptation to conquer the Turkish Empire in Asia from the European side without the sacrifice of a single Englishman reflected the new spirit of a degenerate society:

> "We don't want to fight.
> But, by Jingo, if we do
> We won't go to the front ourselves,
> But we'll send the mild Hindoo."

In the debates in Parliament the Liberal leaders remained timid or apathetic, although the move was attacked by Lord Selborne on May 20 for its infringement of the Mutiny Act and by Sir George Campbell on May 23 for its use of the Indian Exchequer to bypass parliamentary control of supply. Those protests ensured that the cost of £748,000 (or £100 per soldier) was not borne by the revenues of India[3] and permitted the Commons reluctantly to accept the move on May 23 by 347 to 226 votes.[4]

1. G. Smith, The Eastern Crisis, Fortnightly Review, May 1 1878, 652
2. M. Townsend, The Summons to the Sepoys. Spectator, May 4 1878, 556
3. D. Nairoji, Poverty of India. (London, Brooks, 1878).
4. The Times, May 21 and May 27 1878.
   Punch, May 25 1878, 235. Our "Imperial"Guard. June 8 1878, 258-9. The"Dark Horse" (Sepoy).

The troop movement raised the question of the dividing-line between the British and Indian Governments and between the constitutional and despotic armies of the State, revealing how the isthmus of Suez had superseded the old charter limits of the East India Company at Alexandria. A.J. Balfour thought that it could not be dangerous to bring Indian troops to Malta if it was not dangerous to bring them to Aden. "What mystic virtue was there in the Isthmus of Suez, that it should be so wrong and unconstitutional to bring Indian troops through it?"[1] Gladstone disagreed and asked "What lessons shall we send back to India with our regenerated native armies? Shall we have one level for Englishmen and Indians on this side of the Isthmus of Suez, and two levels on the other?"[2] The Indian soldiery and press, especially the Moslem press, received the order with the same cordial approval as Calcutta, as proving the confidence of the Crown in the Indian Army and erasing the stigma of disloyalty left by the Mutiny of 1857. The approval of India counterbalanced the disapproval of England. The move converted a threat to British power in India into a bastion thereof, enlisted the martial ardour of India in the cause of imperial prestige and inspired even orthodox Hindus with the will to cross the sea in defiance of their religion.[3] India desired, however, more than to attain military equality with England: she wished to pit a trained Indian army against a trained European army in Europe itself.

The passenger tolls levied by the Canal Company on the troops provoked a protest by the P. & O. on June 11 but were levied again when the troops were repatriated in August and September 1878. The expedition raised the number of military personnel using the Canal in 1878 by 18,827 or by 47.7% to 58,292 and the total number of passengers by 36.2% to 99,209. The protection of the passage of the Canal from acts of war by an International Act was demanded in August 1878 by the Association of the Reform and the Codification of the Law of Nations meeting at Frankfort-on-Main and including merchants and shipowners

1. Hansard, Commons Debates, May 21 1878, 410. A.J. Balfour.
2. W.E. Gladstone, Liberty in the East and West. Nineteenth Century, June 1878, 1166.
3. The Times, April 1 1878, 5i; July 15, 5i-ii; July 16, 9i.

as well as jurists[1] and again on September 9 1878 by the Institute of International Law meeting at Paris.[2] Twiss' proposal on September 4 to exclude from the Canal all vessels of an enemy of Turkey and to sanction Turkey's use of the Canal itself to achieve such exclusion was opposed by Russia and was not accepted by the Institute. No perimeter was drawn to confine Indian troops to Asia and the isthmus remained a highway rather than a barrier. "Henceforth England and India are one for purposes of offensive or defensive warfare, and are definitely leagued together against all possible antagonists, whether on this or on the other side of the Suez Canal".[3]

The summons of Indian troops to the Mediterranean aroused expectations of British expansion throughout the Levant, in Egypt, Syria and Asia Minor. In Egypt Ismail sent for Nubar after the English occupation of Cyprus. Salisbury sanctioned the Anglo-French cooperation against Ismail which Derby had rejected and secured on August 28 the appointment of a constitutional ministry under Nubar with two European Ministers, including Rivers Wilson. The appointment under alien aegis of the Armenian Christian Nubar as Prime Minister of the Khedive for the first time raised the price of Egyptian bonds in Europe. The obelisk which symbolized the new interest in Egypt was raised into position on the Victoria Embankment on September 12 by hydraulic jacks decorated with the Union Jack: thus "Cleopatra's Needle" followed the Thames-ward path of the Arundel and Elgin Marbles. The greatest success of the Nubar Ministry was to secure on October 31 the 5% £8,500,000 Domains Loan through Rothschild under the political guarantee of England and France, so extending substantially the interests of English bondholders in Egypt. The Ministry lacked, however, the confidence of Ismail even more than of the country, which was offended increasingly by its policy of retrenchment, the halving of the Army, the discharge of Egyptian officials and the employment of European officials. Thus the choicest pearl in the Sultan's crown

1. T. Twiss, The Protectorate of the Suez Canal. Nautical Magazine, October 1878, 876.
2. Revue de Droit International, 1878, 380-381. Pacification et Protection Internationale de l'Isthme de Suez.
3. H.M. Hyndman, The Bankruptcy of India. Nineteenth Century, October 1878, 585

passed under the joint protection of England and France, who refused any share in the Dual Control to Germany, Austria and Italy.

The Cyprus Convention also encouraged the revival of railway projects as instruments for the regeneration of Asiatic Turkey. The acquisition of Cyprus favoured a northern route from Suedieh, Iskanderun or Ayas for an Indo-Mediterranean Railway while the rebirth of interest in Palestine encouraged suggestions for a southerly route via Palmyra to Tripoli[1] or via Jauf to Acre.[2] An Association for the Asia Minor and Euphrates Railway was formed at the Duke of Sutherland's Stafford House in London on July 8, the day when the news of the Cyprus Convention was made public and a British naval squadron anchored in Larnaca Bay. V.L. Cameron recommended a Tigris Valley Railway as the strategic complement to the Suez Canal[3] and left England in the 'Orontes' in September 1878 to survey the route on behalf of Disraeli. "Our Future Highway" failed to gain the sanction of the Ottoman Government or the financial support of the British Government which was refused on October 1,[4] even in the form of an Asia Minor and Syria Railway Loan modelled on the Suez Canal shareloan.[5]

The imperial interest in railway routes to India, however, benefited Karachi and encouraged C.W. Cayzer, who had served the British India Company for fifteen years (1861-76) in Bombay, to establish the Clan Line's fortnightly service to Bombay and Karachi with the 'Clan Alpine' which left London on October 26 1878. The Canal maintained its position as Britain's great military highway and was navigated by the 'Euphrates', the last troopship of the season, in the fastest passage ever made, of 14 hours when the average passage was over 30 hours.[6]

The Brindisi-Alexandria-Suez route maintained its supremacy over

1. F.J. Goldsmid, On Communications with British India, Journal of the Royal United Service Institution, June 14 1878, 675-698.
2. G.E. Dalrymple, The Syrian Great Eastern Railway to India. (London, Skeffington, 1878, 26pp.)
   L. Oliphant, The Land of Gilead. (Edinburgh, Blackwood, 1880).
3. The Times, August 1 1878, 4ii. V.L. Cameron, The Suez Canal.
   V.L. Cameron, Our Future Highway. (London, Macmillan, 1880) II, 289-320 surveys ten schemes.
4. D.E. Lee, Great Britain and the Cyprus Convention Policy of 1878 (1934), 142. The Times, September 17 1878, 4vi.
5. H. Clarke, On Railways to India and Turkey. Journal of the Society of Arts, December 13 1878, 51.
6. The Times, May 12 1879, 12i.

the Euphrates and Tigris Valley routes through the award of the India and China mail contract of February 7 1879 to the P. & O. with the support of the India Office and the Colonial Office against Holt's competitive bid. The new contract reduced the subsidy by £80,000, or by 17.8%, to £370,000 and replaced the port of Calcutta by that of Bombay, that of Galle by Colombo and that of Southampton by London. The P. & O. took full advantage of the Bombay-Calcutta Railway completed in 1870, made Bombay its terminal port for mail and passengers, discontinued its Calcutta line and combined its Suez-Calcutta fleet with its Suez-Bombay fleet. The P. & O. also began to cooperate from 1879 with the Wagons-Lits Company founded by Nagelmackers in 1873 so that passengers could travel from Calais to Bologna by Wagons-Lits, changing into a Pullman for the Bologna-Brindisi journey until 1889. The P. & O. made Brindisi the exclusive port for mails from 1881. In 1880 it decided to convert its branch lines to Australia and to China into trunk services, so providing through-services direct from London to Sydney and Shanghai. Its financial position was strengthened by the extinction of its debenture debt in 1881 and by the high depreciation of the ledger-value of its fleet. It built steel vessels from 1881, two years after the launching of the first ocean-going steel ship. It also profited by the rise of Antwerp and the revival of the Scheldt-Thames axis to abandon its use of Southampton after a forty-year connexion. The 'Rome' was the first passenger-steamer to leave from the Tilbury terminus of the London Tilbury and Southend Railway on October 5 1881: the last P. & O. steamer sailed from Southampton in January 1882. The importance of the Suez route in imperial communications was further enhanced by the extension of the operations of the Survey of India along the Bombay-Suez route in 1878-79, using electro-telegraphic signals through the submarine cables, and by the extension of Pender's cable network from Aden to Durban after the annihilation of a British army by Zulu spears. The news of the disaster of Isandlwana was carried to London in 20 days (January 22 - February 11 1879) and led to the despatch of reinforcements to Natal in 24 days 8 hours, (February 19 - March 16).[1] The Government concluded on March 9 a convention with the Eastern Telegraph Company and the

1. The Times, February 20 1879, 10iii; April 7, 10i.

Telegraph Construction Company for the construction, laying and operation of a cable to South Africa. Pender formed the Eastern and South African Telegraph Company Limited on August 19 1879[1]. The completion of the cable from Aden via Zanzibar to Durban established direct telegraphic communication with the Cape from March 8 1880. It eliminated the possibility of independent local action by another Frere and the need for the overland telegraph between Egypt and the Cape proposed in 1875. Thenceforward Aden became a main cable-junction like Singapore, with a southern as well as an eastern cable. In the path of that cable the British India Line extended its service southwards in 1881 from Zanzibar to Lourenco Marques, so replacing the Union Line and extending the watershed between the Cape and Suez routes to Delagoa Bay.

The Cyprus Convention which stimulated a reappraisal of imperial communications can best be understood in the perspective of its time, as an English attempt to realise Napoleon III's dreams of Asiatic empire of 1860. The Convention was not designed to secure a new market for cotton goods or a coaling-station for Indian steamers or a base for the defence of the Suez Canal against attack from the north, although the Government's measures were often defended in relation to the need to protect the Canal. It was rather intended to establish an English protectorate over Asiatic Turkey[2] and to reinvigorate Asia Minor through English money, English officers and English energy. Such a protectorate would have opened up one of the finest recruiting-grounds in the world for soldiers and would have made possible the re-settlement

1. The Times, November 26 1879, 7ii.
2. M. Townsend, An English Protectorate over Asiatic Turkey. Spectator June 1 1878, 688.
   E. Dicey, Nubar Pasha and our Asian Protectorate. Nineteenth Century, September 1878, 548.
   R.H. Patterson, The New Routes to India. Blackwood's Edinburgh Magazine, October 1878, 494.
   J.C. McCoan, Our New Protectorate. Turkey in Asia. Its Geography, Races, Resources and Government. (London, Chapman, 1879) I, 1-2.
   L.M. Penson, The Foreign Policy of Lord Salisbury 1878-80. The Problem of the Ottoman Empire. A. Coville and H. Temperley (ed), Studies in Anglo-French History (Cambridge University Press, 1935), 128-9, 134-5.
   W.N. Medlicott, The Gladstone Government and the Cyprus Convention, 1880-85. Journal of Modern History, June 1940.

of Syria by the Jews.[1] Such an assumption of the administration of another India for the benefit of the Sultan would also have demanded free navigation of the Dardanelles, extended England's frontier with her Russian foe and destroyed the security of the Mediterranean route by arousing the jealousy of Austria, Italy and France. The Convention indeed encouraged those three powers to encroach on the Mediterranean provinces of the Ottoman Empire. It suggested the transfer of Bosnia to Austria and the return of Macedonia from Bulgaria to Turkey. It enhanced the uneasiness of Spain and it offended Italy greatly because of the historic Italian connexion with "the divine island ... sold by the eunuchs of Constantinople to the usurers of London".[2] It deeply disturbed France which pressed for compensation in Syria and Egypt, compelling Salisbury to promise Tunis to Waddington on July 21 1878 and to accept France as co-protector of the Khedive. It ushered in a new phase in the competition between France and Italy for Tunis and in the expansion of Italian activity in the Red Sea. Thus the Cyprus Convention precipitated the great partition of Africa among the European Powers. For Europe it marked the beginning of a new phase of imperial expansion and for England, Wilfrid Blunt concluded, the start of "a new policy of spoliation and treacherous dealing in the Levant foreign to her traditional ways. To the Cyprus intrigue are directly or indirectly referable half the crimes against Oriental and North African liberty our generation has witnessed".[3]

The Cyprus Convention ended the Sultan's brief honeymoon with "liberal Europe" dating from the Crimean War and more than anything else ruptured the Anglo-Turkish entente established against Russia in 1833 and renewed in 1853. The first territorial encroachment of Britain on Turkey marked the end of the British policy of maintaining the integrity of the Ottoman Empire without thought of recompense. The eyes of the Sultan were opened to the dangers of English cooperation and of the English alliance, which thenceforth outweighed its utility to Turkey. Britain threatened Turkey not merely with territorial annexation like Russia but also with reform, which would subvert

1. B.L. Tuchman, Bible and Sword. England and Palestine from the Bronze Age to Balfour (1956), 168-174.
2. The Times, July 20 1878, 7iii quoting the 'Bersagliere'.
3. W.S. Blunt, My Diaries. (London, Secker, 1919), I, 36.

Ottoman dominion in the remaining territories of the Empire. Even Russia became preferable to England, whose whole influence for good in the Empire was destroyed at a critical moment. The Porte was permanently alienated from England while the Sultan hardened his heart to a policy contrary to English advice and to English interests. Thenceforth Turkey began to move out of the British and into the German orbit.

Bismarck was left by the Congress of Berlin with a deeper fear than ever of Russia because he had helped to deprive her of the gains of San Stefano. His growing fear of a war on two fronts produced those insurance policies which bound Austria to Germany in the Dual Alliance of 1879 and France to anti-Russian England in the deposition of Ismail, so precluding both Austria and France from an anti-German entente with Russia. Ismail's political capacity received its greatest testimony in the demand of the powers for his deposition after his failure to serve as the instrument of the Dual Control, his skilful dismissal of the Nubar Ministry and his rally of Egyptian support against the foreigner. The powers refused to permit him to repudiate any part of his debts, even in the name of the nation, denied him the great fiscal privilege of princes and insisted on his personal responsibility for his debts, in harmony with Baring's aim. Bismarck's demand on May 18 1879 that he should settle with his German creditors was followed by the demand of England and France on June 19 that he should abdicate. His deposition by the Sultan on June 26 sacrificed him to the maintenance of the precarious balance of power in Europe.[1] On the steam-yacht, which had been built by Samuda for Said in 1862 and had become the symbol of Ismail's programme of progress and civilisation, "the last of the Pharaohs"[2] and the first of the Khedives sailed into exile with £3,000,000 and a sublime faith in the inevitability of his own restoration by the repentant powers. Thomas Chenery, Professor of Arabic at Oxford (1867-77) and editor of 'The Times' since 1877, exonerated him from the charge of misgovernment and oppression made by Baring and the Anglo-French Control.[3] The major

1. W. Windelband, Bismarcks Ägyptenpolitik. Bulletin of the International Committee of the Historical Sciences, XII, 1942-43, 123-4.
2. M. Eyth, Lebendige Kräfte. (Berlin, Springer, 1904), 227 Ein Pharao im Jahrhundert des Dampfes.
3. The Times, June 27 1879, 9iii.

achievement of Ismail's viceroyalty was preserved, the establishment of primogeniture and of succession in the tail male, which the Sultan himself had failed to secure at Constantinople. Ismail's successor was a faithful Moslem and, also unlike his father, had seen nothing of Europe beyond Vienna. Caring deeply for money, Tewfik determined to conciliate the bondholders who had dethroned his father and became "an ornamental Khedive under Anglo-French tutelage".[1] The deposition of Ismail however deprived the Khedive of that prestige which was the very basis of his rule: it undermined the principle of authority essential to government in Egypt and the Sudan and so replaced a financial by a political crisis. The succession of a weak to a strong ruler encouraged dictation by Europe to Egypt, the consequent revolt of the Egyptian army officers, the notables and the nationalists, and the Mahdiya in the Sudan.

The influence of England and France was immediately strengthened by the restoration on September 4 1879 of the Dual Control. The Mixed Courts which had delivered judgments against Ismail in his own land were prolonged in existence for a further five years and developed the theory of 'mixed interest' by the judgment of May 20 1880 in the Mixed Court of Alexandria. Thereby they widely extended their competence in the praetorian tradition and brought the Canal Company out of the sphere of the Egyptian courts into their own jurisdiction, preventing its complete assimilation to an Egyptian company. Lesseps secured the tacit prolongation of his term of office as President after the expiry of his ten-year term in 1879 but hoped constantly for a restoration of Ismail. The Dual Control sold on March 21 1880 the Egyptian Government's share of 15% in the profits of the Company to settle a debt of £4,250,000 of which 56% was owed to the Credit Foncier.[2] That sale was not made under fiscal pressure because the Government was able to reduce taxation in 1880 and still enjoy a surplus of over £1,266,000, to repay the loan of £320,000 made by the Canal Company to Paponot and to take over the operation of the Ismailia Canal from the

1. G. de Malortie, Egypt: Native Rulers and Foreign Interference. (London, Ridgway, 1882), 200.
2. J. Rabino, The Statistical Story of the Suez Canal. Journal of the Statistical Society, September 1887, 543.

Company from July 15 1880. Baring apparently intended to placate France, to atone for the occupation of Cyprus and to facilitate the negotiation of a commercial treaty between England and France, for which Rivers Wilson was appointed a commissioner. The Credit Foncier formed on April 21 1880 a French company, the Civil Society for the Receipt of the 15% of the Profits of the Suez Canal Company Allotted to the Government of Egypt, with a capital of £881,600 so divided into 84,507 shares that each would receive as much as a participating share of the Canal Company. As a French company it was taxed on a different basis from the Canal Company and was able to issue bearer-shares, which benefited by a lighter tax and earned a higher dividend than the participating shares on which they were modelled. The Credit Foncier thus secured compensation for Ismail's coup of 1875 and formed the Credit Foncier Egyptien in 1880. Egypt lost another link with the Company because the sale was not for a limited term of years but for the whole duration of the concession. Egypt retained its founders' shares but ceased to exercise its right to appoint the President of the Company. The £1200 for its Commissioner with the Company was received by Ollivier, the dividend on its shares by the delegation-holders and its share in the profits by the members of the Civil Society while from 1880 the Company began to pay magnificent dividends. Egyptian rulers and statesmen inevitably retained a deep-rooted sense of the loss and injury inflicted on the concessionary power by "the French Canal".

The growth of English and French influence in Egypt weakened their influence at Constantinople in the same degree that it strengthened German influence.[1] After the Cyprus Convention the Porte developed an ineradicable suspicion of every English commercial, financial, postal, railway and humanitarian enterprise and turned all its considerable powers of obstruction and procrastination against England throughout Asia and Africa. Turkey was increasingly drawn into the German orbit as another counter for Bismarck to use against Russia and France. The Congress of Berlin shifted the basis of Turkish power from Europe to Asia, from its Navy to its Army and from its subject Christians to its

1. W. Taffs, Lord Odo Russell (1938), 326-334.

subject Moslems. Thereby the heterogenous elements of the Empire gained an incomparable bond of union in Islam which united spiritual and temporal dominion in the person of the Caliph as the successor of the Prophet, the keeper of the keys of the Kaaba, the shadow of God on earth and the keystone of the whole legal structure of the Moslem commonwealth. Thenceforward the Sultan asserted his authority as Caliph, developed pan-Islamic views and used the Mecca pilgrimage from 1880 to spread amongst the faithful the cry "the Caliph in danger". The pilgrims carried to Jedda for profit by the European steamship firms returned to diffuse disease and the word which undermined the rule of the English, French and Russian infidel over the Moslem community and transformed the Achinese campaign in Sumatra into a holy war. Increasingly indigenous firms carried the pilgrims via the Canal, through which the average annual number of pilgrims rose sharply from 7,000 in 1870-77 to 25,000 in 1878-97. Even the Egyptian caravan transferred from the land-route to the sea-route from 1880.

The re-awakening of the Arab peoples was fostered by English sympathisers, by Blunt and Townsend more than by Doughty. In reaction against the urbanisation and industrialisation of contemporary England they revived the idealisation of the Arab by Alexander Dow in 1768, by Karsten Niebuhr in 1770 and by Alexander Kinglake in 1844. Thus the anti-Turkish bias fostered by Gladstone was transferred from the liberated Christian peoples to the still-subject Arabs in the hope to shift the whole centre of gravity of Islam. The Sussex squire Blunt became a breeder of Arab horses from 1877 and opposed in 1878-80 the construction of a Euphrates Valley Railway through the pastures of the Beduin Arabs.[1] He came to regard Arabia as "a sacred land, the cradle of Eastern liberty and true religion"[2] and aspired to free it from Turkish rule.[3] He first described the Moslem revival to the East as

1. W.S. Blunt, Secret History of the English Occupation of Egypt. (London, Unwin, 1907), 29.
   Lady Anne Blunt, Bedouin Tribes of the Euphrates. (London, Murray, 1879) II, 277-283. Euphrates Valley Railway.
   Lady Anne Blunt, A Pilgrimage to Nejd, the Cradle of the Arab Race. (London, Murray, 1881) I, xxii.
2. W.S. Blunt, My Diaries, 1888-1914. (London, Secker, 1919) I, 157. 1880.
3. Ibidem, I, 80. June 26 1880.

well as the West in 1881[1] when he became an Egyptian landowner. Meredith Townsend paraphrased Blunt's sonnet "To the Bedouin Arabs" to offer to the money-grubbing middle-class of England an alternative ideal. "The Arabs do not believe one word of all that Mr. Bright gives to the world as solidly sensible advice, and they are content, and among their rivals noble. They despise industry, put wealth by as meaningless, keep the tradition of the past as possession, and, without decay as without progress, live on for ever, as they were in ages of which history tells us nothing".[2] Thus a revival of Arab consciousness was fostered by the new eccentricity of Constantinople within the Empire and by the new importance of Mecca to the Caliph.

European interest began to grow in the coasting trade of the Red Sea under the stimulus of Gordon's administration in the Sudan between 1877 and 1879 when trade was diverted from the Nile to the Red Sea ports of Massawa, Suakin and Kosseir. Suez began to import immense quantities of gum arabic and ivory for re-export. Suakin shipped more gum arabic through the Canal to Liverpool for the British market than any other single source of supply. Italy's exclusion from the Berlin round of compensations ended the decade of quiescence which had followed Sapeto's acquisition of Assab. Rubattino began a new service to the Red Sea from Genoa on September 28 1878 and facilitated the Italian settlement of Assab from January 1879. Rubattino concluded three successive conventions with the local Sultan in 1879 and 1880 which vastly extended the limits of Italian settlement and encouraged its bid to capture the export trade of Massawa. As the station became an unofficial colony the Italian Government began to assume responsibility, appointed the first Governor of Assab in January 1881 and sent the first Italian troops through the Canal in 1881. The creation of that colony took place at the expense of Turkey and Egypt and despite the opposition of the British, the French, the Ethiopians

1. W.S. Blunt, The Sultan's Heirs in Asia. Fortnightly Review, July 1 1880, 16-30.
   W.S. Blunt, The Future of Islam. Fortnightly Review, August 1 1881 - January 1 1882.
   W.S. Blunt, The Egyptian Revolution: a Personal Narrative. Nineteenth Century, September 1882, 328.
2. Spectator, May 21 1881, 667. M. Townsend, The Arabs of the Desert (a review of Blunt, The Love Sonnets of Proteus) reprinted in Asia and Europe. (London, Constable, 1901).

and the Danakils. The Italian initiative extended French interest from East Africa to the Red Sea. The shipowners of Marseilles had developed services via the Canal to East Africa and Madagascar, led by Joseph Valery in 1878, Cyprien Fabre in 1879 and Marc Fraissinet in 1880. French enterprise thus replaced the service maintained by the British India Line from Zanzibar to Madagascar from 1874 to 1879 and was supported by the contemporary French expansion in West Africa. From 1880 France also sought to develop Obock as a coaling-station as well as a base for trade with Abyssinia, reinforcing Menelik's efforts to resist European expansion with the aid of European technology.

The Eastern crisis contributed to the first depression in the traffic of the Canal in 1878-79 after its continued expansion during 1874-77, despite the economic crisis of 1873 and the recession of 1874-77. The fall in freights made Canal tolls seem burdensome and called forth the first complaints since 1874, although tolls were reduced from April 5 1877 under the agreement of 1876. Thus D. Jenkins asked the Chancellor of the Exchequer on March 13 1877 to secure a reduction of the Company's excessive pilotage charges in the first parliamentary question asked by an M.P. from South Wales about the Canal. Holt was compelled to reduce his outward freight rates, estimated that Canal tolls were sometimes 50% more than his coal bill on the voyages to China and "only wished he could apply the compound principle to the Suez Canal".[1] Rathbone pressed on February 27 1878 for the introduction of navigation by night. Those complaints by the shipowners of the outports coincided with a sharp reduction in shipping losses by the Canal route in 1877, the decrease of insurance rates to the equivalent of the Canal toll and the building of "water tramps"[2] at depression-prices from 1877-78. The "ocean tramp" (1880) was a screw-steamer rather than a paddle-steamer and was first developed on the Tyne and Wear. It carried cargo rather than passengers or mail, captured the trade pioneered by the liner and carried it from port to market in accordance with orders sent by cable, without the heavy

1. A. Holt, Review of the Progress of Steam Shipping during the Last Quarter of a Century. Proceedings of the Institution of Civil Engineers, 1877-8 Part I, 73. November 13 1877.
2. E. Arnold, India Revisited. (London, Trubner, 1886), 40.

overhead costs of the liner. It began to create a world-market in freights, with its low running-costs, to the great discomfort of the P. & O., which began to encourage the general public to travel for pleasure in order to supplement its small passenger traffic with India and its limited cargo trade. No concession was made to the demands for the reduction of toll by the Company which profited from the final ending in 1878 of the tonnage controversy begun in 1872. Lesseps' letter to the British directors reaffirmed on January 8 1878 the right of the Company to "verify" that deductible spaces for the use of officers and crew were not misused for revenue-earning and encouraged British ships to obtain a Board of Trade Suez Certificate which would avoid such verification. Thus the Suez gauge was not unified with other gauges but remained separate from those already in existence. The Company became in effect a measuring-agency in its own right and effectively captured the principles of 1873 for use in its own interest The Company's revised Navigation Regulation was adopted on March 12 1878 in place of the controversial one of 1872 and came into force from July 1.[1]

The war suspended Russia's use of the Canal, especially for the direct import of tea from China to Odessa between 1877 and 1879. It also cut off the export of wheat from the Black Sea ports of Russia, raising its price in London by 25%. Thereby it stimulated the export of wheat through the Canal and enabled India to supply 9.6% of the total volume of British imports in 1877. The war also increased the exports of hides and skins from India in 1877-78 to supply material for the boot and shoe industry of the U.S.A. and thereby American footwear for the troops at war. It diverted British shipping from the ports of the Black Sea to India and to the Persian Gulf. It also closed the northern trade-routes from Russia to Persia, stimulating trade between South and North Persia, projects for an Indo-Mediterranean Railway and efforts to open the Karun to European trade. Sailings from London to the Persian Gulf were increased in 1878 from a monthly to fortnightly basis. Direct consignments via the Canal were made from England to Tabriz in Azerbaijan and in 1880 to Tehran via Bushire

1. The Times, June 14 1878, 5iv.

as an alternative to Trebizond.

The Eastern crisis brought more loss than gain to the Canal by rendering insecure the new route to the East. The depression of 1878-79 was also caused by the famines in China and India, which reduced exports and freights, and by the fall in passenger traffic after the heavy military traffic of 1878. The decline in trade depressed sail freights in the China and Calcutta trades and the building of sailing ships from Moulmein to Baltimore. Non-British tonnage using the Canal declined more than British tonnage so that the British share of the total rose to the record level of 79.91% in 1878. The value of British trade using the Canal did not sink below 10% of the total value of British trade. The depression encouraged the formation of the first shipping conferences in 1879 in the China trade, the Straits trade and the East African trade. It also provoked Glover & Son to protest on January 13 1880 to the Board of Trade against that high pilotage and light dues on the Canal and on June 18 against "the extortions of which English ship-owners are the chief victims", both of which protests were rejected by the English directors on behalf of the Company. The depression marked the end of the Canal's first phase of eight successive years of expanding traffic. Receipts fell more than tonnage and dividends much more than receipts. Gross tonnage sank by 3.7% in 1878 and by 1.7% in 1879 but dividends sank by 19.4% and 24.3%. After ten years' trial the Company's shareholders had realised 1½% on their investment,[1] or less than the return foretold by Pender in 1870. Such was the inauspicious background for the International Scientific Congress which assembled in Paris on May 15 1879 under the presidency of Lesseps, voted on May 29 in favour of the construction of a sea-level canal at Panama and offered Lesseps the presidency of the new enterprise as a work of peace in revulsion from the war of 1877-78.

Turkish command of the Black Sea had compelled Russia to fight a mainly military war. Russia's use of the land-route to Constantinople had compelled her to depend on the Rumanian bottleneck and therefore

1. Report on the Trade of Port Said for the Year 1879 by Acting Consul Wolff, March 31 1880. Parliamentary Papers 1881, LXXIV, 1219.

on the favour of Austria. Russia's wish to assert her freedom from such dependence encouraged her maritime and naval renaissance. The remilitarisation of the Black Sea gave material content to the symbolic gain of 1870 while the cession of Batum by Turkey gave Russia a free port essentially rather than exclusively commercial. The Russian Volunteer Fleet established in 1876 ordered the construction in England of a fleet of high-speed ships capable of 13-15 knots. Military transports rather than cargo-carriers, those ships could each carry 2,000 troops, were manned by Russian naval officers and crews, and passed the Straits in peacetime under the merchant-flag, which was then changed to the war-flag. Thus Russia circumvented the restrictions on the military use of the Straits, prevented its navy from being penned up in the Black Sea, exposed British commerce to the possibility of destruction in wartime by Russian Alabamas and threatened the British Navy with the prospect of war in a small basin. Russia resumed and extended its use of the Canal from 1879 when it began to reimburse the Canal dues paid by Russian vessels as an indirect subsidy. The first 700 Russian convicts were shipped through the Canal in 1879 to the penal colony of Sakhalin and Eastern Siberia, reducing their journey from 18 months overland to 60 days by sea. The circumnavigation of Asia by the Finn A.E. Nordenskiold in the 'Vega' achieved the first successful voyage through the North-East Passage and so fulfilled the great dream of the sixteenth century. The 'Vega' did not sail around the triple continent of Asia, Africa and Europe but returned through the Canal in February 1880 while Nordenskiold travelled overland through Egypt. Thenceforward Russia enjoyed the possibility of access to her Siberian colony by the North-East as well as by the South-East Passage but found the Canal of more immediate value.

Russian statesmen had resented the wartime exclusion of Russian ships from the Canal and believed that the Canal was an international work which should not be allowed to fall into the hands of any strong power.[1] Russian lawyers therefore sought to secure international guarantees against a repetition of the events of 1877 and 1878. The

1. D.M. Wallace, Egypt and the Egyptian Question (1883), 94.

Russian Professor G.F. Martens demanded at the Institute of International Law on September 2 1879 that the Canal should be closed in wartime to the warships of both belligerents, including Turkey, on the model of the neutralization of the Black Sea in 1856. He was supported by the Austrian Professor Naumann, who suggested the creation of a "marine Belgium", but by no one else so that agreement was precluded in 1879 as in 1878 and 1877. The reports of attempts to dynamite the Canal led a Study Commission of the Institute to propose on September 4 an international agreement to avert damage to the Canal in the event of war and to ensure the repair of the Canal works by the Power which damaged them, so diverging from inter-state relations to relations between states and the Canal Company.[1] The rise of Russian naval power increased concern in Britain over the security of her colonies and her routes of communication. The secret Carnarvon Commission on Colonial Defence of 1879-1881 foresaw the abandonment of the Mediterranean route by unarmed merchant vessels in wartime,[2] increased interest in the alternative routes via the Cape and Canada and encouraged Currie to urge the construction of a graving-dock at Simon's Bay.[3] The Canadian Pacific Railway began from May 1881 to open a Euphrates route in the West to supplement the British military route via Suez.

1. M.L. Camand, Etude sur le Régime Juridique du Canal de Suez. (Grenoble, Allier, 1899), 109-118.
2. A. Hardinge, The Life of the Earl of Carnarvon (1925) III, 39-40.
3. D. Currie, Maritime Warfare: the Adaptation of Ocean Steamers to War Purposes. Journal of the Royal United Service Institution, March 5 1880, 93.

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The deposition of Ismail encouraged the military revolt which enlisted the support of the fellahin and the notables and became an insurrection of the Delta against Tewfik and the Turk as well as against the Dual Control and Europe. That revolution did not imperil the Canal nor the Suez route to India so much as the whole structure of European influence in Egypt built up since 1854 and especially since 1876. In so far as it posed any threat to imperial communications it threatened the overland route far more than the Canal, which was securely separated from the Delta by fifty miles of desert. British intervention took place to protect European interests, including those of the bondholders. Gladstone, however, excluded the Canal from his explicit statement of the ends of British policy on June 14 and August 16. Nor would he permit other ministers to justify British intervention as necessary to protect the Canal. He thereby avoided setting a precedent for unilateral action by Russia against the Straits or by the U.S.A. against Panama. The British invasion of Egypt was resolutely but vainly opposed by Lesseps as the quasi-sovereign of the Canal, in association with Arabi.[1] That invasion used the Canal as a tactical highway and brought two armies from Portsmouth and Bombay to a rendezvous in the Canal on August 22 1882, suspending traffic from August 20 to August 24[2] and making Ismailia a British military base. The invasion was not so much intended to protect the Canal or to secure the route to India as to restore European prestige in Egypt. The victory of Tel el Kebir shattered the Egyptian military revolution and restored European prestige as much as Tewfik's power. It established British control over the key-point in the Suez route to the East and began the construction of a new world empire. It violently antagonized France by ending the Dual Control and compelled the British Government to avoid antagonizing France any further.

1. W.S. Blunt, Secret History of the English Occupation of Egypt. (London, Unwin, 1907), 570-574, Appendix VII. Arabi's Correspondence with Comte Ferdinand de Lesseps during the War.
2. The Times, August 21 1882, 3, 4. The War in Egypt. Occupation of Port Said and Ismailia.

The British invasion brought more traffic to Lake Timsah than it had seen since 1869. Ismailia's shipping in 1882 amounted to over 270 steamers of nearly 600,000 tons gross, exclusive of 5,800,000 tons gross of transit traffic. The British Government voluntarily paid in Canal dues £95,000 on the 155 warships and troop transports of 207,885 net register tons and 37,239 troops which had used the Canal without paying between July 16 and August 31 but refused to pay for the long stay of its ships in Lake Timsah on the ground that the lake was original water. The receipts of the Canal Company for August 1882 were adversely affected by the insecurity of the waterway but nevertheless totalled £224,423, or more than in any previous month save April 1882. Such peak receipts could never compensate the Company for its temporary expropriation by British forces, for the damage to its moral authority in its isthmian principality, for the destruction of its faith in Arabi and for the profound shock to its future expectations. Lesseps found it impossible to consider negotiations with the English in their new role as quasi-suzerain and hoped only for their expulsion from Egypt and the replacement of Tewfik by Ismail. Relations became as strained between the Company and England as between Lesseps and Tewfik. The Company's shares began to decline from their peak quotation six days after Tel el Kebir while the Civil Society discovered that its new one-fifth shares had been created to meet a demand which no longer existed.

The strong legal position of the Company provided a buffer against external pressure and compelled the consideration in England of a variety of indirect expedients to increase British influence over the Company, such as the British custody of Port Said, the purchase of more shares in the Company by Britain and even the construction of a competing canal. After Tel el Kebir the Lord Chancellor Selborne sat up all night composing a memorandum on the legal position of the Canal.[1] Therein he concluded that the British occupation of the Canal on August 20 had been illegal and recommended that the Canal Company

1. R. Palmer, Earl of Selborne, Memorials Part II Personal and Political 1865-1895. (London, Macmillan 1898) II, 67-68.

should be moved from Paris to Cairo and that its concession should be modified by the Khedive to increase the number of British directors. The Cabinet thereupon appointed on September 14 a committee of Childers and Dilke with Granville as chairman to consider the future status of the Canal in wartime.[1]

Eight days after Tel el Kebir Chenery denounced Lesseps for his "attitude of an independent sovereign"[2] and alarmed the Company by mentioning the possibility of a second canal. Lesseps replied on September 23 that he had a monopoly through the grant of exclusive power in the concession.[3] Granville thereupon proposed to Gladstone the purchase of more Canal shares and the creation of faggot-votes.[4] Gladstone was unwilling to consider anything less than "a clear and complete job"[5] and was deterred by Lesseps' "front of brass."[5] Bismarck was delighted to offer any advice embarrassing to France and suggested that the British Government might declare Canal shares trustee stock or even replace Lesseps by an English president such as Admiral Seymour.[6] Chenery then denied that England would ever seek the overthrow of Lesseps through such "a gigantic Stock Exchange intrigue"[7] and that the Canal was an investment promising the security and stability required of trustee stock.[7] Lesseps suggested on October 14 that the English purchase of more Canal shares would be illegal from an international viewpoint and that the British directors would be the last to accept his resignation. He dismissed Chenery's rebuke on November 18 with wounded majesty, "If I have spoken as a sovereign it is as a sovereign of the Canal".

The rash of new enterprises proposed for the regeneration of Egypt included new canals in competition with the Suez Canal.[8] Proposals were made for a Damietta-Cairo-Suez Canal by Cairo interests,

1. A. Ramm (ed), The Political Correspondence of Mr. Gladstone and Lord Granville, 1876-1886. (Oxford, Clarendon Press 1962). I, 425 440
2. The Times, September 21 1882, 9i; September 27, 7ii-iii.
3. The Times, September 27, 6i.
4. A. Ramm, I, 431. Granville to Gladstone, September 25 1882.
5. A. Ramm, I, 433. Gladstone to Granville, September 27 1882. I, 442-443 Gladstone to Granville, October 5 1882.
6. The Times, October 11, 5i.
7. The Times, October 11, 9i.
8. The Engineer, September 29 1882, 239. A Second Suez Canal.

for an Alexandria-Cairo-Suez Canal by Alexandria interests, for a second Sweet-Water Canal for navigation,[1] for a Sinai Canal[2] and for an Akaba Canal.[3] The British directors thought that a second canal would be preferable to a widening of the existing Canal and were authorised by Granville on November 17 to discuss the idea with the Company. The Company was thus encouraged to hope for a fifty-year extension of its concession and for protection from attack by the Stokes-Lesseps "Treaty of Peace" of 1876. It decided to spend the £920,000 remaining of the £1,200,000 allotted for improvement over thirty years in 1876. Its recreated Works Committee adopted on January 9 1883 a more precise version of the scheme of 1876 which included stone-facing of the banks, implicitly precluded future widening of the channel and postponed to an indefinite date in the future a survey for a second canal. Thus the Company closed its ranks against attack from outside and affirmed that no negotiations for a second canal could be undertaken without the assent and support of the British Government. Lesseps was not succeeded by an English president: even Victor de Lesseps was not succeeded as Principal Agent in Egypt by an Englishman as the British directors had suggested on November 28. Roualle de Rouville had earned the cross of a chevalier of the Legion of Honour for keeping the services of the Canal intact during the Egyptian crisis. He was promoted on January 1 1883 from his position as Chief of Transit and Navigation to succeed Victor. Petitions for an alternative canal through Egypt under English control were presented to Granville by the Chamber of Shipping of the United Kingdom on December 19 and by the General Shipowners' Society of London on December 22, supported by similar memorials from Glasgow on December 29, North Shields on January 11 and Cardiff on January 15 1883. By January 3 Suez shares had lost 18.5% of their market price on

1. The Times, October 13, 3-4. Ship Canals Through Egypt. The Times, December 26, 4ii-iii. The Proposed Alexandria to Suez Canal. J. Fowler & B. Baker, A Sweet-Water Ship Canal Through Egypt. Nineteenth Century, January 1883, 166-172
2. F.N. Rundall, The Highway of Egypt, is it the Suez Canal or any other Route between the Mediterranean and Red Sea? (London, King, 1882, 14pp).
3. W. Beck, Our New Waterway to the East by a Valley of Passengers. (London, West, 1882, 18pp).

September 18 1882. General Rundall's proposal on January 24[1] for a parallel Sinai Canal from the Serbonian Lake to the Bitter Lake was followed by the resolution of the Chamber of Shipping of the United Kingdom on February 14 in favour of an alternative canal. Lesseps then asserted on February 18 that it would be impossible to construct a second canal outside the main channel of the isthmus and that if a second channel were necessary the Company would execute it itself.[2]

The very strong inter-departmental committee on the Canal had recommended on October 4 1882 that ships of war should be free to pass through the Canal at all times, that no hostilities should take place in Egypt's territorial waters and that no fortifications should be created on the Canal.[3] On those bases Granville's circular letter of January 3 1883 invited France, Germany, Austria, Italy and Russia to conclude a Treaty on the free navigation of the Canal. Such a Treaty would have infringed on Egyptian independence but would have made no mention of international control or of neutralization or of specific restrictions on British freedom of action in Egypt. Granville's proposal to give the occupying power such an advantage over other powers was defeated by German recalcitrance[4] as well as by French opposition and especially by the German wish for the exclusion of warships from the Canal.[5] The proposal encouraged European jurists to assimilate the Canal to the open sea rather than to the land, in the hope to protect it from appropriation, and European diplomats to contemplate the neutralization of Egypt rather than of the Canal alone.[6] Its failure compelled the British shipowners to fight their battle against the Company without the moral approval of Europe.

The dispute between the Company and its clients in 1883 was thus only superficially similar to that of 1872-74 over the Canal tolls. It roused deeper passions in both England and France and effectively

1. F.H. Rundall, The Suez Canal: its Engineering, Civil and Political Aspects. Journal of the Society of Arts, January 26 1883, 206
2. The Times, February 23 1883, 5ii.
3. A. Ramm I, 425, Granville to Gladstone, September 19 1882; I, 474, Gladstone to Granville, December 22 1882.
   R.H. Vetch, The Life of General Sir Andrew Clarke.(London, Murray, 1905), 256. S. Gwynn and G.M. Tuckwell, The Life of the Rt. Hon. Sir Charles W. Dilke. (London, Murray 1918), 543-544.
   Truth, October 5 1882, 489:ii.
4. Documents Diplomatiques Françaises 1ere Serie, Iv, No.602,582. Courcel à Duclerc, 16 Janvier 1883.
   W. Taffs, Lord Odo Russell (1938), 321. Russell to Granville. January 12 1883.

ended the compromise based on the share-purchase and the Stokes-Lesseps agreement of 1876. It reflected the enormous growth in traffic during the cyclical expansion of 1880-1883. That traffic was dominated as never again by British shipowners as the carriers of the world as well as of Britain. Those shipowners employed on the Suez route in 1881 English shipping to the capital value of £23,000,000,[1] or one quarter of the capital invested in the British steam fleet. British tonnage reached its all-time peak proportion of 82.9% of the total tonnage in 1881 and supplied 81.3% of the tonnage in 1882. The Canal had established its superiority over the Cape route and carried in 1881 £104,000,000 or 63.5% of the £164,000,000 of British trade with the lands eastwards of Suez.[2] The British clients of the Company provided the French shareholders with unprecedented receipts and dividends, swelled by the surtax which had been divorced from the increase in traffic by the Stokes-Lesseps agreement and was to be maintained until December 31 1883. One ninth of the tolls covered the expenses of the Company, leaving 89% available in 1882 for allotment to interest, sinking-fund, reserves and profits. The jealousy aroused among shipowners by the vast increase in dividends paid by the Company was heightened by the fall in freights since 1880 and transformed their view of the Canal and the Company. Lesseps in their jaundiced vision appeared as a successful speculator rather than as a benefactor of the world. The Canal seemed less a new channel for commerce than a fiscal barrier, "the great toll-gate between the East and the West".[3] The Suez Canal tonnage certificate was seen as an invention for the sole benefit of the Canal Company and as a source of infinite annoyance and loss to shipowners.[4] The Canal dues formed 20-25% of the gross freight of a steamer on a round voyage to India[5] and represented blackmail of 4/- on every ton of coal and 1/- on every quarter of Indian wheat[6] rather than a modest fee for the use of a great utility. Such dues were resented most by the small

1. Le Canal de Suez, 22 Juillet 1882, 129.
2. The Times, December 6 1882, 8iv. Liverpool Chamber of Commerce.
3. G.W. Vyse, Egypt: Political, Financial and Strategical. (London, Allen, 1882), 210.
4. The Times, May 24 1883, 11ii. Angier Brothers.
5. The Times, July 21 1883, 13ii. T.V.S. Angier.
6. The Times, July 14 1883, 10iii-iv. John Glover.

shipowners. The large shipowners recognised that high dues were paid by the consumer and protected their trade from their smaller rivals: they wanted a second channel which would extend enormously the facilities for existing lines without increasing competition. Both large and small shipowners were united in opposition to the inadequacy of the Canal as a one-way rather than a two-way channel under the plan of 1859. The Company should have welcomed the arriving client and speeded the parting guest because it levied tolls on tonnage and not on the time of transit. The increase in the Canal's clients from 1½ ships daily in 1870 to 8 in 1882, however, created congestion in the single-file ditch and hindered the Company from fulfilling its essential function. The delay in transit was further increased by the imposition of quarantine restrictions in 1881. The Company's clients were reluctant to undertake the costly rebuilding of their fleets which would have been necessary for the use of the Cape route and complained that the Canal was too narrow in width, that it could only be used during the hours of daylight and that the Company's expenditure on improvement had been too small.

The agitation against the Company was as much non-economic as economic in its origin, stemming from resentment at the humiliation of the successful opening of the Canal fourteen years earlier and from irritation with Lesseps' alliance with Arabi against the British forces. Britain had made the Canal into an imperial highway, had supplied 60% of the soldiers using it in 1882 and seemed to have acquired a new power over the Canal Company by its conquest of Egypt. The real burden of the English complaints against the Company was that it was a French company which was as centralized as a French Government Department and would not decentralize its administration from the sacred heart of Paris. The Company employed only 3 English pilots out of 117 and employed many other pilots who could speak no English. It gave preference to the steamers of the Messageries over those of the P. & O. and to French warships over British troopships. It was alleged to deliver arbitrary and biased judgments in disputes and to permit its officials to accept bribes from British captains.[1] Above all, it imposed taxation without representation and gave its British

1. Hansard, Commons Debates, July 31 1883, 1144-5. E. Ashmead Bartlett.

clients no voice in management. The shipping interest attacked the three British directors as a "triumvirate of dummies", tools of the dictator and despot Lesseps.[1] It demanded that England should possess "the key of the Water Avenue that leads to her Eastern Empire"[2] and should create an independent Suez Canal as a national English canal under an English company which would be able to tap the lucrative monopoly-profits of the existing "mismanaged and exorbitant French ditch".[3] It enjoyed the support of the imperial sentiment which erected statues to Drake at Tavistock in 1883 and at Plymouth in 1884. It even inspired Edwin Arnold to claim the Canal for England as well as the mail "Bridge to Asia" built by Waghorn[4] and so magnified the importance of the waterway to England. T.H. Farrer revealed the vast gulf between the economic and the military significance of the Canal[5] and so achieved a victory for William Rathbone in reply to the aspersions cast by Chenery in 1882.[6] Farrer estimated that the Canal was used in 1880 by 8.7% of the total value of British imports and exports (or barely 10%, including bullion) and in 1881 by 11-12% thereof (or 12.9% according to the Liverpool Chamber of Commerce). He concluded that "the Canal does not appear to have given any great stimulus to trade," that the material gain had gone to the shareholders of the Canal Company while the material loss had been borne by English capitalists and English shipowners and that the Canal was fivefold as important in the foreign trade of India as in that of Britain.[5] Chenery was compelled to admit that the Canal, if unimportant in 1883, was nevertheless "the pivot of the larger relations of the future" as the direct route to the markets of the future in the teeming regions of the East.[7]

1. The Times, May 30 1883, 13ii; June 14, 12ii; July 21, 13ii; August 18, 8iii-iv.
2. F.H. Rundall, The Suez Canal. Journal of the Society of Arts, January 26 1883, 208.
3. The Graphic, August 4 1883, 110i. The Suez Canal Debate.
4. Daily Telegraph, May 19 1883, 5iii-iv, viii.
   The Times, May 31 1884, 6ii.
5. T.H. Farrer, Return Showing What Proportion of the Trade of the United Kingdom with the East goes through the Suez Canal, and what Proportion round the Cape. Return to an Order of the Honourable the House of Commons dated 1 December 1882 (Mr. Rathbone). (C41 of 1883).
6. The Times, July 27 1882.
7. The Times, February 21 1883, 9iii-iv. The Return was also criticised by Anderson in the Commons on March 2 1883 and by Rabino. Journal of the Statistical Society, June 14 1887 536-540

The Canal Company clung to its legal rights as enshrined in the concession. It defended the transit dues as a legitimate return to its shareholders on their investment and as a tax of less than 1% of the value of the goods in transit while commerce saved 2% in insurance charges. It enjoyed more support from French sentiment in 1883 than in 1874, although the French share of the Canal's tonnage had fallen from 8.3% in 1870-1880 to under 5% in 1882. Paris considered no other work so essentially French or so fundamentally popular as the Canal while France as a whole felt offended by the English attack on the work accomplished by the most illustrious living Frenchman.[1] Thus the reviving nationalism of France accepted the Canal as a focus and Lesseps as a symbol of its greatness. Lesseps had widened the circle of small investors in his enterprises, won the support of the press and given a new hostage to the Bourse in the Panama Canal Company. He was defending his future hopes as well as his past achievements and could permit no threat of competition to the Suez Canal and no halt to the glorious financial career of the Canal Company lest the dream of a dynasty of Lesseps astride the main trade-routes of the world should vanish.

The campaign against the Company was resumed when two deputations met Granville at the Foreign Office on April 26. The deputation from the Associated Chambers of Commerce under its president C.J. Monk, Liberal M.P. for Gloucester, requested increased Government representation in the Suez Canal Company and a second canal only as a last resort. The deputation from the Chamber of Shipping of the United Kingdom under its president James Laing, whose father had become a shipbuilder at Sunderland in 1793, requested a new and British Canal, which Chenery welcomed as "our new Indian highway" under British control.[2] As the Paris Bourse recognised the onset of a new attack by the traditional foe of France Suez shares fell steadily by 12.2% between April 26 and May 1. Lesseps made overtures on April 30 for the opening of negotiations but held out no hope of a second canal,

1. The Times, May 7 1883, 5iii; May 12, 8i. France and the Suez Canal
   L. Alleury, Comment s'est fait le Canal de Suez. Pages d'Histoire Contemporaine recueillies sur les documents de M. de Lesseps. (Paris, Challamel, 1882).
   B. Girard, L'Egypte en 1882. Le canal maritime de Suez. Revue Maritime, Août 1883, 423-483.
2. The Times, April 27 1883, 9-10.

adding on May 4 that he cared as little as the English would if French merchants asked for a tariff reduction on the South-Eastern Railway. He secured the recognition of the Company's monopoly on May 7 by the legal advisers to the Government of Egypt led by Octave Borelli. Thereupon shipowners representing 3,000,000 tons of shipping using the Canal met in London with five M.P.s under the presidency of Laing and formed on May 10 the Association of Steamship Owners Trading with the East. Stephen Ralli, a French merchant and president of the Société Nationale Française de Londres, raised the only voice in favour of negotiation with the Company to demand half of the seats on the board of directors for the English, alternate meetings of the board in London and Paris and the substantial widening of the Canal. The meeting assumed that both political parties had committed themselves to the importance of the Canal to England and hoped that the British Government might take up the same shareholding in a British canal company as it held in the French company. Resolutions proposed by Thomas Sutherland and John Pender in favour of another canal were passed with only Ralli in opposition. John Glover, George Elliot M.P., Sutherland and Pender were elected to the executive committee of the Association with Laing as chairman. After Chenery dismissed Lesseps' claim to a monopoly as a preposterous, mischievous, monstrous, intolerable perpetuity in restraint of trade,[1] T.E. Holland, the Chichele Professor of International Law at Oxford since 1874, made available his helpful interpretation on May 11 of 'exclusive power' as an exclusive right to form a Suez Canal Company but not as an exclusion of competition to the Company,[2] encouraging the Association to seek and find the backing of legal advice against Lesseps. The growing difficulty of passing through the Canal in reasonable time led to the announcement of earlier departures by the P. & O. on May 11 and by the British India Line on May 15.

An array of potential competitors to the Canal appeared to profit by the sense of injustice under which British shipowners laboured and to provide new outlets for British capital seeking investment. Those

1. The Times, May 11 1883, 9iv.
2. The Times, May 14, 12i. T.E. Holland, The International Position of the Suez Canal. Fortnightly Review, July 1 1883, 39-49 reprinted in Studies in International Law. (Oxford, Clarendon Press, 1898), 270-293.

schemes included not only the Damietta-Red Sea Canal and the Alexandria Suez Sweet Water Canal proposed after Tel el Kebir but also a Keneh-Kosseir Railway,[1] a Euphrates Valley Railway[2] and a Palestine Canal.[3] The railway schemes would have necessitated the transhipment of merchandise. The canal schemes would have required enormous capital investment, two new entrance-ports and thrice as much excavation as the Suez Canal. They would have necessitated the consent, cooperation and financial assistance of the British Government and would have crystallized British political commitments in Egypt and the Levant whilst exposing the leading seapower in the world to overland attack by any great land-power. None of those schemes came within measurable distance of being properly promoted. None could serve the shipping interest as an effective substitute for the Canal or even as a lever with which to bend the Canal Company to its will. The importance of the Canal was further increased when cholera appeared at Port Said on June 23 and the mails reaching Suez on July 9 abandoned the Suez-Alexandria Railway to pass direct through the Canal without communication with the shore.

Gladstone decided on May 10-12 to begin negotiations with Lesseps to reduce the dues rather than to gain an increased share in management[4] and authorised the British directors to begin negotiations with the Company for a substantial reduction in tolls in return for political help to secure the prolongation of the Company's concession. The beginning of conversations on May 20 aroused fears in England that the Government might make a bad bargain by not consulting the shipping interest. Angier Brothers expressed the hope on May 23[5] that the Government would make no hasty agreement with Lesseps and set out the demands of the shipowners for the reduction of dues preliminary to any second channel: the predominance of British control of the existing

1. D.M. Wallace, Egypt and the Egyptian Question. (London, Macmillan, 1883), 49-50.
2. W. Campbell, Postal Communication with the East. Proceedings of the Royal Colonial Institute, May 8 1883.
   The Times, May 9 1883, 6vi. W.P. Andrew.
   Hansard, Lords Debates, July 12 & 20 1883, Lord Lamington.
3. The Times, May 17 1883, 10iv. A Proposed Palestine Channel.
4. A. Ramm, II, 49. Gladstone to Granville, May 13 1883.
5. The Times, May 24 1883, 11ii.

Canal, the establishment of the board offices of one Canal in London; the abolition of the pilotage charges, the Suez Canal tonnage certificate and the quarantine regulations; the reduction of dues to a maximum of 5/- per net register ton with a rebate thereon for a return ticket; the institution of a board of arbitration, half composed of competent Englishmen, for cases of accidents in and damage to the canals.[1] Chenery added his warning to the Government and dismissed the 1854 concession as a bit of parchment conveying powers which the donor, as the tributary governor of a province with no independent existence, had never possessed and forming "this gigantic claim, this unheard of embargo upon the activity of man, this tremendous mortgage upon the future".[2] Chenery urged Lesseps to recognise that "the thing he has constructed is too great, too successful and of an influence too commanding over the affairs of the world to be treated as a mere joint-stock company".[2] "England's road to and from India - nay, the traffic between Europe and the Eastern Hemisphere - is too big a thing to be left to the will, pleasure, caprice or even to the justice, of any individual, however eminent or meritorious, or even to be settled so as to suit shipowners only. For England indeed it is the essence of the Eastern Question. If we ever had a British interest in that this is it, and its solution is now in our own hands."[3]

At the meeting of shareholders on June 4 Lesseps ranked the convention of 1876 as second only to the concession itself, dismissed the English protests as "sterile agitation" got up by speculaters and justified the right of the shareholders to their dividends by the sacrifice of the first shareholders who had ruined themselves and by the very magnitude of the service rendered to the world in the construction of the Canal. He hinted that a dividend level of 20% might justify concessions to the shipowners.[4] The Association of Steamship Owners Trading with the East, having increased its representation to 4,000,000 tons from the original 3,000,000 tons of shipping, was most dissatisfied with Lesseps' remarks and with the open alliance between the British directors and the Canal Company

1. The Times, May 24 1883, 11ii.
2. The Times, June 2 1883, 11iv.
3. The Times, June 2, 12vi. J. Glover, The Second Suez Canal - Who Shall Make It?
4. The Times, June 5, 6i-iii.

which brought on England the odium attached to the Company by Egyptians as "a gigantic job by which their country was robbed".[1] That condemnation was mitigated by Ismail when he passed through Paris on June 25 en route to London in quest of the succession to Tewfik. "I think that when I gave the concession, I did the worst thing for myself, and the most useful thing for Egypt, for England and for France who has had the glory of carrying it out".[2] Ismail confessed to his bewilderment by the dispute as to whether the Canal was French or English. "It is neither French nor English, it is Egyptian. The reversion belongs to Egypt, not merely because at the expiration of the concession it reverts to Egypt, but because it is made on her soil, her inalienable soil".[2]

The satisfactory progress of negotiations with the British directors encouraged Lesseps to announce on June 21 his intention to introduce electric light on the Canal. The bases of an understanding between the Government and the Company were announced by the Company on July 5 and by Childers in the Commons on July 11. Under the agreement of July 10 a second canal was to be constructed parallel to the first and completed by 1888 if possible. Tolls were to be reduced on a sliding-scale in proportion to the increase in dividends beyond 100 francs, or 21% on the nominal value of the share, and decreased to 5 francs per ton in the year after 5½% thereon was paid in dividend. The British Government was to lend its good offices to secure land for the construction of the second canal, authority to extend the Sweet-Water Canal to Port Said, and the prolongation of the Company's concession by 20 years to make a new term of 99 years from the completion of the second canal. The Government was also to lend the Company £8,000,000 at 3½% for fifty years. Childers was competent in the field of finance, shipping and communications as the great-great-grandson of the financier Samson Gideon, as the chairman of the Royal Mail Steam Packet Company in 1874-80 and as the minister responsible for the installation of the telephone in Government offices in 1880. He had been concerned with the Suez Canal since 1869 and 1870 but was

1. The Times, June 4, 5vi-6i. O.C. Waterfield.
   O.C. Waterfield, The Negotiations with M. de Lesseps. Fortnightly Review, August 1883.
2. The Times, June 28, 5ii.

ill-informed on the subject, undertook no preparatory presentation of papers and offered no explanation of the terms of the agreement. He announced the heads of agreement on the first anniversary of the bombardment of the forts of Alexandria, coincident with the news of the French bombardment of Tamatave in Madagascar, to an ominously cold reception and to a flurry of questions, more from Liberals than from Conservatives. The demand for Suez shares, thitherto active in the City fell off immediately on the news of the terms.

The agreement made what seemed excessive concessions to the Canal Company and to France in relation to the proprietary rights acquired by the English occupation of Egypt. It was the work of the Government and not of private commercial interests and made substantial economic sacrifices for political motives. It coincided with the appointment as the new French ambassador to London of Waddington who had made the English alliance the pivot of his foreign policy in 1877-79. It was intended to renew the Anglo-French Entente ruptured by the occupation of Egypt as denoted by the end of Channel tunneling at Sangatte on March 18 and at Dover on July 1. It would also enable Gladstone to repeat Disraeli's stroke of 1875 in the hope of a parliamentary vote of £8,000,000.[1] It delighted the French and encouraged Suez shareholders to hope for a capitalization similar and perhaps superior to that of British Consols.[2] The Canal Company made no real concessions and had refused to transfer its domicile to England, to admit English directors in preponderant numbers and to reduce tolls at any earlier time or to any greater extent. The Company had even asked that the loan should be amortised out of the dividends due to the British Government, a request which the British directors refused. It gained all that it wanted with effective insurance against accidents, bad management or reckless expenditure. The agreement recognised implicitly the exclusive powers claimed by Lesseps for the Company and granted the Company the patronage and protection of the new paramount power in Egypt. It proposed to recognise its absolute and permanent supremacy, to double its power and property and to sacrifice

1. A. Ramm, II, 65-68. Gladstone to Granville, July 21 1883.
2. The Times, July 14 1883 quoting Journal des Debats of July 13.

British freedom of action for the future. It provided English capital for the construction of a second canal which would be through foreign soil but under French control and would remain under that control for a further 20 years after 1968. It enabled the Company to avoid an appeal to the French capital market in accordance with the wish of the French Government[1] and provided English capital at interest-rates which could not have been secured in any capital market, were absurdly low for a foreign investment and caused Gladstone grave concern. That concealed subsidy would be at least £1,000,000 over 25 years (or £40,000 per annum) if the differential between the Government and the Company's interest-rate were ¾% and might be as much as £3,500,000 (or £140,000 per annum) if that differential were 1¾%, as both Childers and Ralli thought it was. The proposed reduction of rates was not substantial as desired by Granville but small, gradual and so remote, beginning in 1886, as to be inoperative and nugatory. Dues were to be reduced immediately only on ships in ballast (i.e. on 10% of the tonnage) from January 1 1884. Worst of all, the whole concession was to be prolonged in return for a niggardly 1% share in the profits to the Government of Egypt. The agreement provoked the protest of the Turkish ambassador on July 18, treated the great shipping interest with studied contumely and offended the financial interests excluded from the profits of the £8,000,000 loan, which it was intended to raise from the P.O.S.B. as in 1876. It made no fundamental alteration in the balance of power between Britain and the Company. It secured only the quick and cheap construction of a second canal but paid no homage to the dream of an English canal cut through Egyptian soil, 2,000 miles from Beachy Head. It failed to satisfy the new expectations aroused in shipping and commercial circles after Tel el Kebir when sectional interests were emerging in strength in Parliament.

Public opinion opposed the Government as much as it had supported it in 1875. Between July 12 and July 30 32 protest meetings were held throughout the country by associations of shipowners and by Chambers of Commerce while questions in the Commons averaged eight every day, mainly from the Conservative benches because the issue became a party

1. Documents Diplomatiques Françaises 1ere Serie, V, No.59. D'Aunay à Challemel-Lacour, 8 Juillet 1883.

question from July 12. The Conservative opposition, which had been placed at a disadvantage by the Ministry's success in securing its vote of war-credit in 1882 and in winning a military victory for the nation, found in the Canal issue a golden opportunity to harass the Government. It took up the cause of the shipowners who were not content to follow the Duke of Manchester's suggestion that they should combine to send their outward-bound ships round the Cape as a protest-strike against the Company in emulation of the working-classes and so reduce British shipping through the Canal by a half and the Company's receipts by 3/8.[1] It recognised the national appeal of a national canal built under British influence by British subjects with British capital as more than a question for shipowners. "It is essentially a national one, and its proper solution will affect very largely the well-being of the working and labouring classes of the country".[2] Thereby the Conservatives won the support of many chambers of commerce and compelled a leading supporter of the Government to urge the justice of returning to the shipowners the balance of the revenues derived from the Suez shares from 1894[3]. The agitation was regarded as justifiable in Germany[4] but delayed agreement with France over the Madagascar incident. "The object of the Gallophobes across the Straits seems to us to be Suez more than Madagascar".[5]

Gladstone was dismayed by the national outburst of "pride, greed, ignorance and passion"[6] but was determined not to sacrifice Lesseps to the shipowners or to the Conservatives. His Administration was placed at a disadvantage in negotiations with the Company by the Government's shareholding in the Company, by its public profession of faith in an early evacuation of Egypt and by its faith in the sanctity of contract which was so important to the British in other lands. Gladstone therefore asserted in the Commons on July 12 that Lesseps held "an exclusive right to make a Canal, as far as the Isthmus of Suez is concerned".[7] That recognition of Lesseps' claim to a monopoly,

1. The Times, July 23 1883, 12ii.
2. The Times, July 27, 2i. W.T. Marriott, Liberal M.P. for Brighton.
3. R. Tangye, Reminiscences of Travel in Australia America & Egypt. (London, Low, 1883), 253.
4. The Times, July 18 1883, 7ii-iii.
5. The Times, July 18 1883, 7ii quoting Le Temps of July 17.
6. A. Ramm, II, 64. Gladstone to Granville, July 14 1883.
7. Hansard, Commons Debates, July 12 1883, 1231-2. Gladstone.

buttressed by the advice of the Lord Chancellor and the Law Officers led the shipowners, lawyers and Conservatives to concentrate their attack on the Company's monopoly as a right non-existent in law or in fact, never conceded in 1854 or claimed before 1872 and incapable of assertion against the State. 'Exclusive power', as Mark Napier stressed, had a magical but not a legal importance and was printed by the directors of the Company in type of extra-ordinary size and clearness, like a brilliant beacon on a dangerous shore.[1] Salisbury in a professedly unpremeditated denunciation of "this improvident Agreement" on July 17 appealed to "the natural access to means of transit which as a prima facie right is possessed by the commerce of the world" and doubted the competence of any Sultan or Khedive "to make an Agreement that would debar Nations from the natural right of passage across the Isthmus of Suez for the commerce of the world" and would forbid the British "by the aid of British capital to secure a British Canal from sea to sea".[2] Salisbury's exaltation of the rights of commerce over the rights of sovereignty astounded Selborne, Gladstone and T.J. Lawrence, Deputy Professor of International Law at Cambridge, as well as all upholders of the rights of property.[3] At a special meeting of the London Chamber of Commerce on July 18 a Royal Commission of Enquiry was urged into Lesseps' claim to a monopoly. The Conservative M.P. Alderman W.J.R. Cotton thought that Lesseps could not expect to retain proprietorship of the Canal for ever as his own if an inventor was grudgingly allowed a patent for only fourteen years. "A second Suez Canal ought to be carried out in English interests and in English interests only. (Cheers). Ostensibly - at least, it is so to my mind - Egypt is England's property. ("oh")'.[4] Such a revival of "the antiquated principles of Tartar international law"[5] led Morley to support a German proposal for a Danube Commission for the Suez Canal,[6] provoked Lesseps to reassert on July 20 the Company's claims to an exclusive monopoly for 99 years and aroused

1. The Times, July 17 1883, 4iii-vi; July 18 1883, 4-5.
2. Hansard, Lords Debates, July 17 1883, 1671-1672.
3. The Spectator, July 21 1883, 922. The Ethics of Neo-Toryism.
4. The Times, July 19 1883, 10iii.
5. D.M. Wallace, Egypt and the Egyptian Question (1883), 512.
6. Pall Mall Gazette, July 18 1883, 1. The Abating Storm; July 19 1883, 1. The Canal in the City.

more concern in England than in the colonies.

The crisis became the first Canal crisis to arouse the feeling of the Empire against the Company. Julius Vogel, the Agent-General of New Zealand, suggested on July 14 the expropriation of the Company by the Government of Egypt in the name of the superiority of the State to private interests and on the precedent of the purchase of the lines of the telegraph companies.[1] Sir Thomas McIlwraith, the Premier of Queensland, cabled his intense dissatisfaction with the agreement to London on July 18. In the Cape House of Assembly Rhodes reflected the contemporary English exaggeration of the importance of the Canal by describing Bechuanaland on August 18 as "the Suez Canal of the trade of this country, the key of its road to the interior".[2] From Port Said George Royle, the agent of the P. & O., returned on July 20 a formidable indictment of the administrative "blackmail" of the Company.[3] After thirteen days of growing protest and no approval even from Manchester[4] or Birmingham[5] Gladstone announced on July 23 the withdrawal of the Agreement of July 10 without debate or discussion in order to preserve the unity of the Cabinet and its supremacy in the Commons. He again explicitly recognised the monopoly of "this great Canal Company" and disowned Salisbury, Cotton & Co. who asserted English dominion over the waterway of the isthmus. Thus he defended the Canal Company's monopoly of the land against the interests of British commerce, shipping and industry. He then rebuked the shipowners and Conservatives who exaggerated the importance of the Canal to England by denying that the British interest in the Canal had been the immediate cause of the war of 1882. Gladstone, whose father had sent the first ship from Liverpool to India in 1814, amplified Farrer's judgment that the Canal was far more important to India than to England in both the moral and the material sense. "For India the Suez Canal is a connecting link between herself and the centre of power - the centre of the moral, social and political power of the world".[6]

1. The Times, July 16 1883, 8iii.
2. J. Verschoyle ("Vindex"), Cecil Rhodes. His Political Life and Speeches 1881-1900. (London, Chapman, 1900), 62.
3. The Times, July 23 1883, 5ii-iii.
4. Manchester Guardian, July 17 1883, 7i-iii.
5. The Times, July 18, 13v.
6. Hansard, Commons Debates, July 27 1883, 808. Gladstone. The Times, July 30 1883, 10i India and the Suez Canal.

Northcote's motion denying Lesseps' claim to a monopoly received, however, 183 votes to 282 on July 30, reducing the normal Government majority of 130 to 99. The Liberal shipowners Norwood, Palmer and Monk rescued the Government from defeat but only at the price of rejecting Gladstone's strict interpretation of the monopoly. Norwood suggested an equal partnership of French and English in the administration of the Canal Company on the model of the Crimean alliance against Russia. "England and France had stood shoulder to shoulder on the Alma heights, and it would be a grander sight to see them jointly protecting a maritime highway that would last as long as the fabric of the Globe".[1]

The assault on the Company's monopoly turned English opinion against Lesseps and his claims to equitable treatment.[2] In April 1883 Lesseps had been ranked for his vitality with others of 70 and 80 years of age such as the Emperor William, Moltke, Hugo, Ranke and Gladstone:[3] in July he had become a representative captain of industry of the sensate civilization of the age, a realist Iago, a Sancho Pansa rather than a Don Quixote and "the Adam of the terrestrial Eden" of Paris. "Both as egotist and as patriot, M. de Lesseps bodies forth the age .... His energy, his tact, his indomitable perseverance, his courage are all tainted with selfishness. And this selfishness is of the senses, is sensuous and luxurious".[4] Lesseps summoned Lemasson on July 20 to come to Paris immediately and to bring with him plans for a second canal. Gladstone, however, ordered the British directors on August 7 to abstain from proposals to the board of the Canal Company.[5] He then expressed on August 20 the determination of the Government not to renew negotiations and recommended the trading interests of England to open up direct communications with the Company, as meeting the Company's expressed desire. Lesseps' monopoly could not be circumvented, not even by a canal from the Mediterranean linked to another canal from the Red Sea by a quarter mile of ship-railway[6]

1. Hansard, Commons Debates, July 30 1883, 984. C.M. Norwood.
2. R.T. Reid, The Suez Canal Question. Contemporary Review, August 1883, 163.
3. The Times, April 17 1883, 9iv.
4. The Spectator, July 28 1883, 958ii. M. Ferdinand de Lesseps.
5. A. Ramm, II, 73. Gladstone to Granville, August 7 1883.
6. The Times, August 25 1883, 7v. C.M. Ramus.

rather than by a continuous cut. Captain Rice's Report to the Admiralty on August 28 alleged that only 20 of the 117 pilots were competent and denounced the inefficiency and partiality of the Company's administration. "English commerce is controlled by a French Company".[1] That report compelled the Company to decide on September 4 to reduce the toll on ships in ballast from January 1 1884, as in the abortive agreement of July 10, a concession which benefited French ships more than English because of the French lack of experts.

Gladstone's reaffirmation of the Company's monopoly encouraged the shift of interest from Egypt to Syria, strengthened by the Anglican reverence for the Holy Land and a resurgence of the ambitions of 1878 for empire in Western Asia. Thus the Jordan Valley Canal to Akaba, proposed in 1855 and again in 1859, re-emerged as a focus of attention. The Palestine Canal proposed in May 1883 by the Duke of Marlborough, the Duke of Sutherland and Admiral Inglefield was one with locks, the one proposed on August 17 1883 by Captain G.M.F. Molesworth was without locks.[2] Such a canal would enable England to abandon Egypt to self-government, to leave the existing Suez Canal to Lesseps and his successors in perpetuity in recognition of his pluck and energy and to transfer the capital of the British Empire to the new sea-port of Jerusalem.[3] It would however have to cross a watershed 780 feet above sea-level at a cost of 32 times as much per mile as the Suez Canal[4] and would require a capital investment of some £223,000,000[5] rather than the £8,000,000 proposed by Molesworth. It would also submerge the Lake of Galilee, the River Jordan and 300 square miles of the Holy Land in an inland sea. It would also bring the pilgrim road to Mecca within the range of sea power and thus had even less chance of sanction by the Porte than the Suez Canal, which seemed to have lost Egypt to the Ottoman Empire. Such obstacles encouraged

1. The Times, September 20 1883, 9ii.
2. The Times, August 18 1883, 7vi. A Jordan Canal. The Times, August 20, 4v; September 7, 8iv; September 11, 3iv; September 15, 11v.
3. The Future Capital of the British Empire. A Possible Solution of the Suez Canal and Eastern Questions. A Political Study by a Conservative-Radical. (London, Ridgway, 1883).
4. The Times, September 22 1883, 6ii. Canon H.B. Tristram.
5. C.R. Conder, The Canal Dilemma. Blackwood's Edinburgh Magazine, September 1883, 278.

the revival of the Euphrates Valley Railway.[1] The British Association nevertheless discussed plans for a Palestine Canal on September 21[2] and 25[3] while the Palestine Exploration Fund subsidised a survey of the Canal's route via the Wadi Araba by young Kitchener who left Suez on November 20 1883.

The economist Mongredien sought to remedy the disproportion between the ten British votes and the 8,400 French and Continental votes at the annual meeting of shareholders by the transfer of the Government's shares to 700 private persons in lots of 250 shares each through the medium of a private limited company, a Suez Canal Syndicate Limited,[4] a proposal which attracted Granville but neither Gladstone nor Derby.[5] The complete purchase of the Company was also urged in British interests.[6] The Association of Steamship Owners Trading to the East wrote a stiff letter to Granville on October 12, raising again the question of a second canal, and was recommended on October 30 to enter into direct negotiations with the Company as the agency for any operations in the isthmus. The Association was as reluctant as Chenery to recognise the very special position of the Company. "They are tenants with fixity of tenure and unquestioned right to compensation for disturbance, but they are not tenants, ground landlords, lords of the manor and sovereigns all in one".[7] Lesseps was advised by the British directors on the instructions of Gladstone to enter into direct negotiations with the English shipowners and crossed the Channel to attend the Lord Mayor's banquet at Guildhall on November 9 when he appealed in French to the English tradition of "le fair play".[8] Waddington told him that all his efforts to modify

1. Report of the Fifty-Third Meeting of the British Association in September 1883. (London, Murray, 1884), 632-3. J.B. Fell, On the Euphrates Valley Railway. The Times, September 21 1883, 5v. J.B. Fell, The Euphrates Valley Railway as an Alternative Route to India. Journal of the Society of Arts, September 28 1883.
2. Report of the Fifty-Third Meeting of the British Association, 617-618. C. Walford, On the Palestine Channel and Canal Scheme. The Times, September 22 1883, 6i-ii.
3. The Times, September 26 1883, 6iv.
4. A. Mongredien, The Suez Canal Question. (London, Cassell, 1883)48pp
5. A. Ramm, II, 108-109. Gladstone to Granville, October 20 1883.
6. E. Dicey, Why Not Purchase the Suez Canal? Nineteenth Century, August 1883.
   C. Waring, The Trusteeship of the Suez Canal. Fortnightly Review, November 1883, 747-8.
7. The Times, November 6 1883, 9iii.
8. The Times, November 10 1883, 7ii.

English opinion would be fruitless and that the Egyptian Government was under great pressure to grant a concession for a second canal to the English and that such a grant was imminent. In fact the Egyptian Government was not under pressure from the British Government[1] and was even under counter-pressure from the Company. It disregarded the plea of the exile Arabi from Colombo on November 5 that the Canal should be internationalized and that Egypt should abandon all her sovereign rights over the isthmus as soon as possible in return for a money indemnity.[2] Its Note of November 17 to the British Government affirmed its right to be heard in any fresh arrangements with the Company and its Circular of November 27 to the Consuls made a fresh concession the essential preliminary to any modification in the status quo of the Canal. Lesseps first tried to by-pass the Association and undertook a tour of the chief ports of England between November 15 and November 20 but failed to recapture the admiration of 1870 or even the sympathy of 1857. He was compelled to face the necessity for the compromise urged on him by Ferry and Waddington. At Newcastle Charles de Lesseps made the first offer of concessions to the shipowners in the form of a sharing of profits above the level of a 20% dividend[3]. Lesseps then left his son in England on November 26 to begin discussions on the next day with the hard-headed members of the Executive Committee of the Association.

The shipping interest was denied the support of the Government and was reduced to negotiation with the Company on the basis of the 'exclusive power' which it had denounced. Thus it failed in its attempt to be both accuser and judge in its own quarrel but it succeeded in bringing the Company to the conference-table and in negotiating directly rather than through the official directors. The Association demanded voting rights in the shareholders' meeting proportionate to the number of shares held by the British Government (i.e. a block 44% vote), at least half of the seats on the board of directors and of the personnel in Egypt, a seat of administration in

1. A. Ramm, II, 114. Gladstone to Granville, November 23 1883.
2. The Times, December 13 1883, 8iii. W.S. Blunt, Gordon at Khartoum (1911), 620.
3. The Times, November 21 1883, 10iii-iv.

England as well as in France, substantial reductions in the tariff and the acceptance of English jurisdiction for any disagreement between English shipowners and the Company. The Company proposed to limit the dividend accruing to the British Government's shares to 5% from 1894, to secure a loan of £8,000,000 at 3% from the British Government and to admit no more English directors.[1] A compromise emerged after seven meetings of the committee and was embodied in a minute signed on November 30 in the board-room of the P. & O. beneath the portrait of Thomas Waghorn.

The seven signatories represented shipping lines which supplied 4,000,000 tons annually to the Canal, or 91% of the total British tonnage through the Canal. They were Thomas Sutherland of the P. & O., William Mackinnon of the British India Line, J.G.S. Anderson of the Orient Line, J.B. Westray, the representative of the City, Hall, Clan, Glen, Shire, Harrison and Ducal Lines, John Glover, R.S. Donkin and James Laing. In the minute the Canal Company agreed to enlarge the Canal at its own expense or to build a second canal at a cost of £8,000,000, as decided by a special commission of engineers and shipowners, half English in its membership. It also agreed to increase the number of English directors from 3 out of 24 to 10 out of 32, the seven new directors being chosen from English shipowners and merchants, one of whom was to become a vice-president of the Company. It agreed to create an advisory committee of the English directors sitting in London, to establish a branch office of the Company in London, to employ in the future in its transit service a greater number of English-speaking officials, to abolish the last surtax from January 1st 1884, to abolish the pilotage dues from July 1st 1884 and to assume expenses arising from accidents in the Canal. Above all, it agreed to decrease the Canal tolls by 50 centimes per ton to 9 francs 50 centimes from January 1st 1885, to apply to the reduction of tolls half of the surplus profits after an 18% dividend (including the 5% interest) had been reached and all of the surplus profits after a 25% dividend had been reached until the toll reached a minimum of 5 francs. It agreed to limit the amountcarried to the statutory reserve to 3% of the net profits after the reserves had reached 5,000,000 francs. The voting

1. The Times, November 16 1883, 5ii. The Suez Canal Question.

power of the British Government's shares was explicitly left undecided.[1]

The provisions of the agreement were less numerous but more significant than those of the agreement of July 10th. Great changes were made by Article 8 in the reduction of dues, which was regarded as of central importance by most shipowners. The article provided for immediate reduction from January 1 1885 whatever the state of traffic as against the date of January 1 1888 anticipated under the first Agreement. It arranged for the reduction of toll in the year following the payment of dividends over 18%, a starting-point 7% lower than the 25% fixed on July 10. The Agreement recognised the relation between toll-reductions and the afflux of new traffic whilst avoiding the rigidity of toll-reductions on fixed dates. It imposed an upper limit of 25% at which dividends were to be frozen until the dues became 5 francs per ton and a barrier on the transfer of profits to reserve and therefore on the evasion of toll-reduction. It excluded a provision included in July for raising the dues if the dividend declined and so precluded the sharing of losses. It abolished the pilotage-dues of £150,000 - £170,000 per annum 2½ years earlier than the date of January 1 1887 anticipated under the first Agreement. It excluded the loan which the Company had sought, freeing the British tax-payer of the cost of a political subsidy and forcing the Company back on the ordinary capital market. It avoided infringement on the concession and on the monopoly of the Company but made no mention of any extension of the concession and failed to secure for Egypt any share in the profits of the Company. Above all, it granted seats on the board to the shipowners and so passed beyond the sharing of profits to the sharing of power, against the flat opposition of the three official directors. The British directors elected in 1877 purported to fear the creation of separate parties on the board, constant voting and an English minority but really feared a diminution in their own status. In short it established the London Programme for the future development of the Canal and installed watch-dogs to ensure its execution and to watch Company policy in general. It ended the Canal crisis of 1883 when the waterway had become the focus of the rival nationalisms of

1. The Times, December 1 1883, 5vi; December 3, 6ii. Le Canal de Suez 12 Décembre 1883, 506-7.

England and France in the press, pamphlet literature, periodicals, public meetings and parliamentary debate: 82 separate publications appeared on the subject of the Canal in 1883, against 31 in 1882 and 41 in 1884.[1] It made possible the dissolution of the Association of Steamship Owners on the achievement of its substitute-aims.

The Agreement was criticised by Egypt in its note of protest of December 3 1883 and by the London press because it did not give the British Government equal influence to the private shareholders[2] and surrendered the attack on the Company's monopoly for a reduction in toll.[3] It was also attacked by the shipowners' associations of the outports as the work of a self-elected convention in London. The criticism of the North of England Steam Ship Owners' Association on December 11 was echoed between December 12 and January 11 by the Chambers of Commerce of Newcastle, Cardiff, Hull and Liverpool. The Agreement was also attacked by merchants[4] as a shipowners' convention and by both Liberal and Conservative M.P.s[5] as a sacrifice of the national interest. It was communicated to the British Government on the day of its signature, together with Lesseps' request for a letter from the Cabinet as a security against future demands. Gladstone became alarmed at the possibility of the Government being forced to become negotiators between the Company and the Government of Egypt.[6] Granville despatched official letters of approval on February 4 1884, so supplying Lesseps with his desired letter but in six pages rather than in the six lines he wanted.

The news of the Agreement was received in France with general stupefaction because the English Government had reaffirmed the rights of the Company and the French thought that that Government was as

1. J. Charles-Roux, L'Isthme et le Canal de Suez. (1901), II, 517-524.
2. The Times, December 1 1883, 9ii.
3. Pall Mall Gazette, December 1 1883, 1. The Shipowners' Surrender.
4. The Times, January 22 1884, 10ii. C. Magniac.
5. Hansard, Commons Debates, February 8 1884, C. Magniac & C.M. Norwood February 15, C. Magniac; February 18, C.M. Norwood; March 6, H.D. Wolff; March 10, W.A. Smith and H.D. Wolff; March 17, H.D. Wolff.
   H.B., The Suez Canal and the Liberal Government; or, the "Policy" of Deceit. (London, Wilson, March 1884, 23pp).
6. A. Ramm, II, 126-7. Gladstone to Granville, December 12 1883.

absolute as the French Government. The new Agreement represented a defeat for the Canal Company and for the French Government and a permanent alteration in the balance of power between English and French interests. As soon as the news reached Paris on December 1 Suez shares were offered for sale. As the shares sank to 1858 francs on December 17, or to 14.6% below their level of November 15, Lesseps condemned such culpable manoeuvres as damaging to the interests of all shareholders. At Abbéville on December 23 Lesseps repeatedly affirmed that the Canal would never cease to be French during his lifetime and during that of his sons. The delegation-holders were threatened more than any other interest by the proposed limitation on dividends because their rights expired in 1894. They established on January 28 1884 at the Canal Company's offices the Mutual Society of the Suez Delegation Holders which was legally constituted on February 4, with four of its eight directors from the board of the Canal Company, to undertake the amortisation of the delegations. A group of rebel shareholders formed the Suez Canal Defence Committee on February 25 to oppose any reduction in tolls. That committee devised a scheme for the lease of the Canal by England and the payment of an 8-francs toll to the shareholders.[1]

At the annual meeting on March 12 433 shareholders, including 130 small shareholders without votes in the gallery, were present or more than the number at any meeting since the rebellion of 1872.[2] Lesseps explained that the document was a simple minute setting out a programme, not a contract, convention or treaty but that its articles could not be voted upon separately. He argued in favour of the proposed reductions in toll that such a policy would stimulate an increase in the traffic of the Canal and would especially attract cargo still held back in the export markets of Asia by the high cost of transport. He looked forward to a rapid reduction from 10 francs to 5 francs and to the enjoyment by the Company thenceforward of all the fruits of an increasing traffic. In the discussion women and shareholders of 1858 protested against the sacrifice of their expectations to English

1. The Times, February 29 1884, 5iii.
2. The Times, March 13 1884, 5ii-iv. The Suez Canal Question.

egoism and attacked the Agreement as a one-sided contract and an attempt to turn the French shareholders out of their own house. "The English are like a mendicant who, not satisfied with alms, requires a written agreement to bestow alms every day".[1] Lesseps conceded a demand for a ballot but did not ask the shareholders directly to approve the exchange of views with the shipowners. Instead he asked them to approve the President's Report for 1883 and the Agreement only by implication, explaining that a negative vote was not a vote for rejection but a vote for the postponement of the decision. After 4½ hours of discussion the Report was approved through the personal influence of Lesseps and by a reluctant 843 to 761 votes, a very narrow majority in the Company's history of 82 votes. The meeting closed amidst confusion. The first resistance offered to le Grand Français provoked a reaction in his favour. The Union of Suez Shareholders was formed on March 27 by secession from the Suez Canal Defence Committee in approval of the Agreement and in support of Lesseps. Another meeting of shareholders was held ten weeks later on May 29 and was attended by 593 shareholders representing 279,805 shares or an all-time peak proportion of 70%. A stream of faithful Lessepsites poured into the hall to rout the dissidents and adopt the closure against the last opposition speaker.[2] The resolutions of the board were carried by overwhelming majorities and announced amid loud cheers. The increase in the board of directors from 24 to 32 was accepted by 2,608 votes to 506 i.e. by 82% of the 3,167 votes present or by 500 votes more than the necessary two-thirds majority. The first industrialist was elected to the board in Emile Darier, the creator of the oil-cake industry of Marseilles which produced cattle-fodder from cotton seed. The crushing majority votes were assumed to be a personal triumph for Lesseps at the climax of his career and a remarkable example of the powers of the President of a Company which far surpassed the combined authority of the Speaker and the Leader of the House of Commons.[3] They were also a triumph for the

1. The Times, March 13 1884, 5ii Philippon
2. The Times, May 30 1884, 5ii-iii. The Suez Canal.
3. The Times, May 30 1884, 9i
   E. Rouanet, Les Complicités du Panama. (Paris, Savine, 1893), 14-15 Note.

organization of the large shareholders and a proof that the supporter of Lesseps was a special type of shareholder. "He is the only one who is not exclusively governed by his interest, and who would prefer to lose with M. de Lesseps rather than to win without him".[1]

The Advisory Commission of Engineers and Shipowners created under the London Programme first met in Paris on June 16-19 1884, with the representatives of eight nations on the international pattern of the 1855 commission. It included 8 English members out of the total of 22 instead of the 11 laid down in the London Programme. The 8 French members included Voisin Bey and five of his colleagues from the 1860s. The London office of the Company was opened on August 29 1884 under the charge of Henri Chevassus for its first thirty years. On the same day N.M. Rothschild & Sons of London was authorised to receive payment of Canal tolls. The three official directors secured the regular publication of returns of Canal traffic by the Board of Trade from 1884. The seven new directors were virtually self-appointed and comprised the shipowners Sutherland, Mackinnon and Alexander, the shipbuilders Palmer and Laing and the merchants John Slagg and C.J. Monk. They lacked the perfect French and the official status of the three directors appointed by the Government. They took their seats for the first time in the board in Paris on September 2 1884, transforming that French board into a Franco-English board. They wanted to go to Egypt to decide the question of doubling the Canal and caused Victor de Lesseps to call the new board "impossible".[2] The seven new directors first met in the London Committee on November 10 1884. Sutherland who became M.P. for Greenock in 1884 succeeded Laing as chairman of that committee in 1887.

The Canal Company was freed from the threat of a competitive British Canal and absorbed its potential competitors. It retained its monopoly and its concession, despite the agitation for their abrogation. It remained under effective French control with a French administration, French personnel and French techniques of operation. Its sacrifice of the dues on ships in ballast reduced receipts by

1. The Times, May 30 1884, 5ii.
2. T. Barclay, Thirty Years. Anglo-French Reminiscences (1876-1906). (London, Constable, 1914), 60.

4.6% in 1884. Tolls were reduced below 10 francs per ton for the first time from January 1 1885 but were not reduced again until 1893. The sacrifice of dues was offset by the continued increase in traffic down to 1886, which was the only year of the decade failing to surpass the tonnage of the previous year. That slump reduced tonnage and receipts by 9% and dividends by 17%. Dividends were slightly reduced in 1886-7 and formed less than half of the receipts for the first time since 1882. The dividend for 1883 was exceeded only by that for the boom year of 1888. The introduction of night transit from 1887 further reduced delays and the complaints of inadequate facilities. Thus the Company surmounted the gravest crisis in its history and retained in the Canal the finest colony in the world conquered without the sacrifice of a single French soldier.[1]

1. Le Canal de Suez, 2 Septembre 1885, 918 quoting Le Figaro.

THE EXPORT TRADE OF INDIA, 1882-1895

The greatest technical change in the history of ocean shipping since the voyage of da Gama had won acceptance by 1879, ending the role of the Canal as an innovation and ushering in the greatest expansion in traffic that it had been known. Passengers became familiar enough with the waterway to dispense with the admiration of its first observers: by 1880 they pronounced the Canal a dull affair as their ship steamed through the vast solitude at the regulation 5 knots[1] and were no longer impressed by their first sight of the Southern Cross in the Red Sea. Clients began to plead for increased facilities and for lower tolls. The creator of the Canal turned from the routine administration of a successful enterprise to win new laurels through the canalisation of the isthmus of Panama. After the depression of 1878-79 the traffic of the Canal experienced continuous expansion until 1886 with the greatest expansion in the years 1880-1882 and 1885. Lesseps' estimate of 1854 of an annual traffic of 3,000,000 tons was first exceeded in 1880 while his revised estimate of 1862 of 4,000,000 tons was exceeded in 1881. The time of transit which had fallen gradually between 1873 and 1879 began to rise sharply under the afflux of traffic. Between 1879 and 1883 the number of transits increased by 124%, the net register tonnage by 155% and the annual revenues by 121% but share-values rose by 228% and dividends by 1200%.

In that sustained expansion the steamship established its supremacy over the sailing-ship and North-West Europe its dominance over the Mediterranean. The expansion of the world-ports of the North Sea was sharply reflected in the traffic of the Canal. In 1881 the mercantile elite of Bremen founded the German Steamship Company 'Hansa' which began a direct cargo service via the Canal to Calcutta for jute and to Bombay for cotton, so pioneering the first German steamship line to India, ten years after the establishment of the first German steamship line to China. The enterprise of the Hansa Line began the

1. The Times, April 2 1880, 7v. The Suez Canal.

rapid growth of German Canal tonnage, which rose tenfold between 1879 and 1883 so that it first surpassed that of Austria, Italy and Spain in 1882 to rank Germany as the fourth client of the Canal after Britain, France and the Netherlands. Germany also gained a new ally in Italy after the French occupation of Tunis. The day after Italy became the Mediterranean member of the Triple Alliance the St. Gotthard Railway Tunnel was completed on May 21 1882 as a new link between Germany and Italy and was used by the first train from Lucerne to Milan on July 1. That new transalpine route competed with the circuitous Rhone route via Marseilles and with the Mont Cenis route: it made Genoa virtually a German port, began the reconciliation of the Genoese to Piedmontese rule and extended German influence into the very heart of the Mediterranean. The economic expansion of Northern Europe thus frustrated the hopes cherished by Mediterranean states since the 1850s. The decrease in the British share of Canal tonnage from 1882 was caused by the growth of German and Dutch tonnage and not by that of Mediterranean tonnage. The inland sea became a great highway for the shipping and trade of North-West Europe while its ports specialized more in passengers and mail than in general cargo. Marseilles was thus reduced to a port of call by the Netherland Steamship Company from 1882, by the P. & O. from 1883 and by the Anchor Line from 1885. The entrepot trade was developed most by ports under alien control such as Malta and Suez. The shipping of the Mediterranean increasingly required mail subsidies to protect it from competition and its sea-captains found employment less on the Suez route than on the Canal itself, where the pilots were French, Italian, Greek, Austrian and Maltese. From 1883 emigrants from Malta, Sicily, Greece and Italy used the Canal en route to the Australian colonies founded by the English.[1]

The expansion of trade with Asia stimulated the transfer to the Canal route of such bulk commodities as the sugar of Java, the jute of Bengal, the hemp of the Philippines, the rice of Burma and the dates of Basra as well as the export of such new staples as tea from Ceylon, cinchona from Java, sugar from Fiji, tin from Malaya

1. C.A. Price, Southern Europeans in Australia. (Melbourne, Oxford University Press, 1963), 83, 98, 118, 126.

and frozen meat from Australasia. European technology extended its influence in Asia through the spread of the cable, the telephone, the railway and the coasting steamer. The widespread improvement of harbours geared the ports of Asia to the needs of the steamship and the dimensions of the Canal. Japan continued to adopt European technology with greater success than China. The steam war-corvette 'Seiki', built by the Japanese in 1874 and manned by Japanese, passed through the Canal under the Japanese flag and arrived in the Thames in June 1876 to denote "an epoch in the history of the civilisation of the human race".[1] The first Japanese merchant-house was established in London under Buhierosan Tannaker in 1879, 24 years after the first Indian merchant-house, but remained unsupported by any Japanese shipping line to Europe before 1896. The Russo-Chinese war scare of 1880 brought through the Canal the first Russian troops and the first Russian naval squadron from Cronstadt en route to Chinese waters as well as the first ships under the Chinese flag in 1881. The 'Mei Foo' reached London on December 6 1881[2] with 3,000 tons of tea and the first Chinese merchants to arrive in London as the managers of a Chinese line from Shanghai for the China Merchants' Steam Navigation Company. Liu Shao-tsung even attended the annual dinner of the Cobden Club on July 1 1882 and praised Cobden in Chinese to the merchants of London.[3] The new line failed to overcome the opposition of the British merchants in China but nevertheless ushered in a new phase of competition in the China trade.

The Canal also established its supremacy over the Cape route, first carried in 1882 more of the total volume of Calcutta's shipments to London[4] than the Cape route and was first used in 1883 by more shipping tonnage than the Cape route. The Cape route, however, came into increasing use by steamships en route to Australia, by the new medium clippers built for capacity up to 1800 tons rather than for speed and by the new steamship services to Natal of Bullard King from 1879, the Clan Line from 1881 and J.T. Rennie from 1882. In that

1. T. Twiss, The Protectorate of the Suez Canal. Nautical Magazine, October 1878, 877, 890.
2. The Times, December 8 1881, 6vi.
3. The Times, July 3 1882, 10iv.
4. Supplement to the British Trade Journal, August 1 1883.

economic expansion of the 1880s India became the great focus and the Indian voyage the representative voyage through the Canal. The acceleration of communications permitted the appointment of Northbrook as the First Lord of the Admiralty in 1880 when he became the first ex-Viceroy to occupy a seat in the Cabinet. Travel to India was facilitated by Thomas Cook, who opened offices in Bombay and Calcutta in 1880, and by the P. & O. which began from 1881 to issue cheap return tickets and circular tickets, making possible the first holiday-tours to India by the English and the first visits to India by M.P.s during the parliamentary recess from 1881-82. The Salvation Army first appeared in India in 1882 under Major Frederick Tucker, the scion of an old Anglo-Indian family. The viceroyalty of Ripon, "the only Whig who ever showed real sympathy with Eastern liberty",[1] gave English power in India a new moral basis and a renewed lease of life. It did as much to shift Indian consciousness to a new level[2] as the revival of Hinduism from 1881 and the spread of the Arya Samaj at the expense of the Brahmo Samaj. The Indian response to the opening of Monier-Williams' Indian Institute at Oxford in 1884 was the foundation in 1885 of the Indian National Congress, which began to divert the loyalty of India away from the princes.

The abolition in March 1882 of all general import duties in India was a triumph for Baring as the Financial Member of the Viceroy's Council and achieved Lytton's dream of leaving the country one great free port. It marked the highest point in the import of free-trade doctrine into protectionist India, following on the commercialization of the Indian railway-system from 1880. It removed import duties from a society which approved of them and replaced indirect taxes by direct taxes, leaving the Government wholly dependent on the land revenue and with no remedy against revolt save the reduction of taxation. That reform of the tariff followed the marked expansion of the cotton mills of Bombay during the 1870s and was partly intended to prevent a revival of indigenous industry on a modern factory-basis and to avoid a clash between the commercial interests of India and those of Lancashire. It stimulated the establishment of the Bombay

1. W.S. Blunt, My Diaries, 1888-1914 (1919), II, 264.
2. H.A.L. Fisher, James Bryce. (London, Macmillan, 1927) I, 254-5, 268.

Native Piece-Goods Merchants' Association in 1882 after the introduction of the deferred rebate by the Bombay Conference in 1881. It also encouraged the competitive adoption of ring-spinning in the cotton mills of Bombay from 1883 and the first shipment of cotton yarn from Bombay to Italy in 1883. It reflected the belief that capacity to export was dependent on capacity to import and helped to make India the largest single market for the piece-goods of Lancashire between 1884 and 1891. Those piece-goods became the instrument which succeeded where the mere reduction of export duties had failed to create an export-economy. They converted the trade of India to bulk exports and increased the share of the Canal more rapidly in the exports of India than in its imports.[1] They accelerated the erosion of its indigenous handicrafts and began the remoulding of its whole economic structure to the export of primary produce. The new media of communication, which had destroyed the protection thitherto afforded by distance, were thus able to bring the full competitive power of the developed secondary producers of Europe to bear on the secondary producers of India. They became instruments of economic warfare, fulfilling the function thitherto performed by hostile tariffs but with far greater efficacy. Thus they effected the de-industrialization of a world whose products had embodied the training of countless generations of the past and had attracted the bullion of the world for centuries. They created in place of a balanced economy unbalanced economies on a continental scale kept in precarious poise through international trade.

India entered on its second phase as an exporter of wheat in the 1880s after the short harvests of 1878 and 1879 and the war-scare of 1878, which was followed by a growing fear of reliance upon foreign wheat, especially from the traditional foes of England, Russia and America. The attempted corner in wheat in the U.S.A. in 1881 so increased exports from India that it supplied 10.2% of the total imports of wheat into the United Kingdom in 1881, or double the contribution of Russia. Bombay in particular increased its exports

1. Le Canal de Suez, 12 Juillet 1885, 897-8. Le commerce de l'Inde et le Canal de Suez.

in 1881 as in 1880,[1] benefiting by the extension of the railway from the west coast to Agra and Delhi in 1881. Bombay displaced Calcutta as the leading wheat-port of India between 1881-82 and 1888-89, supplying 53% of India's total exports for the five years ending on March 31 1888. The wheat corner of 1881 encouraged the Government of India to try and raise the export surplus of India from 20,000,000 cwts. to 40,000,000 cwts. so that India might replace America in the British market to the extent of two thirds. Thus British dependence on American price-manipulations as well as on an alien source of supply would be reduced. Wheat would replace cotton as the offspring and bond of empire. India as a primary producer would form a symbiosis with Lancashire as a secondary producer in the interests of British industry, British trade, British shipping and the British Empire. The Government of India accordingly reduced the railway freight-rates on wheat substantially and abolished in 1883 the duty on gunny-bags to encourage the export of wheat as well as that of oil-seeds. It increased the fiscal pressure on small farmers to plant wheat and it granted subsidies to the shipping lines which carried wheat.

The export of wheat at first restricted its indigenous consumption by men and cattle, encouraging the substitution of rice and millets for wheat. Then wheat began to replace other crops in cultivation, so fostering the expansion of production. A drain of foodstuffs was thus created from India, as earlier it had been from Ireland, leaving the peasantry to subsist on a substitute-diet. Wheat was, however, an alien and a minor crop in India, unlike rice or millets. India consumed the bulk of its own wheat even in good years: its consumption per head was low but immense in the aggregate because of its vast population. Its export surplus fluctuated with the harvest in India, with the harvest of millets, rice and barley and with the wheat harvests elsewhere in the world. Its surplus was comparatively small, like that of Russia and the U.S.A., and unlike that of the new countries of settlement such as Canada, Argentina, Australia: exports

1. C.P. Wright, India as a Producer and Exporter of Wheat. Wheat Studies of the Food Research Institute, Stanford University, July 1927, 362.

averaged 13% of its total crop in the five years ending on March 31 1888. Its export surplus was handled by the European merchants in the Presidency towns and was carried by rail, unlike all other bulk commodities, which moved by river and were financed by Indian merchants The export trade made only small profits and would have made less without the subsidies paid by the Indian tax-payer which aroused the concern of such economists as D. Nairoji and R.C. Dutt.

India's share in the total wheat imports of Britain rose to 10.9% in 1882, 13.9% in 1883 and 12.8% in 1884, helping to reduce Russia's share in English imports from 17% in 1875 to 8% in 1884. India's share in those imports between 1881 and 1887 averaged 12.6% and reached the peak proportion of 16.7% in 1886.[1] America's share in English imports was not, however, reduced. "India has in fact been used as a lever whereby the whole weight of American enterprise has been rolled with increasing velocity upon the English wheat-grower".[2] India raised its acreage under wheat by 68% from 16,000,000 in 1871 to 27,000,000 in 1888. It became the third largest producer in the world in 1885 after the U.S.A. and Russia. Its exports supplied 10% of world wheat exports in 1884-88 and were stimulated in 1885-86 by the depreciation of silver.[3] India shipped its wheat increasingly to Italy from 1886-87 after France raised its duties in 1885. It raised the proportion of its wheat exports shipped to the Continent from 5.9% in 1879-80 to 48.6% in 1887-8: the high gluten content of its durum wheat made it especially suitable for the manufacture of macaroni. Although only half of India's shipments to Europe in 1886-87 used the Suez Canal attempts were made in 1883-85 to export wheat from India to "the race of beans" via Suez.

Wheat cultivation developed in the drier regions of India, especially in the North-West which enjoyed more regular spring rains than the monsoon area to the south and could therefore grow wheat as a winter crop. In the Punjab where winter rains were abundant wheat became the main crop and a general staple of consumption alone of all

1. J. McDougall, Indian Wheats. Journal of the Society of Arts, June 14 1889, 639.
2. A.K. Connell, Indian Railways and Indian Wheat. Journal of the Statistical Society, May 19 1885, 256.
3. A.F. Baillie, Kurrachee: (Karachi) Past: Present: and Future (1890), 238.

the provinces of India. Wheat was elsewhere compelled to adjust to the monsoon regime as well as to the much shorter growing-season. It remained closely dependent on rainfall in an arid region and stimulated the development of perennial irrigation from 1890, especially in the Punjab. There 'canal colonies' were first established in 1886-89 by Sikh ex-soldiers, raising the area under irrigation from 2,300,000 acres in 1888 to 5,200,000 acres in 1898 but diffusing malaria and salinifying the soil as in Egypt. Thus the Punjab became the great centre of wheat-production for export. Karachi became the outlet for the harvests of the Punjab, raising its share in the wheat exports of India from 10% in 1881-2 to 20% in 1883-4 and to 25% in 1884-5 through the agrarian colonisation of its hinterland. Karachi raised its population from 56,750 in 1872 and 73,560 in 1881 to 105,200 in 1891. It exceeded the wheat exports of Bombay for the first time in 1890 and ranked as the first wheat-port in 1889-90 and in 1890-91 but was displaced by Bombay in 1891-92 and 1892-93. Thereafter Karachi became India's leading wheat-port and shipped wheat especially to Hull as Bombay did to Liverpool and Calcutta did to London.[1] The port benefited by its very low rainfall, which facilitated the storage of grain awaiting shipment in the open air. It never built elevators on the American model, which were often proposed from 1890 onward, because Karachi Port Trust preferred to avoid such specialized capital investment. It shipped its wheat wholly in bags and never in bulk, so maintaining the demand for the jute bags manufactured in Bengal. It derived its supremacy as a wheat-port from its proximity to the centres of production in Central and North-Western India but did not extend its hinterland beyond the Indus valley and the Punjab. It remained a highly specialized port, lacked any commerce of its own apart from the transit trade[2] and never developed the large-scale general trade of Bombay. It used tramp shipping to a far greater extent than Bombay or Calcutta and fluctuated in its contribution to the traffic of the Canal much more than Bombay. It became more dependent on the Canal than any other port in the whole world and so suffered the annihilation of its long-cherished expectations as the

1. C.P. Wright, 366.
2. A.F. Baillie, Kurrachee (1890), 237.

Indian terminal of a Euphrates Valley Railway. It remained dependent on the Bombay firms which had established all its merchant-houses and banks as branches and had so deprived them of strong local associations.[1] From 1887 it agitated for a desert railway to Delhi via Rajputana to facilitate competition by the Punjab with the U.S.A. in the world wheat market.[2]

Wheat exports were increased in weight by the admixture of dirt by Indian merchants, as in the cotton trade, to the anger and despair of European merchants. Exceptionally heavy exports as in 1877, 1882 and 1891 stimulated the passage of ships southwards in ballast through the Canal. Shipments began in April and May after the harvest was gathered from March onwards and were made mainly in June, July and August, which were otherwise slack months in the traffic of the Canal. Indian wheats thus brought a welcome counter-seasonal addition to the traffic of the waterway and arrived in the markets of Europe when the winter wheats of the U.S.A. were their chief competitors. Indian wheats could not compete with U.S. wheats but provided another source of supply to the urban consumers of industrial Europe and to the flour millers of Europe, especially of London and Liverpool, which so gained some compensation for the loss of its entrepot trade in Indian cotton and oilseeds and in China tea. The qualities of Indian wheats were recognised by McDougall in his report of 1882[3] as deriving from the dry climate which made their skin thinner and their flour drier than the humid wheats indigenous to England. Those wheats afforded unprecedented yields of flour in comparison to other wheats because of their thin skin, a larger yield of bread than other flours and therefore larger margins of profit to both miller and baker. They were used not by the many small millers but by the few large millers who bought them the cheaper as 'dirty' and developed elaborate cleaning machinery to reduce their high content of dirt, techniques of blending to take full advantage of their cheapness, dryness and stability, the bleaching of flour to conceal their unattractive colour

1. Baillie, 198-9.
2. Baillie, 227.
3. J. McDougall, Indian Wheat. Journal of the Society of Arts, June 29 1883, 807-8.

and the art of "conditioning" to offset their poor baking qualities.[1] Those large millers prevented through their powerful London Corn Trade Association a reduction of the fixed allowance for impurities from 5% to 2% proposed by Liverpool at the conference of 1889 at the India Office[2] and so preserved the advantage which they enjoyed in their machinery over their smaller competitors.

Wheat exports reached a peak of 30,307,000 cwts. in 1891-2 because of the bad harvests in Europe and the famine in Southern Russia. In that year wheat became the most valuable export of India, supplying 14.2% of the total value of seaborne exports.[3] Those exports made 1891 a boom year for the Canal, helping to increase its net register tonnage by 26.25% and raising India's share thereof to the peak proportion of 56.41%. Thereafter wheat shipments fell off by 43.5% during 1892 and by 54.5% during 1893, reducing the net register tonnage of the Canal by 11.3% in 1892, its sharpest fall in 32 years. Exports sank in 1894 for the third successive year as the wheat harvest fell to a new low level in 1894-95. India's export surplus declined to 5.1% of its crop in 1892-97. The depression of 1892-94 completed the diversion begun in 1889 of the wheat exports of the United Provinces to Bombay, ended the importance of Calcutta as a wheat-exporting port and established the supremacy of Karachi, which exported 298,535 tons in 1894 or 77% of the total wheat exports of India against 30% from Bombay and 3.3% from Calcutta. India's second phase as a wheat exporter drew to a close with the drought, famine and plague of 1896. Its exports of wheat to Britain declined by 73% between 1895 and 1897 and helped to reduce the net register tonnage of the Canal by 7.7% in 1897, the second depression of the 1890s. Wheat exports to Britain revived in 1898 when good harvests in India coincided with short harvests in Europe: the recovery of freights again attracted shipping in ballast through the Canal to Bombay and Karachi. The short harvests in Western and Central India in August 1899- October 1900 however reduced the trade of Bombay and reversed the flow of cereal

1. C.P. Wright, 375.
2. J. McDougall, Indian Wheats. Journal of the Society of Arts, June 14 1889, 644.
3. C.P. Wright, 363.

shipments through the Canal. Thus southbound shipments of maize were made from Sulina in Rumania to Bombay in October 1899, January 1900 and April 1900, one shipment of maize was even made from the U.S.A. to Bombay in June 1900 while Australia increased its wheat shipments through the Canal to England markedly in 1899 as a substitute source of supply for India. Those short harvests eliminated India's shipments of wheat to Europe in 1900 and diverted the rice exports of Burma from Europe to India.

The cultivation of tea had developed during the 1860s in the valley of Assam which pointed like a finger towards China and supplied the profitable markets of Central Asia through Amritsar and Kabul. Calcutta began the export of tea from Assam in 1869 after the reduction of the import duty in England in 1864 and 1867. It shipped tea through the Canal from 1870 and first shipped more via the Canal in 1871 than via the Cape. Indian tea was not a bulk commodity like wheat or rice or jute: it was dear enough to bear the cost of steamer freights but cheap enough to blend with China tea so as gradually to educate the public in a new flavour. That flavour was more robust, rich, pungent, penetrating and lasting than that of the delicate product of China. Indian tea increased its share in the total tea imports of England from 10.6% in 1873-74 to 33.1% in 1877-78. The new trade developed apace despite the long-term fall in tea-prices which it encouraged. It benefited by the depreciation of silver which reduced working expenses. It compensated Calcutta for the decline of its silk exports from their peak in 1875-80. Ceylon first exported tea in 1875-6 after the import duty was halved in 1874 but only began its large-scale export from 1880, finding therein compensation for the decline of its coffee exports from their peak in 1874-76.

The production of tea on a plantation-basis expanded greatly during the 1880s, encouraged by the Government and by the Chartered Bank of India, which granted open credits on tea crops from 1878 in defiance of its Charter. Exports were extended from Calcutta to Chittagong from 1879. The shortage of labour created abuses in the recruitment of coolies, which were only partly checked by Ripon's Inland Emigration Act of 1882. The development of the tea plantation

was even more rapid in Ceylon from 1884 than in Assam. The produce of both areas, classified in grades with Chinese names,[1] shattered the Chinese monopoly of the tea market. The process of substitution was facilitated by the systematic adulteration of Chinese tea and by the increasing blending of Indian with Chinese tea in London. New markets were also tapped as stronger tea was found to supply an acceptable alternative stimulant to alcohol and as the consumption of tea was popularized through the chain-stores of Thomas Lipton from 1871-74 and through the use of advertisements from 1874. Thus the share of China in the tea consumption of England sank from 97% in 1865 to 59% in 1886 while the share of British-grown tea rose from 3% in 1865 to 19% in 1877 and to 41% in 1886.[2] Tea became the most valuable single export from Ceylon in 1887, exceeding the value of coffee exports for the first time. England's imports of tea from India and Ceylon first exceeded the weight of tea imports from China in 1888. Thenceforth India became the major source of supply of tea for the British market as well as for the entrepot trade. The revenue from import duties was reduced because Indian tea was strong and went half as far again as China tea, as the Chancellor of the Exchequer, Goschen, complained to the Commons on April 21 1887. Tea became incomparably the most popular drink ever known in England and the national beverage as it had never been before. The increased consumption of tannin, however, aroused the concern of doctors for its effects on health from 1891.

A new field for enterprise was opened up in the cultivation, preparation and marketing of tea. Lipton was encouraged to enter the tea trade in 1888, to transfer the headquarters of his firm from Glasgow to London in 1889 and to acquire plantations in Ceylon from 1889. Joseph Lyons began to retail his dark and strong brew at

1. A. Burrell, Indian Tea Cultivation: its Origin, Progress and Prospects. Journal of the Society of Arts, February 9 1877, 199-215.
   S. Baildon, The Tea Industry in India. (London, Allen, 1882).
   H.W. Cave, Golden Tips. A Description of Ceylon and its great Tea Industry. (London, Low, 1900), 167.
2. J.B. White, The Indian Tea Industry: its Rise, Progress during Fifty Years and Prospects. Journal of the Society of Arts, June 10 1887, 740.

exhibitions from 1887-90 and in tea-houses from 1894. British entrepreneurs gained that control over the actual production of tea which they had always lacked in China. The tea planters established their homes in India and became the backbone of opposition to Ripon's liberal policy, because they lacked any official position and derived their status from their colour alone. They formed the Indian Tea District Association in London in 1879 and the Indian Tea Association in Calcutta in 1881. They created the demand for the Assam-Bengal Railway, which was begun in 1892 and completed to Chittagong in 1895. They served the Government of Calcutta as willing instruments of its neo-mercantilist policy to win "a victory of race over race, of progress over stagnation, of the spirit of enterprise and innovation over that of conservative contentment".[1] A new trade was also opened to British shipping. The Calcutta Tea Conference fixed freights to London from 1886 and was exceptional in applying the deferred rebate to the homeward trade. That conference was entered by T. & J. Harrison when they acquired Rathbone Brothers' Star Line of four steamers in 1889. The freight-rates fixed by the Conference also determined those from Ceylon, aroused the opposition of the Tea Association in 1891 and 1892[2] and brought the two rival associations together in 1894. Ceylon benefited by the experience of India and developed much more rapidly, raising its share of the British tea market from 2% in 1885 to 33% in 1895. The Colombo Tea Conference was established in 1902 as the complement to the Calcutta Tea Conference.

The rise of the Indian tea trade disrupted the triangular trade in opium, tea and piece-goods between India, China and England. The tea of China lost the British market to India at the same time that it lost the American market to Japan which also replaced China in the supply of Oriental curios to the West in a similar victory for a low-cost over a high-cost producer. The China merchants remained undisturbed by the loss of that trade and spoke of China to Kipling in 1889 as "a place where fortunes were made - a land only waiting

1. A. Michie, The Englishman in China during the Victorian Era (1900) I, 185.
2. F.E. Hyde, Shipping Enterprise and Management 1830-1939. Harrisons of Liverpool. (Liverpool University Press, 1967), 73.

to be opened up to pay a hundred fold".[1] Hong Kong however increased in importance relative to Shanghai and rose between 1886 and 1890 from the third to the first port of the British Empire and the world. Shanghai remained independent of any single staple export unlike such tea-ports as Foochow, which declined with the fall in tea-freights from China and the end of the shipment of Chinese teas by racing steam clippers. The decline in the tea freights from China depressed the profits made by Holt's between 1883 and 1892, broke up the China Conference of 1879-1888 and produced a rate-war until 1891. Killick Martin & Co. sold their ships in 1885 and 1886[2] and retired from the China tea trade into ship- and insurance-broking, for the Ben Line from 1883 and for Holt's from 1887. Skinner's Castle Line paid the price for the expensive speed records it had established in 1882-3 and ceased to exist after 1890. Holt's, however, discarded sails after 1885, adopted the triple-expansion engine from 1888, three years after the P. & O., and entered the trade of the Dutch East Indies from 1891. They began rebuilding their fleet to carry heavy cargo from the Midlands rather than light-weight textiles from Lancashire: their three-island superstructure of 1892 permitted the carriage of relatively large deadweights in relation to its dimensions and of deck-passengers in the centre castle space.[3] The neo-mercantilist policy of England enabled Russia to dominate the market for the finest black tea of China, to benefit by the growth of Chinese resentment against foreign merchants and to profit by the opening-up of China from the land rather than from the sea. For the Canal the westward shift of the tea trade offered protection against the potential competition of the Panama Canal begun in 1881 as well as against the actual competition of the Canadian Pacific Railway completed in 1886.[4] Tea shipments through the Canal do not seem to have increased in volume, perhaps because of the greater strength of Indian tea. The tea-season remained unaltered in July-August. The replacement of

1. R. Kipling, From Sea to Sea. (London, Macmillan, 1900), 365-367
2. D.R. MacGregor, The China Bird. The History of Captain Killick (1961), 232.
3. F.E. Hyde, Blue Funnel, 1865 - 1914 (1956), 67-93, 174-175.
4. H.A. Innis, A History of the Canadian Pacific Railway. (London, King, 1923), 193.

China by India insured the Canal Company, however, against over-dependence on a single source of supply.

Jute had been first shipped through the Canal from Calcutta in 1870 but was too cheap to bear high steamer freights. The growth of world trade in primary produce increased the demand for the cheapest of natural fibres for use as sacking. As a cheap bulk product jute was better suited to shipment via the Cape during the 1870s when freights were high. Shipments via the Canal declined markedly in 1875 and 1876 under the influence of the depression of trade. The share of the Canal in Calcutta's jute shipments to England rose only from 10% of the total volume in 1870 to 18.6% in 1878. From 1880 more jute was shipped via the Canal, which increased its share of the total shipments from 27% in 1880 to 33% in 1882. That proportion was sufficient to control the market-price because jute prices rose in the carpet-making town of Kidderminster on July 8 1882 when traffic through the Canal seemed threatened by Anglo-Egyptian friction. In 1882 the German Hansa Line began the direct shipment of jute from Calcutta to Bremen and so began to capture the Continental trade from the jute clippers, many of which entered the Australian trade in 1884. Steamer freights between Calcutta and London were reduced by the import of Cheshire salt from Liverpool at ballast freights and first fell below sail freights in 1886. Thenceforth jute shipments shifted increasingly to the Canal from the Cape route, which retained only shipments to Argentina, Brazil and Boston. The last jute carriers were launched in 1886-88 and in 1891-93[1] but were compelled to increase their speed so as to average 125 days in 1890 between Calcutta and Dundee. Thereafter sail was diverted into the grain trade from San Francisco and then into the case-oil trade from New York and Philadelphia. The jute exported to Dundee in 1894-95 was carried by 49 steamers and four sailing ships. The season for Canal shipments became October - February following the harvest in July - September. Those shipments were made exclusively through Calcutta and Chittagong and remained highly susceptible to the influence of economic depression

Jute was the pre-eminent export staple of Bengal, which enjoyed a

1. B. Lubbock, The Last of the Windjammers. (Glasgow, Brown, 1927), I, 467-479 Register of Chief Sailing Ship Fleets.

world-monopoly of its production and export. Its cultivation expanded greatly from the 1880s at the expense of cotton, safflower and indigo. Jute supplied the peasants of Bengal with a secondary crop to supplement rice, to fill a gap in their crop-rotation and to bring in ready money as a cash-crop. Its cultivation increased land-hunger in Eastern Bengal and valorised inferior land. From 1880 jute sacks, which had been manufactured in Calcutta since 1859, were exported to England for the bagging of flour and salt. From 1884 they were also imported to the Levant as sacks for wheat and sugar and to Suez, where they were imported for the bagging of sugar and drove Dundee gunnies off the market in 1890-91. These sacks formed the first manufactured commodity to be shipped northwards through the Canal and were more stable in volume than the shipments of jute fibre, because they supplied a more direct demand. The agricultural produce of India and Asia also passed through the Canal in jute sacks, which as containers were not classed by the Canal Company as a separate commodity.

The great expansion of rice cultivation which had begun in Burma in the 1860s continued in the 1870s when the Cape route carried the bulk of rice exports to Europe. From 1872 increasing amounts were shipped by English steamer through the Canal: such steamers often carried coal through the Canal in February - April and returned with rice and linseed in March - May. The colonisation of the Irrawaddy delta inspired France from 1870 to develop the Mekong delta and Siam to develop the Menam delta, though without the assistance of the public works or the labour-migration of Burma. Siam increased its output of rice not for export to Europe but for export to the markets of Asia thitherto supplied by Burma, especially Singapore and Hong Kong. Thus a division of export markets developed from the 1870s, enabling Siam to preserve its society of small independent farmers in which all adult males were warriors. Java replaced the export of rice by its import and concentrated on the more profitable cash-crops for the Dutch market. In 1880 shipments via the Canal from the rice ports of Rangoon, Bassein, Akyab and Moulmein rose to 34% of Burma's total shipments of rice to Europe because of the spread of the potato blight in England, the export of potatoes from Germany and the Netherlands

to England, the substitution of rice for potatoes in Germany and the Netherlands and the partial failure of the harvest in Italy. The increased demand in Europe raised the number of steamers loading in the rice ports in 1881 to equal the number of sailing ships and brought the first shipment of rice from Japan through the Canal in March 1882. From 1883 rice was shipped increasingly to Hamburg to supply the distilling industry with a new raw material. The Canal consolidated its hold on the rice trade in 1884 when rice prices rose while steamer freights for Burma rice to Europe fell to the same level as sail freights via the Cape.

The enormous increase in exports stimulated the colonisation of the valleys of Burma by the hill people of Upper Burma who lacked the protection of the caste system and became converted to economic civilisation and to Buddhism.[1] The balance of population was thereby shifted from the interior dry zone to the monsoon delta. The simultaneous immigration of Indian merchants and labourers increased Indian at the expense of Chinese influence in a frontier-region between India and China. Indian influence only triumphed with the conquest of Upper Burma in reply to Ferry's seizure of Tonkin (1883-85) and with the introduction for administrative convenience of the village-system into a society based on the township or county. The conquest of the kingdom of Ava was accomplished in a campaign of three weeks which included the rapid advance by steamboat to Mandalay, (November 14 - 28 1885). The war created a boom in Rangoon and Singapore and increased the shipments of Burma rice via the Canal from 40% of the total shipments to Europe in 1884-5 to 53% in 1885-6. The Burmah Oil Company was also registered in Edinburgh by Glasgow merchants on July 22 1886 and began drilling operations in 1887. The annexation of Burma encouraged the transfer of its trade from the sailing-ship and the beginning of steamship services by Rickmers from 1889, the Hamburg-Calcutta Line from 1890, Brocklebanks from 1890 and the Bibby Line from 1891. The share of the Canal in Burma's rice

1. J.S. Furnivall, An Introduction to the Political Economy of Burma. (Rangoon, Burma Book Club, 1931), 42, 47. The Reclamation of the Delta.
E.R. Leach, The Frontiers of "Burma". Comparative Studies in Society and History, October 1960, 53.

exports to Europe was thereby increased from 58% in 1888 to 66% in 1889 and from 70% in 1893 to 84% in 1895.

Burma exported more polished than unpolished rice from 1890, replacing its "cargo rice" by white rice. Steam rice-mills grew in number in the rice-ports, especially in Rangoon. Those millers were mostly British and eliminated the fine millers of London: they reaped most of the profits of the trade and formed their own combination in 1892 when the Rangoon Shipping Conference was organised. Their mills cleaned the rice for export so effectively that they removed the vegetable oil and the vitamin B_1 in the bran and so devitalized the most nourishing cereal in the world.[1] As Burma replaced Java as the rice-granary of the Malayan archipelago and as steam-milled rice replaced hand-milled rice the vitamin-deficiency disease of beri-beri spread throughout the region. The correlation between the consumption of polished rice and the incidence of beri-beri was established only by research begun by C. Eijkman in Java in 1897 and completed by Casimir Funk in 1911.[2] The rice-eating communities of the Asian seaboard also became dependent on the power which controlled the seas and the seaborne trade in rice. The staple item in the diet of the poorest and most populous communities in the world was used to solve Europe's population-problem: it was shipped westward to the richest communities in the world and turned into beer, spirits, starch and feed-cake as much as into human food for the poor below the potato level.[3] Shipments through the Canal formed a higher proportion of the world trade in rice than of the world trade in wheat because rice was largely grown in the East whereas wheat was grown largely in the West. Rice shipments through the Canal were more stable than those of wheat which always remained liable to competition from the great producers of the West. The rice-season in the traffic of the Canal from March to May intervened between the cotton and tea seasons. Malta developed an entrepot trade in rice shipped 'to orders' via the Canal and increased the pressure of Burmese competition on the rice-growers of

1. H.B. Proctor, Rice: its History, Culture, Manufacture and Food Value. (London, Dunham, 1882, 45pp), 38-39.
2. Bulletin of the Imperial Institute, 1917, 259-260. The Production and Uses of Rice.
3. H.B. Proctor, 25.

Italy who suffered a reduction in their exports. The growing embarrassment of the primary producers of the Mediterranean was relieved when France and Italy raised their import duties on rice in 1895, so making Germany thenceforward the largest single market for the rice of Burma.

Bengal and Burma thus came fully within the range of the Canal's influence. The Canal's shipping tonnage with Calcutta and Eastern India surpassed that with Bombay and Western India first in 1892 and permanently from 1894. Calcutta became the representative destination of the cargo steamer using the Canal because it lay midway between Bombay and Shanghai. The expansion of India's exports increased the share of Asia in world trade and reduced after the 1880s the relative importance of passenger-traffic to cargo-traffic in the Canal. Trade between East and West was transformed less in value than in kind. The most valuable trade remained that in tea, silk and specie while that in bulk commodities provided the expanding volume. The exchange of foodstuffs, raw materials and minerals for the manufactures of Europe supplied the Canal with an increasing flow of traffic and insured it against the failure of any single source of supply. The balance of freight was weighted heavily in favour of northbound cargo even before 1886 when for the first time the number and tonnage of ships entering from the Red Sea exceeded the number and tonnage of those entering from the Mediterranean. The bulky nature of the raw materials and foodstuffs exported from Asia gave northbound vessels a higher load-index than southbound vessels with their light-weight, high-priced manufactures. Exports of manufactures from Europe were reduced by economic depression more than the agricultural exports of the primary producers of Asia. The fluctuations of traffic through the Canal were nevertheless determined from 1895 more by the variations in northbound than/by those in southbound cargo. Those fluctuations down to 1888 had followed by one or two years the fluctuations in English railway traffic and in the industrial economies in general. Between 1890 and 1895 they coincided with the fluctuations in English railway traffic while after 1895 they preceded them.

Commerce united Asia during the nineteenth century but proved more

disruptive than any previous military conquest. The 700,000 village-communities of India which had survived all previous invasions were little republics and the basic units of society, together with the family and the caste. The village was economically invulnerable because it was founded upon subsistence-agriculture and supplied essential support against omnipotent Nature. Economic man was thus submerged beneath social man and individual enterprise was enclosed within the group although social mobility was not so closely confined to economic channels as in contemporary Europe. All-purpose crops were as useful to the peasant as the all-purpose camel and horse to the nomad. Cattle were far more than sources of food or beasts of burden. River boats and junks were the homes of the owner and the crew as well as means of transport. Above all, religion created "a fixed, crystallised sacro-economic system" which could assimilate a new steam-plough only as a new divinity and idol.[1] It also inhibited the taking of risk, the exaction of interest and the untrammeled use of wealth by the individual. It imposed social obligations on the wealthy, making charity a primary duty and alms a divine right. Thus social pressure restrained the pursuit of money just as mutual help avoided its use. Wealth was hoarded within the house rather than invested outside and appertioned within the family on the basis of needs rather than of earnings so as to maintain the economic independence of the family. More money was thus spent on social than on economic functions. Large-scale commerce was a branch of government confined to the periphery of community, city and state and to the sphere of the foreigner. Indigenous commerce was carried on by networks of merchant families who lacked social status in their land and prospered only through economic activity in proportion to the density and extent of their personal relationships because commerce was based on the inviolable unwritten agreement.

The growth of bulk exports remoulded the life of village-India. Fiscal pressure encouraged subsistence economies to yield place to a market economy and transformed self-contained into dependent

1. G. Birdwood, Indian Pottery at the Paris Exhibition. Journal of the Society of Arts, February 28 1879, 309.

communities. Their inhabitants were drawn into economic activities wholly independent of the rest of local life and found in the market-place their sole contact with the alien culture of a dual society. Cash-crops for export replaced subsistence-farming. Specialization even developed between the production of raw materials and that of foodstuffs while monoculture appeared in the production of rice and sugar. Economies based on an all-purpose staple such as the date, the coconut, and the oilseed were undermined through the development of a one-sided export trade. Neither machinery nor artificial fertiliser were introduced while the natural fertiliser of oil-cake was exported, destroying the equilibrium between technology and resources in the central sector of the economy. The plantation provided no model which peasants could imitate but rather the ideal type of the dual economy, with its fundamental division of labour between administration and manual labour. The plantation eliminated the irrational dis-economies of peasant-farming and organised indigenous labour to mine the soil, produce for export and make profit for aliens. The associated migration of labour replaced the slave-trade by the coolie-trade, which recruited labourers through indentures from non-literate societies and treated them primarily as instruments rather than as men. That trade extended the Indian diaspora in Burma and East Africa as it did the Chinese diaspora in Malaya and the Dutch East Indies.

The commercialization and secularization of agriculture revolutionized rural life far more than the plantation, exposing the villagers to the fluctuations of an uncomprehended and alien market-mechanism. Their monetary returns sank with the fall in prices between 1873 and 1896 while their currency and ornaments were devalued by the depreciation of silver. Nor were they offered the compensation of a rise in social status, the protection of a trade-union or even the comfort of the myth of progress. They suffered from the unprecedentedly rigorous justice with which the land-tax was exacted and the legal claims of money-lenders enforced. Their traditional village society was eroded through the land-tax, the judicial system, Manchester cottons, English education and missionary activity. Thus they were impoverished rather than enriched through the spread of a money-economy.

They bore their growing burden of poverty patiently and bequeathed it to their children without blaming fate and without condemning gods or men. Their ordeal nevertheless so impressed William Cunningham on his visit to India in 1882 that he concluded that trade was the great solvent which broke up social organisation. "Every step of progress means the impoverishment of some class. We really are nihilists, overthrowing the institutions of society and helpless to develop anything in their stead".[1] England's first great teacher of economic history was confirmed in his new-born suspicion of free trade as he observed its effects in an economically weak country. In the succeeding generation of accelerated economic change the indigenous commercial elites of Asia began to adapt their operations to the new mechanical media of communication[2] and to inherit the revolutionary function of the Western elites of the colonial ports. They became the ablest instruments of the expansion of Asiatic trade and the self-perpetuating agents of a continuing economic transformation. They became the great vehicle for the transmission of Western culture through the ports to the peasant hinterland and for the conversion of Asia to the economic civilisation and export technology of Europe.

1. W. Cunningham, From Julumdum. Cambridge Review, March 8 1882, 223.
   W. Cunningham, Christian Civilisation with Special Reference to India. (London, Macmillan, 1880) 117-118.
2. D.A. Wells, The Great Depression of Trade. A Study of its Economic Causes. Contemporary Review, August 1887, 278 Note.

AUSTRALIA AND THE FROZEN MEAT TRADE, 1877-1896

The colonies of Australia and New Zealand made no use of the Canal before 1877. Divided between five colonies, with five capital cities, Australia lacked the unity imposed on India from Calcutta since 1833 and remained an Africa in miniature, a continent of outposts. Its economic and demographic core faced the Pacific rather than the Indian Ocean while Western Australia remained sparsely peopled. Its colonies lacked the high-priced commodities and passenger traffic most suited to rapid transit. Their staple product of wool was a bulk commodity in no need of speedy carriage to market: it supplied the freight of a season rather than of a year and was best carried by sailing vessels such as those of George Thompson's Aberdeen White Star Line established in 1825. The Australian route with its great distances and its consequent lack of coaling stations and of profitable ports of call was dominated by the sailing ship. The great westerly gales which stormed almost unchecked around the world in the latitude of 40° south provided the best and cheapest form of power for the voyage outwards via the Cape of Good Hope and also for that homewards via Cape Horn because they discouraged westward voyages via Table Bay. Emigrants also preferred the repose of a sailing ship to the continual shiver, smell and heat of a steamship.[1] The gold rush to Victoria led to the foundation of new clipper lines such as the Orient Line in 1853[2] while the trade of New Zealand attracted from 1853 Shaw Savill & Co. and the Albion Shipping Company of P. Henderson of Glasgow. From 1852 a branch line of the P. & O. carried the mail and gold of Australia by the Suez overland route first via Singapore, then via Port Louis and finally via Galle. During the 1860s sailing ships increased their speed on the route to Australia with the building of the composite ship. Australia gained the Loch Line in 1867 and the Colonial Line of Watts Milburn & Co. in 1869 and was well supplied

1. J. Berry, New Zealand as a Field for Emigration. (London, Clarke, 1879), 35.
2. B. Lubbock, The Colonial Clippers. (Glasgow, Brown, 1921)

with the shipping best suited to its needs when the Suez Canal was opened: it was even linked by barque direct to the inland tea market of Hankow from 1870.

The 'Gunga' of the Australasian Steam Navigation Company seems to have been the first steamer to leave Bombay for Liverpool via the Canal, on November 16 1869, but did not pass through the new waterway. The ironclad 'Cerberus' made the first transit through the Canal on December 21-23 1870 en route from Newcastle to Melbourne on a one-way voyage for colonial defence.[1] The use of the Canal saved 1,000 miles in distance on the Australian route. That saving in distance was much less than the comparable saving on the route to India, was less for ships bound for the homeland of the colonists than for those for ports in the Mediterranean and formed a small proportion of the total length of the voyage, being about 4.3% of the 12,700 miles from London to Sydney.[2] Australia's location on the very edge of the Canal's zone of influence explains its slowness to use the new route better than any dissatisfaction of a democratic community either with the aristocratic P. & O. or with the heavy tolls charged by the Canal Company. The Pacific Railroad completed in the same year as the Canal also offered an improved overland route to Australia, increased the fascination of the re-established power of the U.S.A. for Australia[3] and made possible the beginning of a service from San Francisco to Sydney by American paddle-steamers from April 1871. The British response to that American enterprise was to extend their eastern cable system to Australia. The British Australian Telegraph Company Limited was formed on January 3 1870 to connect Singapore with Port Darwin via Batavia. The cable was carried around the Cape by the 'Hibernia' and 'Edinburgh' in 85 days (August 3 - October 27 1871) while the technical staff travelled out on the 'Investigator' through the Canal.[4] After the cable was laid over 1082 miles to Banjoewanji in fourteen days (November 7 - 20), the 'Edinburgh' and 'Hibernia' returned via the Canal. The completion of the land line across 1973 miles on

1. Le Canal de Suez, 30 Mars 1871. Les Avantages du Passage par le Canal.
2. J. Rabino, The Statistical Story of the Suez Canal. Journal of the Statistical Society, September 1887, 526.
3. Le Canal de Suez, 26 Mai 1870, 203. L'Australie et le Canal de Suez.
4. F. Clune, Overland Telegraph. (Sydney, Angus, 1955), 211.

August 22 1872 and the repair of the submarine cable on October 21 united the Australian colonies with the world cable-system and the world-market. Those colonies had already developed their own colonial nationalism sufficiently to secure an end to the despatch of convict ships after 1868. The independent Australian Britons who emerged in the 1870s as sons of the Australian soil and opponents of the Anglophile Australian gentry secured full control over their own tariff policy in 1873 and thereby the power to protect themselves if necessary against the world-market. The laying of the cable from Singapore encouraged the development of steam navigation from Singapore via the Torres Strait rather than via the west-coast route followed by the P. & O. Before the renewal of the P. & O. contract in 1874 at least three steamship companies were registered in London in 1873 for the Australian service. The Eastern and Australian Mail Steam Company Limited[1] which was formed on May 3 1873 began its service from Singapore with the 'Sun Foo', which pioneered the steam navigation of the Torres Straits and reached Sydney in 30 days (November 18 - December 17 1873). That service encouraged Singapore to import coal from New South Wales, the P. & O. to make Adelaide a port of call from 1874 and Watts, Milburn & Co. to begin in 1874 their Anglo-Australasian Steam Navigation Line of 'mixed' ships.

Australia supplied neither regular nor occasional traffic to the Canal before 1877 except for a tug, a coastal steamer and a dredger. Its trade attracted sailing tonnage which was forced out of the trade of Asia by steamer competition after the opening of the Canal, as in the China trade from 1872 and in the Calcutta trade from 1878. The consequent reduction in freights made competition by steamships even less economic than before and encouraged the shipowners in the England-Australia trade to form in 1876 the first association to maintain outward freights from London. The fall in freights affected the fast clippers of the Orient Line more than other vessels. That line began negotiations in February 1877 for the charter of four steamers

1. W. Lawson, Steam in the Southern Pacific. (Wellington, Gordon, 1909).
W. Lawson, Pacific Steamers. (Glasgow, Brown, 1927).
D. Gregory, Australian Steamships Past and Present (London, Richards, 1928).

from the Pacific Steam Navigation Company, which was thereby relieved of its surplus capacity caused by over-building. Those steamers were used to begin a monthly service by the cool-weather route of the Cape to Adelaide, with postal subsidies from the government of New South Wales and South Australia and with all-white crews in accordance with the "White Australia" policy which was elaborated between 1876 and 1885. The fast clippers of the Orient Line had averaged 80 days on their outward voyage but 95 days on their homeward voyage. Its pioneer steamer, the 'Lusitania' reached Melbourne in 40 days 6 hours (June 28 - August 8 1877) from Plymouth, and so began a sustained assault on the postal monopoly of the P. & O. The 'Lusitania' returned to England via the Canal, reached Suez in 26 days 12 hours and 40 minutes and London in 40 days from Adelaide and so proved the capacity of the Canal to equalise the time of the homeward with that of the outward voyage.

The success of the Orient Line encouraged the reduction of the Cape record to 19 days 8 hours in 1877 and stimulated imitation by the 'mixed' steamers of Watts Milburn & Co., whose pioneer vessel the 'Whampoa' of 1873 followed the 'Lusitania' through the Canal in October 1877, and by those of Money, Wigram & Sons whose fourth 'mixed' vessel the 'Kent' returned from Melbourne via the Canal in March 1878. Regular services through the Canal from Australia began with the seven steamers which passed through in the six months between October 1877 and March 1878. Those steamers established the characteristic Australian use of the Canal for the return voyage to England rather than for the outward voyage[1] via the Cape and enabled Australia to enjoy the advantages of both routes. They also established the pattern of large vessels appropriate to the long voyage from Australia, supplying an average tonnage of 3,311 or 61% more than the average gross tonnage of 2,056. They carried 1252 passengers as well as 18,000 tons of cargo, making a relatively greater contribution to the passenger traffic of the Canal than to its cargo tonnage. They began the shipment through the Canal of Australian wool and may have

1. Le Canal de Suez, 12 Mai 1878, 1-2; 12 Mars 1880, 2-4; 12 Juin 1902, 4095. L'Australie et le Canal de Suez.

contributed to the depression of wool prices in Bagdad in 1877. Wool was followed by flour, copper and even wheat in the bad harvests of 1878-9. The steamers using the Canal from Australia rose from 3 in 1877 to 27 in 1878. The £11,244,000 of British trade with Australia passing through the Canal in 1878 included the cargo carried by the P. & O. and represented 17% of the total British trade through the Canal. Relations between England and Australia were drawn closer by the visit of the first English team of professional cricketers to Australia in 1877, the visit of the first Australian cricket eleven to England in 1878, the organisation of exhibitions at Sydney in 1879 and at Melbourne in 1880 and the opening of an office by Thomas Cook in Melbourne in 1879. After the first test match in England in 1880 and the defeat of the English team on their home-ground at the Oval on August 29 1882 the nationalism of both peoples was drained off into the field of sport, where 'England' and 'Australia' came to be personified in representative teams of eleven cricketers.

The Orient Steam Navigation Company Limited was formed on February 12 1878 by Anderson, Anderson & Co. and by F. Green & Co. of Blackwall. It sent the 'Garonne' from England on March 7 1878 via the Cape and benefited by the Russian war scare of 1878, building its first liner as an armed merchant cruiser to the specifications of the Admiralty.[1] Watts, Milburn & Co. became the first firm to make use of the Canal for the outward voyage to Australia when the 'Syria' left London on May 24 1878. The example of the 'Syria' was followed by the 'Lyttelton' in September 1878, a paddle-tug outward bound to Lyttleton Harbour Board in New Zealand and by the 'Cairnsmuir' in March 1879 despatched by the Elder Line, which had been established in 1878. The use of the Canal for the outward voyage combined with the development of the Orient Line to usher in the great expansion of Australian traffic via the Canal from 1878. Steamships were first chartered by such established sailing lines as the Albion Line in 1878 and Shaw Savill in 1879. The British India Line began negotiations for a mail service via the Canal outwards and homewards.

The competition of the Orient Line stimulated the P. & O. to

1. W.J. Loftie, Illustrated Guide of the Orient Line of Steamers between England and Australia. (London, Orient Steam Navigation Company Limited, 1880), 2.

announce on May 16 1879 a new fortnightly service of 39 days between London and Melbourne in place of its monthly service. One week later the Orient Line's 'John Elder' brought advices from Adelaide which reached London via Suez and Brindisi in 34 days (April 19 - May 23) and so saved 10 days on the contract-time of the P. & O. The pioneer clipper 'Orient' of 1853 was sold and its name was given to the first specially-built steamer of the Orient Line launched in June 1879 by John Elder, inventor of the compound-engine and the builder of the compound-engined vessels chartered from the Pacific Steam Navigation Company in 1877. The 'Orient' could steam for 40 days without refuelling and reached Adelaide in 37 days 22 hours. The Orient Line then arranged with the Pacific Steam Navigation Company a joint fortnightly service to New South Wales in reply to the P. & O.[1] That service saved the Pacific Steam Navigation Company from the excess capacity caused by the Pacific War of 1879, opposed democratic Sydney to aristocratic Melbourne but still used the Canal only for the homeward voyage. The new fortnightly service was begun by the Orient-Pacific Line in January 1880 and by the P. & O. in February 1880. The Orient Line employed the best vessels of the Pacific Steam Navigation Company and maintained the same sailing dates as the P. & O. until December 7 1883. The 'Orient' made its first transit of the Canal in March 1880 with a gross Suez tonnage of 5,438 when the average gross tonnage was 2,192 in a triumph of pilotage through a Canal which the Line could not recognise as a triumph of engineering because of its limited size and desired to supplement by a second and more commodious British Canal.[2] The 'Orient' then broke the Cape record, reaching Table Bay on April 22 1880 in 17 days 21 hours from Plymouth against the contract-time of 26 days, and arrived at Adelaide on May 9 in 34½ days, the fastest passage on record.[3]

The fortnightly service increased the Orient steamers using the Canal from 14 transits in 1879 to 24 in 1880. The enterprise of Anderson and Green stimulated a general wave of competitive emulation by shipowners in the colonial trade and encouraged the boom of 1880-83 in English shipbuilding. The P. & O. began to build a superior type

1. The Times, October 28 1879, 7i; October 30, 7ii; November 3, 7i.
2. W.J. Loftie, Illustrated Guide of the Orient Line (1880), 41.
3. The Times, May 11 1880, 9vi.

of liner for its Australian mail service with the two 5,000-ton, 15-knot 'Rome' and 'Carthage' in 1881. George Thompson ordered his first steamship with the triple-expansion engine invented in 1878 as an even more economic engine than the compound-engine of the 'Orient'. The Greenock Steam Ship Company was formed in 1879 and built its pioneer steamer 'Gulf of Suez' in 1880. The 'Gulf of Finland' left London on December 14 1880 to pioneer its outward service via the Cape to Australia and first passed through the Canal in August 1881. William Lund began his Blue Anchor Line of steamships via the Cape early in 1880. With the 'Aconcagua' on January 5 1881 the Orient Line began to send out one outward steamer in three via the Canal during the winter season and so began to transfer outward traffic from the Cape route. The hostility of the P. & O. made coaling at Aden very difficult for the Orient Line and compelled it to rent from Mauritius in 1882 the two palm-covered islands of Diego Garcia, largest of the Chagos atolls. Diego Garcia was thenceforward used as a coaling station by the Orient Line and also by Lund's Blue Anchor Line.

The 'Merkara' of the British India Line began a new mail service from London via the Canal (February 28) to Queensland, arriving in 62 days (February 11 - April 13 1881).[1] That service was created to replace the service of the Eastern and Australian Mail Steamship Company, which had refused to make Brisbane its terminal port in Australia. At the request of Sir Thomas McIlwraith E.S. Dawes founded the British India Associated Steamers to undertake the 44-day service, the longest mail service in the world, in return for an annual subsidy of £55,000. Thus the British India Line encircled the Indian Ocean with its services from Delagoa Bay to Brisbane. The new service became the first independent mail service to Australia via the Canal and encouraged the competitive foundation of the Victoria Line to Melbourne in 1882. The British India Line also began the carriage of emigrants when the 'Almora' left London in September 1881 with 161 emigrants for Queensland via the Canal. The use of the route via Torres Strait was intended to prevent the loss of emigrants to Adelaide, Melbourne or Sydney and encouraged Queensland boldly to annex

1. The Times, January 20 1881, 11vi. G. Blake, B.I. Centenary 1856-1956. (London, Collins, 1956), 113.

South-East New Guinea on April 4 1883, to the distress of the Colonial Office.

The pioneer steamer of George Thompson's line the 'Aberdeen' reached Melbourne via the Cape in 42 days in 1881, giving a great impetus to the use of the Cape route by large and economically-engined steamers. Table Bay Docks were accordingly improved in 1882 by the completion of the Robinson Graving Dock and the building of a 500-foot coaling jetty to supply the needs of such large steamers. Thus Cape Town preserved its function as the half-way house to Australia. The Cape route became thenceforward the most formidable competitor of the Canal as a route for both steam and sail: in 1883 it even attracted tea-steamers outward bound to China. The growing competition of steam forced passenger-carrying sailing ships to transfer from 1881 from the colonial to the jute trade. The rise in the proportion of the wool shipped through the Canal from 10% to 20% during 1881 followed direct purchases from 1879 by the manufacturers of France and Belgium in Sydney and began the advance of the London sales to January. Steamers for the Australian trade were first ordered in 1882 by Money, Wigram & Sons, by William Lund and by Archibald Currie, especially to carry remounts to India. The P. & O. began a through service to Australia via Colombo in place of Galle and began to shift from the Indian and China trades into the Australiam trade. Colombo became a port of call first for the Austrian Lloyd from 1879 and then for the P. & O. and the Messageries from June 1882. Its south-western breakwater built by an imperial loan between 1874 and 1886 gave it protection against the South-West Monsoon and the basis of a great artificial harbour in place of an open roadstead. Its facilities for coaling ended the use of Diego Garcia as a coaling port within six years. Colombo became the great bunkering port of the Indian Ocean, raising the value of Ceylon's imports of coal to equal the value of its cotton textile imports in 1890. Its harbour dues were used from the very first year to repay the imperial loan and thereafter provided the Government of Ceylon with a growing source of revenue. Colombo benefited by its proximity to the plantation hinterland of the island at the expense of Galle, which it replaced on the route to the East as well as on that to Australia. It attracted the merchant-houses

of Galle but did not develop a large entrepot trade or become the emporium of the East as Sir William Gregory had hoped in 1877 it would.[1] As it grew in poulation and activity Ceylon gained a new commercial administrative focus in addition to the cultural centre at Anurudhapura.

The British monopoly of the Australian trade was broken by the Sloman Line and the Messageries. Robert M. Sloman, who had begun the first Hamburg steamship line in 1839, established a service to Australia in 1879, began to use the Canal from 1882 for the return voyage in the winter wool-moving season and thenceforward developed Australian trade with the Continent, especially with Germany and Belgium. The interest of France in Oceania increased with its commitment to the Panama enterprise. The island of New Caledonia had been a penal colony since 1864 and recruited its population on the original Australian pattern despite strong protests to France from Australia. Its minerals entered into world trade with the successive discovery of copper in 1872, nickel in 1874, cobalt in 1876, chrome in 1878 and lead in 1883. The French company formed by the Rothschilds, Le Nickel, mined the nickel from 1876, smelted it on the island from 1879 and supplied the world market before the discovery of the Sudbury ores in Canada in 1883. The Messageries began a new monthly mail service via the Canal in 1882 to Noumea in New Caledonia. The service began from Marseilles, despite the protests of Havre, Bordeaux and Dunkirk whose sailing ships carried the minerals of New Caledonia. It linked together the island-outposts of the French empire, calling at Mahé in the Seychelles, Reunion and Mauritius as well as at Melbourne and Sydney, and increased the French pressure on Madagascar. It gave Australia the advantage of another first-class passenger service and helped to increase Australian trade with France. The hope of the Chamber of Commerce of Marseilles that their port would become the wool entrepot for Switzerland, Alsace and Northern France was, however, frustrated by the equal rates charged by the Messageries on the transport of wool to Marseilles and to London. The sailing ship

1. Lady Gregory, Sir William Gregory, K.C.M.G., Formerly Member of Parliament and Sometime Governor of Ceylon. (London, Murray, 1894), 268, 316, 386.

continued to compete for the transport of the minerals of New Caledonia and carried the island's first shipment of silver to the Clyde in 1886.

Emigrants were not as conspicuous in the traffic of the Canal as in the contemporary Atlantic trade because Asia held forth little prospect for colonisation while the Cape route carried the one great stream of emigrants to Australia. After the Orient Line had begun to use the Canal for outward passages during the winter season Government emigrants to New South Wales began to use the Canal route during 1882, when their numbers exceeded those of both pilgrims and convicts. In 1883 the Orient Line contracted with the Government of New South Wales to carry emigrants and thenceforward abandoned the use of the Cape route completely. It thereby benefited at the expense of the P. & O. which never carried emigrants and was deemed less Australian than the Orient Line. Perhaps 40% of the second great wave of emigrants, which brought 38,000 every year to Australia between 1876 and 1890, followed the Canal route to their new home. In summer they were exposed to the heat of the Red Sea but they benefited in health, comfort and morality by travel on the faster steamships[1] and were fortified by the compulsory church services and by the exclusion of all but religious works from the ship's library. Emigrants to Queensland perhaps fared worse than those to New South Wales: certainly George Lansbury found the conditions of an emigrant on board Westray's 'Duke of Devonshire' in 1884 as appalling as those of a passenger on his return voyage on the 'Merkara' of the British India Line in 1885.[2] The Canal Company followed the example of the Atlantic shipping lines which distinguished first-class "passengers" sharply from steerage "emigrants". It ranked the emigrants to Australia together with Arab pilgrims and Russian and French convicts under the general designation of "Pilgrims, Emigrants, Convicts" and separated them clearly from "Civilian Passengers". The emigrant traffic confirmed the predominance of non-military passengers using the Canal in 1880-1884. It supplied some compensation for the lack of cargo on the outward

1. J. Rabino, 529.
2. G. Lansbury, My Life. (London, Constable, 1928), 59-60 names the 'Mercaro' which is not recorded in Lloyd's Register for 1885.

voyage and enabled more Australian exports, especially wool, to be shipped via the Canal to London from 1882. The bulk of the emigrants came from Britain and not from the Continent. The Breton Marquis de Rays was revolted by the rise of republican sentiment in France which brought 2,000 Communards from New Caledonia through the Canal back to France in 1879. He launched a scheme to establish a Catholic, Royalist and Legitimist colony at Port-Breton in "New France" in the south-eastern corner of New Ireland, to the east of New Britain and New Guinea and on the highway between Australia and China. He raised £200,000 and sent out four batches of emigrants, the first via the Cape and the other three via the Canal in the 'Génil' in March 1880, the 'India' in July 1880 and the 'Nouvelle Bretagne' in April 1881 to a non-existent settlement. The disastrous failure of the scheme earned the little colonel, "Charles I", four years' imprisonment on his conviction in 1884 for fraud and left the surviving Italian emigrants free to establish "New Italy" in New South Wales.[1]

The British emigrants were more easily absorbed into the fixed mould of Australian life. The return traffic of colonists swelled the ranks of the "civilian passengers" using the Canal and brought far more profit to the shopkeepers of Port Said than the outward-bound emigrants[2] Those travellers paid homage to England as "the focus of the highest form of earthly civilisation"[3] and included colonial aspirants to wider recognition for their abilities, like the outward flow of Anglo-Indians. They were quite distinct from the Anglo-Indian officials, who had no need to enquire the nationality of "the vulgar riff-raff which lands at Colombo, and which goes to see the large tortoise, and then to see Arabi".[4] The Australians and Anglo-Indians found however a common meeting-ground in the cricket-game which became a custom at Colombo from 1887. They were also united by a common tradition of independent loyalism, a common aversion to General William Booth's plan of 1890 to settle in Australia paupers and

1. J.H. Niau, The Phantom Paradise. The Story of the Expedition of the Marquis de Rays. (Sydney, Angus, 1936).
2. W.J. Loftie, Orient Line Guide. Chapters for Travellers by Sea and by Land. (London, Low, 1890), 157-165. The Suez Canal.
3. W. Thorburn, The Great Game (1875), 24.
4. Lady Gregory, Sir William Gregory (1894), 393. Sir William Gregory to Lady Gregory, February 14 1884.

reclaimed criminals from Darkest England and a common hostility to free trade, to economic liberalism and to the Suez Canal Company as a private French enterprise.

The pattern of Australia's use of the Canal was largely established between 1879 and 1883 when the number of its passengers rose by 360%, the number of its transits by 410% and the net Australian tonnage by 680% while cable messages rose by only 105%.

Australian Traffic through the Suez Canal, 1877-1883

Year	Transits	Net Australian Tonnage	Annual % Increase	% of Total Tonnage	Emigrants	Passengers including Emigrants	Annual % Increase	% of Total passengers
1877	2	4,904		0.21	-	417		0.57
1878	27	46,248	843	2.04	-	3,509	740	3.54
1879	42	71,600	54.8	3.16	-	6,865	95.5	8.12
1880	51	107,553	50	3.5	-	5,367	-21.8	5.29
1881	98	208,570	94.3	5.04	337	9,770	82	10.79
1882	166	343,006	64.5	6.76	13,499	20,862	113	15.92
1883	226	488,735	42.5	8.46	22,686	31,420	50.5	26.36

Source: Le Canal de Suez, 12 Juin 1902, 4095. L'Australie et le Canal de Suez.

Thus Australia added another stream of traffic to the Canal as the shipowners first supplemented their sailing ships by auxiliary engines and then ordered steamships in competition amongst themselves without any disturbing influence from outside their ranks. Australian traffic was a welcome addition which buttressed the prosperity of the Canal Company in 1884, which was a year of economic depression in Europe and the U.S.A. That traffic had its own distinctive features. It supplied more homeward than outward shipping and cargo to the Canal and never supplied outward tonnage to the Canal in ballast alone but used the Cape route for the outward voyage. Thus it reinforced the dominance of northbound tonnage established in the traffic of the Canal from 1886. It also brought the Canal its largest steamers and the Canal Company its largest individual payments including £1800 per single transit by 1886[1] and 8/4d for each of 34,000 passengers. It supplied more passengers than any other country. It increased the

1. Saturday Review, February 5 1887, 188.

pressure for speedier transit and especially for night-transit by electric light. Australia became the only part of the Empire of settlement to use the Canal and so developed interests distinct from those of the Cape and of Canada, which would benefit by the closure of the Canal. It was drawn within the sphere of the Canal after its colonial nationalism had crystallised: it developed no special interest in Egypt and the Canal as such, despite the development of Egyptology in Australia since the 1850s. Thus it paid no contribution to the cost of the 1882 expedition to Egypt,[1] despite hints in the Commons[2] and in the press. "To nobody is the Canal more useful than to our countrymen in Australia".[3]

The rise of steamship traffic was so sudden and unexpected that some sailing shipowners anticipated the ultimate loss of their trade[4] and cast the whole blame upon the Suez Canal. "I am speaking with some prejudice, but I entertain a very strong opinion that, speaking especially for this country, I consider it is an unmitigated nuisance. I say it has altered our profits, it has altered our trade altogether, it has prevented our being the entrepot that we used to be, and I think that the world would have been happier and better without it. That is my opinion. I am quite aware that I am considered very retrograde in my views, but the British shipping interest would have been very much better without it".[5] Many shipowners followed the example of the Andersons and converted to steam, especially between 1884 and 1890. Others developed the capacity and even the speed of their vessels. Thus the 'Maulesden' reached Tasmania in 61 days from Greenock and Brisbane in 69 days (March 2 - May 10 1883) to establish a record which was never approached.[6] The 'Cutty Sark' reached Ushant in 67 days from Sydney (October 17 - December 23 1885)[7] and

1. The Times, September 2 1882, 4i.
2. Hansard, Commons Debates, July 27 1883, 801, 804. Arthur Arnold and Gladstone.
3. J. Morley, The Expansion of England. Macmillan's Magazine, February 1884, 250.
4. Royal Commission on the Depression of Trade and Industry, Third Report: Minutes of Evidence, Q 10,307, March 25 1886. T.L. Devitt
5. Royal Commission on the Depression of Trade and Industry, March 25 1886, W.R. Price. Q 10,092a; 10,261.
6. B. Lubbock, The Colonial Clippers (1921), 325.
7. B. Lubbock, The Log of the "Cutty Sark". (Glasgow, Brown, 1954), 227-232

established its reputation in the wool trade of Australia rather than in the China tea trade for which it had been built: it carried eight tea cargoes (1870-77) but twelve wool cargoes (1883-1894).[1] Throughout the 1880s wool was carried by sail as the ideal clipper cargo which required far less stiffening by shingle ballast than tea. The last wool-clippers were launched in 1891 during the boom of 1889-93 in the construction of large steel sailing ships of 2-3,000 tons, which T. Jenkins Hains christened "wind-jammers" in 1899. Thus Australia preserved its sail fleet and the advantage of choice between two competing routes.

The Russian war-scare of 1885 and the despatch of two warships to defend King George's Sound, the best harbour on the Suez-Melbourne route, ended seven successive years of expansion in Australian Canal tonnage. A new phase in the development of trade began with the discovery of the silver-lead-zinc mine of Broken Hill in 1885 and the rise of the frozen meat trade. Germany also established a new subsidised mail service after it occupied New Guinea and the Bismarck Archipelago in 1884 and the Marschall Islands in 1885. That service by the North German Lloyd was begun by the 'Salier' from Bremen on July 14 1886 and compelled the Sloman Line to end its unprofitable and irregular service and to return to the New York trade. The P. & O. began a direct through service from Aden to Australia in 1886 in order to compete with the C.P.R. as well as with the Lloyd. It also decided to enter the democratic emigrant traffic to Australia after finding its passenger-receipts for 1886 inadequate and began the large-scale transport of second-class passengers for the first time at the start of 1887. The Orient Line secured after ten years of competition a division of the mail contract of 1887 with the P. & O. when the mail was transferred from the overland route to the Canal. It suffered most of all by the new competition and paid no dividend for the financial year 1887: although it advertised in 1889 the first ocean liners for cruising to the Norwegian fjords it paid no dividend for the four years to 1894.

The dynamic element in Anglo-Australian trade in the 1880s was

1. B. Lubbock, The Log of the "Cutty Sark". (Glasgow, Brown, 1954), 326-7.

supplied by the new commodity of frozen meat. The growth of population and industry in Britain increased the pressure on the supply of food while the growth of wealth increased the consumption of meat per head as prices rose.[1] The import of meat from overseas necessitated the extension of the techniques of refrigeration to the transport of large quantities over long distances and through the tropics. The successful development of refrigerating machinery gave the Canal a new traffic, which was a northbound rather than a southbound trade, although a shipment of fresh meat in ice was made from Glasgow to Rangoon via the Canal in the 'Irrawaddy' by June 1876, six months before the pioneer shipment of meat from Rouen to Buenos Aires. The successful transport of frozen meat from Buenos Aires to Havre in 1877-78 inspired McIlwraith, McEacharn & Co. to charter the s.s. 'Strathleven' and install the Bell-Coleman dry-air compression machine patented in 1877. The 'Strathleven' carried the pioneer shipment of 40 tons of frozen meat, 70 beef and 500 sheep carcasses, at 12°F through the Canal on January 14 1880 and reached London in 64 days (November 29 1879 - February 2 1880) from Sydney.[2] The sale of the meat in Smithfield Market at treble its price in Australia made the venture a commercial success in contrast to earlier shipments in 1873 and 1876. Another shipment followed so that two of the 35 steamers which passed through the Canal from Australia in 1880 carried frozen meat in bulk. Refrigerating equipment was installed on board the vessels of the Orient Line from 1881 and in the new mail-steamers ordered by the P. & O. in 1881 for its Australian service. Frozen meat companies were formed in Melbourne from 1880 and in London from 1881, when freezing machinery supplied the first outward cargo of the 'Merkara' to Brisbane. The first cold store was opened at Victoria Dock, London, in 1882. The reduction of the sheep flocks of England by 15% between 1879 and 1882 by liver fluke fostered the development of the new trade, the development of Queensland and New Zealand, the shift from sail to steam and the extension of the freezing technique to other

1. M.G. Mulhall, England's New Sheep-Farm. (London, Stanford, 1882), 5
2. The Times, February 9 1880, 11i; February 12, 10vi; March 9,10v. Fresh Meat from Australia.
   J.T. Critchell and J. Raymond, A History of the Frozen Meat Trade. (London, Constable, 1912), 30-32.

commodities. The first shipment of 100 tons of butter reached London in 64 days (November 18 1880 - January 20 1881) from Melbourne in the 'Protos'. A shipment of frozen fish was even carried in the Orient Line's 'Lusitania' through the Canal in May 1881 to Melbourne, although the appropriate technique of quick-freezing was not developed before 1933. Australia's example was followed by New Zealand from 1881 and by Argentina from 1882.

New Zealand's first cargo of 5,000 frozen sheep carcasses was carried not by steamship but by the fast sailing-ship 'Dunedin' of the Albion Shipping Company. That shipment reached London in 98 days (February 15 - May 25 1882) and sold at double its price in Dunedin, Scotch meat having reached famine prices at Leadenhall.[1] "The fact is prodigious".[2] Sheep-farming, until then the last reserve of English agriculture, seemed to be threatened, opening up the possibility of an aristocratic emigration to New Zealand and offering an alternative destination to Texas and Virginia for emigrant farmers.[3] Competition with the Albion Line was encouraged by the New Zealand Shipping Company, established in 1873, and by the Sloman Line. The New Zealand Shipping Company's sailing-ship 'Mataura' carried the second shipment of meat in 103 days (June 12 - September 26 1882) while the Sloman Line entered the trade from New Zealand via the Canal from September 1882.[4] The Albion Line was bought on November 6 1882 by Shaw Savill from P. Henderson & Co. which thenceforward abandoned its interest in the New Zealand trade and concentrated on its trade to Burma. The Shaw Savill and Albion Company Limited was registered on November 10 1882 as a defensive amalgamation of the British interests in the trade against the competition of the New Zealand Shipping Company. The new firm began to shift from sail to steam and acquired its first steamship in 1883. The New Zealand Shipping Company also ordered five steamships for the frozen meat trade from the Fairfield Shipbuilding Yard under the influence of Sir William Pearce, who held interests in both the

1. M.G. Mulhall, 3.
2. The Times, May 27 1882, 11v.
3. M.G. Mulhall, 13.
4. F.C. Bowen, The Flag of the Southern Cross. The History of Shaw Savill and Albion Co. Limited 1858-1939. (London, Shaw Savill, 1948), 46.

shipping and shipbuilding firms. The competition between the two lines accelerated the voyage to New Zealand as much as that to the Cape had been in the 1870s. The 'British King' which reached Wellington via the Cape in 50 days (January 1 - March 19 1883) was the first steamer of the New Zealand Shipping Company fitted with refrigerating machinery and the first steamer to carry frozen meat to London via Cape Horn in the path of the 'Dunedin'. The Company's 'Ionic' reduced the voyage to Wellington to 43 days 22 hours (April 26 - June 11 1883) while its 'Ruapehu' reached Plymouth on May 14 1884 in 39 days.[1] By October 1884 it had acquired the largest refrigerated fleet in the world but found its fast 15-knot steamers uneconomic in competition with sailing vessels. It was compelled to sign with Shaw Savill the joint mail contract of October 30 1884 for round the world sailings via Cape Town to New Zealand and back to England via Cape Horn: thus the pattern established by the sailing ship was maintained by the new high-powered steamships such as Shaw Savill's 'Arawa' which was fitted for 25,000 carcasses and reached Hobart in 38 days (November 5 - December 19 1884) and Otago in 43 days.[2]

From 1884 the large-scale shipment of frozen meat was begun by Nelson Brothers Ltd., who used English railways from 1885 for distribution and made forward contracts from 1887 with the sheep farmers. Exhibits at the Lord Mayor's Show in 1885 and at the Colonial and Indian Exhibition in 1886 stimulated the consumption of "New Zealand Frozen Mutton - the Meat of the Future".[3] The trade raised the value of New Zealand's exports above that of its imports in 1886 and so gave the colony its first export surplus. The large sheep owners were saved from the low wool prices of 1875-81 and from the burden of excess capacity in flocks and herds. The creation of smaller farms in the plains was encouraged by the introduction from 1886 of the small grazing lease.[4] The industry was pioneered in Otago and then taken up in Canterbury, Southland and the North Island, which was colonised through the use of the Romney Marsh breed with its

1. The Times, May 15 1884, 6ii.
2. F.C. Bowen, 58.
3. Critchell and Raymond, 279.
4. J.D. Gould, The Occupation of Farm Land in New Zealand, 1874-1911: a Preliminary Survey. Business Archives and History, August 1965, 133.

capacity to rear a large proportion of lambs under a heavy rainfall. The carcasse was improved by crossing the merino with the English Leicester and Shropshire and so developing the cross-bred dual-purpose sheep, whose meat appeared bright red on thawing while that of the merino remained dark. Cross-breeding increased the demand for the English Leicester as a stud sheep and stimulated the competitive improvement of the lean merino sheep of Argentina while leaving the production of fine merino wool to Australia. Frozen-meat factories began their extensive and continuous development as the industrial appendage of the pastoral community from 1889-91 when Australia was harassed by droughts. Those farmers' companies developed under the paternal guidance of the Department of Agriculture established in 1892. "The frozen meat trade has revolutionized agriculture in New Zealand".[1] New Zealand's trade became more dependent on the Suez Canal than English trade was. The colony remained bound to England by navigation and commerce as well as by emigration and investment, despite the protective tariff of 1888. The 'Britain of the South' became a powerful counterbalance to the nationalist colonies of Australia.[2] The growth of the new trade enabled the Government of New Zealand to discontinue the mail subsidy after 1889 in favour of a poundage-payment. Thereafter the New Zealand Shipping Company found its fast steamers more uneconomic than ever and had to be reorganised. E.S. Dawes, who had especially identified himself with the frozen-meat trade of the British India Line acquired Pearce's interest in 1890 and became chairman of the Company. He removed its head office from Christchurch to London, disposed of all its sailing ships and replaced between 1891 and 1899 its fast steamers by more profitable cargo vessels.[3] On the death of William Mackinnon in 1893 Dawes succeeded him as chairman of the British India Steam Navigation Company and as director of the Suez Canal Company.

Australia began the regular commercial shipment of frozen meat

1. Critchell and Raymond, 305, quoting Sir Joseph Ward, Prime Minister of New Zealand from 1906 to 1912.
2. G.R. Parkin, Imperial Federation. The Problem of National Unity. (London, Macmillan, 1892), 229.
3. Critchell and Raymond, 361-363.

in 1883. The new product never rivalled Australia's older staple of merino wool but increased the security of the woolgrower by providing an overseas market for mutton as well as for wool, by opening an outlet for surplus meat additional to canning and refining for tallow and by reducing canning to the secondary function of treating meat below prime quality. In general Australia preserved its merino stock but produced through cross-breeding a large-bodied sheep with a fleece of cross-bred wool. Freezing machinery, especially the Haslam compressed "dry air" machine developed in 1880, was imported from London via the Canal. The necessary investments were undertaken by local rather than by English capital down to 1912-14. The export of frozen mutton from New South Wales and of frozen beef from Queensland concentrated economic activity more than ever in the ports but increased the value of rural land and the strength of the landed interest. The trade helped to develop inland tropical Queensland, which established freezing enterprises from 1883, especially along the Brisbane River, made its first shipment from Brisbane in 1884 on the British-India 'Dorunda',[1] and became the home of the bulk of Australia's cattle, with a higher proportion available for export than the other colonies.

The meat was shipped solely to England exclusively under the English flag and largely in bulk shipments. It was carried by the P. & O. from 1887[2] at freights reduced from 2½d to the round 1d per pound. Refrigeration was also extended to fruit in 1888 and to butter in 1889. The trade provided the Canal with a new commodity-season because the frozen meat was shipped largely between December and May. It stimulated an increase in the number and size of steamships trading with Australia. The meat competed in the English market more with American meat than with home meat and proved less damaging to home producers of meat than the import of wheat was to the home producers of wheat. The advent of the low-cost primary producers of meat restrained the rise in price of home-produced meat under the pressure of growing demand. Beef prices fell from 1883-4 side by side with declining imports because of an increase in home production and the

1. Critchell and Raymond, 36.
2. Critchell and Raymond, 129.

expectation of competition.[1] Mutton prices fell more sharply from 1883-4 than beef prices. Existing channels of commerce were so reluctant to handle the new commodity on a large scale that shipowners were compelled to invest in cold stores on land, such as the Central Markets Cold Air Stores Limited formed in 1884,[2] as well as in cold chambers on shipboard. The multiple shops opened by John Bell and Sons from 1879 favoured the trade on a cost-including-freight basis rather than a consignment basis. The c.i.f. trade which developed from 1888 encouraged grading by the producers from 1890, forward-purchasing by the buyer and shipment by steam rather than by sail: thereby the retailer was assured of his supply for six months ahead.[3] The urban-industrial markets of the Manchester and Cardiff areas were conquered by frozen meat, especially by "prime Canterbury" meat with its familiar though deceptive name. Those markets accepted cheap meat as they did the tea of Assam and the reborn woollen cloth of Batley. The imports from Australia thus did not compete directly with home production but served a separate market. They reduced the import of live cattle from its peak of 1890 and the import of live sheep from its peak of 1895. Sheep land was abandoned to the deer over large tracts of the Scottish Highlands.[4] British farmers were discouraged from slaughtering their stock before maturity[5] and encouraged to concentrate on the highest quality of production as well as on the highly profitable breeding of pedigree stock for the world-market.[6] The landed interest of Britain survived the deluge of antipodean meat as it had that of transatlantic wheat.

After the experiments in the 1870s and the expansion in the 1880s the 1890s became a decade of organisation for the trade under the impact of the Australian crises of 1892-93 and 1896-98. The crisis of 1892-93 followed the fall in wool prices from 1891 and the financial crisis of 1892. It harassed shipowners by a lack of freight and farmers by a glut of stock, for which frozen-meat export was recommended as a remedy. It stimulated a shift from wool to beef and

1. R.H. Hooker, The Meat Supply of the United Kingdom. Journal of the Royal Statistical Society, May 18 1909, 337-8, 344-5.
2. Critchell and Raymond, 167.
3. Critchell and Raymond, 102-5.
4. Critchell and Raymond, 324.
5. M.G. Mulhall, 8.
6. Critchell and Raymond, 323-4

a rapid increase in the number of cattle to a peak in 1894. It encouraged producers to try and bypass the London entrepot by developing direct exports to Liverpool from 1892 and to open up other markets in India, Germany and the British Army after France imposed import restrictions in 1892. The market of Port Said was supplied for the first time from 1892 by McIlwraith, McEacharn & Co., by Wills & Co. and by Nelson & Sons. Thus frozen meat began to compete with the live cattle imported from Syria for the supply of passing ships and was followed by the import of butter and fruit from 1894. Frozen meat was supplied to the garrisons of Gibraltar and Malta from 1895, when it was also first marketed in Colombo. Thus the ports of the Suez route provided additional markets for Australian produce. For the Mediterranean trade a special thawing process using a current of hot dry air was patented on January 23 1894 by C.A. Lichtenberg of Wills & Co.

Producers were encouraged to agitate for a reduction in freights in 1893-4, to experiment with the shipment of live cattle and sheep in 1894[1] and to ship chilled beef at high speed for the first time from Sydney in 1894 and from Wellington in 1895. The extension of refrigeration from meat to other commodities proved more successful, especially to fruit and butter. Fruit had first been exported in 1888 from South Australia by the Orient Line and in 1891 from Victoria and Tasmania by the P. & O.: thenceforth the English market was increasingly supplied during the English winter with apples from the antipodes. Butter shipments had been made in 1889 to London but only began on a large scale from 1892 after the establishment of the first butter factory: thenceforth butter was shipped from November to April when the milk-yield in Europe was declining. The first shipment of cheese from New Zealand to London took place in 1893. Rabbits were first shipped from Australia in 1895, so turning a nuisance into a benefit. The exceptionally heavy meat imports from Australia in 1895 compelled the London importers to establish the Frozen Meat Trade Association in order to control prices. The first direct shipment to Manchester was made in 1895 after the opening of the Manchester Ship Canal, which failed however to become a highway for argosies laden

1. Critchell and Raymond, 408.

with the frozen produce of the antipodes because of price-cutting by the importers to Liverpool from the River Plate.[1]

While English farmers benefited by the rise in prices from 1896 the drought of 1896-1902 ended the great sheep boom which had begun in Australia in the 1860s and reduced the number of sheep in Australia by 45%, the number of cattle by 41.6% and the number of cattle in Queensland by 70%.[2] The crisis of 1896-98 ushered in by the drought provoked the first Australian protest in 1896 over the Suez Canal tolls, which prevented cargo-steamers from using the Canal on their outward journey to Australia, imposed a heavy tax on their homeward journey and served the same alien ends as the high freights exacted by English shipowners. Australian producers imitated the London importers and formed the Australian Meat Export Trade Association in September 1896. They also benefited by the weekly transmission of Smithfield prices by cable from July 2 1897, the introduction of the first frozen meat insurance tariff in 1898 and the appointment of the first Refrigerating Engineer Surveyor by Lloyds.[3] The crisis reduced British imports from Australia between 1897 and 1900 but increased those from New Zealand, which passed the General Meat Inspection Act of 1900 and so ended the "unsatisfactory cargoes" of 1885-1899. It also encouraged the extension of refrigeration to the transport of eggs by 1900. Thus Australia diversified its economy as its staple export of wool suffered depression and made the frozen meat trade into a main factor in its economic growth between 1890 and 1910.[4] It could not chill mutton, however, as Argentina could chill its beef from 1901. Argentina benefited by the greater centralisation of its trade, by its shorter distance from the market and by its continuous operations around the year. Australia remained a high-cost producer of beef in competition with a low-cost producer. Thus England never freed itself from dependence on foreign meat as it did from dependence on foreign tea.

1. Critchell and Raymond, 215-216, 223.
2. R. Duncan, The Australian Export Trade with the United Kingdom in Refrigerated Beef, 1880-1940. Business Archives and History, August 1962, 110.
3. G. Blake, Lloyd's Register of Shipping 1760-1960. (1960).
4. Critchell and Raymond, 300.

EUROPE'S EGYPTIAN CAMPAIGN AND THE CONVENTION OF CONSTANTINOPLE, 1888

The occupation of Egypt plunged Europe into a paroxysm of jealousy. It gave mortal offence to the Sultan as well as to France. It inspired France to begin a new career of competitive imperial expansion and to assume the leadership of the Powers in their campaign to force Britain out of Egypt. It eroded England's capacity to resist a further Russian advance on Constantinople and increased her diplomatic dependence upon Germany. It compelled her to offer repeated assurances for an early evacuation and for the free navigation of the Canal. England was lured into the Sudan by the ease with which the Arabist military revolution had been crushed. Thereby she asserted her claim to the Egyptian dominion over the Sudan and made her policy gradually an Egyptian policy in accordance with Lesseps' belief that the Egyptians could never be subjugated because a fellah woman never bore a child by a European.[1] England imprisoned herself in the Egyptian house of bondage and sacrificed her freedom of action elsewhere in the world to maintain her new position in Africa, whilst suffering successive defeats at the hands of an invincible religious revolution.

The despatch of Hicks Pasha to Khartoum provoked the Mahdi first to raise the Eastern Sudan in rebellion, so closing the route from Khartoum to Suakin, and then to annihilate Hicks and his whole force of 10,000 Egyptian troops. The news of that disaster led the British Government to decide to withdraw the Sudan from Egyptian control and to establish a strong personal government in Khartoum like that of Rajah Brooke in Sarawak. The despatch of Gordon to Khartoum was thus intended to add another province to the British Empire and to Sarawak the Sudan rather than to evacuate it. The British plan ignored the strength of support for the Mahdi in the Sudan and the absence of any basis for a feudal regime. It also extended the British commitment to the Suez route to India in defiance of Lord Randolph Churchill's warning against the over-valuation of that route in the tradition of

1. The Times, February 12 1885, 3iii.

Disraeli as "a terrible and widespread delusion". "Egypt is not the high road to India".[1] The Cabinet's plan also flouted Egypt's deep attachment to its Nilotic empire and precipitated the resignation of Cherif Pasha on January 7 1884, the succession of Nubar Pasha, the deterioration of Egypt's finances into a critical condition and the abandonment of the idea of handing over a reformed Egypt to a strong native Government as a preliminary to evacuation. The British withdrawal from Egypt could not even be achieved by the creation of a separate Canal principality as a Lilliputian Oriental Belgium,[2] whose population would have no history or literature, no common religion or language, no bond of blood and no community of sentiments and interests. Thus Britain's commitment to Egypt could be exploited to the full by a jealous Europe.

Gordon intended to reach Khartoum via the Canal and Suakin in a symbolic assertion of the Sudan's independence of Egypt. The strength of Egyptian resentment compelled Baring to halt Gordon at Port Said on January 24 1884 and divert him via the safer Nile route. The continued Mahdist successes necessitated the reinforcement of the garrisons at Port Said and Alexandria on February 18. Britain's Egyptian dilemma and its dissatisfaction with the Canal Company increased its interest in Arabia[3] and in Syria, and encouraged proposals for a Euphrates Valley Railway[4] and even for an Akaba Ship Railway.[5] The collapse of the Egyptian empire in the Sudan evoked the interest of the Powers in the Red Sea and compelled Britain to undertake the defensive acquisition of territory opposite Aden. After a visit by Egyptian troops to Obock in June 1883 and the refusal of coal at Aden to French transports en route to Tonkin France developed from October 1883 a coaling-station at Obock, which lay on the Gulf of Tajura

1. The Times, December 19 1883, 7iii. Lord Randolph Churchill at Edinburgh, December 18 1883.
2. T.J. Lawrence, The Suez Canal in International Law. Law Magazine and Review, February 1884, 117-143, reprinted in Essays on Some Disputed Questions in Modern International Law. (Cambridge, Deighton, 1884), 37-71.
3. S. Gwynn and G.M. Tuckwell, Sir Charles W. Dilke (1918) I, 530, May 24 1883.
4. J.B. Fell, On the Necessity of an Improved Means of Communication with India by the Euphrates Valley Route. Journal of the Royal United Service Institution, March 28 1884.
5. W.S. Blunt, Gordon at Khartoum. (London, Swift, 1911), 340, November 3 1884.

at the same distance from Port Said as Aden. France also sought to establish a protectorate over Madagascar, with its base of Diego Suarez, and to add Massawa to Obock. Britain in reply fortified Aden and occupied Zeila, opposite Obock, in August 1884. France raised the tricolour in place of the Egyptian flag at Tajura on November 17 after its evacuation by Egyptian troops.[1] Italy then occupied Massawa on February 5 1885 and so secured the best natural harbour in the Red Sea, an acquisition which Mancini was compelled to defend as the key of the Mediterranean. Massawa became the base for immediate expansion into the highlands of the interior by the 15,287 Italian troops which passed through the Canal in 1885-86. The Italian initiative roused the French desire for Jibuti, opposite Tajura, and the German desire for Zanzibar. Britain occupied Berbera and so secured control of Aden's food supply. France created at Obock in 1885 a penitentiary especially for Arab convicts and shipped one hundred Arab nationalists there in 1886.

The financial crisis in Egypt was aggravated by the reinforcement of the Army of Occupation, whose charge on Egypt Gladstone sought to reduce by proposing to raise a loan on the future value of the Suez Canal shares.[2] Such was the first Liberal bid to turn the shares to fiscal advantage and to secure revenge for the Conservative coup of 1875. The Cabinet rejected the idea on April 2 1884 and decided to approach the Powers for financial concessions to Egypt and especially for a reduction of the interest on Egyptian bonds, which would be balanced by a remission of the interest due to England on her Canal shares. The London Conference of the Powers refused to allow any such reduction in the interest on the Egyptian debt and so achieved a great success for Bismarck, who wished to reduce British opposition to German colonial expansion. The Cabinet then decided to send a relief expedition to Gordon in Khartoum and a financial mission to Egypt under Northbrook. Northbrook proposed that the interest paid on the Canal shares by Egypt should be reduced from 5% to 3% or at least to 3½%.[3] Gladstone proposed to use the future profits of the Canal shares

1. A. Ramm, Great Britain and the Planting of Italian Power in the Red Sea, 1868-1885. English Historical Review, May 1944, 231.
2. Gwynn and Tuckwell, Dilke, II, 46, 59.
3. A. Ramm (ed) The Political Correspondence of Mr. Gladstone and Lord Granville, 1876-1886 (1962) II, 283. Gladstone to Granville November 14 1884.

to make up the full interest to the bondholders.[1] The reduction in interest was pared down by Childers on November 24 from 1½% to ½% so that Britain's financial sacrifice was reduced to the minimum and Egypt paid 4½% interest for the two years from December 1 1884 to November 30 1886.[2] The British attempt to achieve a purely financial settlement of the Egyptian question compelled Ferry to insist on a simultaneous regulation of the passage through the Canal.

The series of British defeats in the Sudan was crowned by the fall of Khartoum to the Mahdi and the death of Gordon. The failure of Wolseley's Nile expedition was the price paid for his easy victory at Tel el Kebir. The destruction of Khartoum ended the Turkish era of 1820-1884 in the Sudan and made Omdurman its new capital. It set the seal upon the creation of the Mahdi's empire but shattered English hopes of inheriting the whole empire of the Nile. It reduced the trade of Suez much more than that of the Canal. It enhanced the martial reputation of the Arab in English eyes but inspired England with a determination to smash the Mahdi and avenge the death of Gordon. A meeting at the Mansion House decided on March 14 1885 to commemorate Gordon by erecting a Memorial Hospital at Port Said which would be visible to all passengers through the Canal and be open to Oriental and European alike on the fringes of Asia and Africa, the two continents where Gordon had won his fame.[3] Thus Admiral Sir Edward Inglefield secured support for his idea of an English sailors' hospital which he had first proposed in 1882.[4] The site offered by the Canal Company in 1882[5] proved, however, totally unsuitable because it was too far from the Canal, too near the Arab town and apparently "selected with no small care as about the worst site possible for a hospital or for any other building".[6] The proposal which had already been deemed inadequate as a memorial to a hero of Gordon's stature was thereupon

1. A. Ramm, II 283. Gladstone to Granville, November 14 1884.
2. The Statist, September 18 1886, 314. British Financial Interests in the Suez Canal.
3. The Times, March 16 1885, 10iv, 9iv. The National Memorial to General Gordon. The Times, March 20, 10iv; March 25, 7vi.
4. The Times, March 13 1882, 8iii.
5. The Times, March 8 1882, 4ii.
6. The Times, June 1 1885, 9ii, 8i, quoting the reports of Colonel Maitland, Surgeon-Major Greene and Lieutenant-General F. Stephenson of May 4 and 5 1885.

abandoned on May 30 by the Mansion House Committee.[1]

The first news of the disaster of Khartoum had led the Cabinet to decide upon the reconquest of the Sudan and the construction of a Suakin-Berber Railway as the surest way of retaining control of a reconquered Sudan. Military aid was offered to England by the Australasian colonies but was refused by Canada in such a "wretched business".[2] "The Suez Canal is nothing to us". That second expedition to Suakin was liquidated under the pressure of Russia and Germany more than under that of the attacks of Beja tribesmen. In 1884 Russia had occupied Merv on the frontier of Persia east of the Caspian. In 1885 Russian forces advanced south from Merv and expelled the Afghans from Penjdeh, so first expressing Russia's interest in the three questions of the Sudan, Egypt and the Canal.[3] The Russian advance on the North-West Frontier of India produced an attack of what Argyll called "Nervousness" in England, which wished to preserve its Afghan buffer-state but feared another disastrous Afghan war. Russia was fully protected by the buffer-states of Denmark, Turkey and Persia and could not be directly attacked by the British Navy.[4] The Cabinet decided on April 14 to occupy Port Hamilton in South-West Korea as a base for an assault on Vladivostock[5] and on April 15 to evacuate the Sudan, retaining only Suakin. Nineteen miles of railway built in seven weeks at a cost of £866,000 were abandoned to the Beja. The Canal Company benefited by the dues paid on those rails which were returned to England without ever being landed at Suakin. The rapid liquidation of the Sudan venture provoked Australian claims for an equal voice with the English in determining whether Egypt and the Canal should be left to anarchy.[6]

Britain's isolation from any ally on the Continent was revealed in the Conference of Berlin on Africa, in the Paris Conference on the Suez Canal and in the Rome Conference on Quarantine after cholera had been transmitted through the Canal on the British troopship

1. The Times, July 11 1885, 10iii.
2. J. Pope, Correspondence of Sir John Macdonald Selections. (London, Oxford University Press, 1921), 338. J.A. Macdonald to Sir Charles Tupper, March 12 1885.
3. W.S. Blunt, Gordon at Khartoum, 436.
4. W.S. Blunt, 420.
5. A. Ramm, II, 363. Gladstone to Granville, April 26 1885.
6. Lord Lorne, Imperial Federation. (London, Swan Sonnenschein, 1885), 37.

'Crocodile' to France, Italy and Spain in 1884[1] and so aroused "the fantastic fears and the unscientific theories" of the Continental Powers.[2] The powers accepted the reorganisation of Egyptian finances only upon condition that the status of the Canal was given simultaneous consideration and that representatives of Russia and Germany were included on the reorganised Commission of the Public Debt, so imposing a great restraint on Baring's fiscal freedom in Egypt. The Conference on the Suez Canal Convention met in Paris rather than in Cairo, which England rejected, or in London, which France rejected. The representatives of the ten Powers intended to prevent the reduction of the Canal to an appanage of the British Empire, to reaffirm its essentially universal, European and international character and to secure its neutralization by a Convention, so provoking the re-iterated expression of concern by shipowners and Conservatives in the Commons.[3] The Turkish ambassador also submitted on March 30, the opening day of the Conference, a declaration reserving the full rights of the Sultan to take the necessary measures for the defence of Egypt against either external attack or internal disorder. France sought to defend its rights at Panama as well as at Suez by a guarantee of the freedom of navigation, by the replacement of England's guardianship of the Canal by that of Europe and by the establishment of a Canal Commission comparable to the Danube Commission, which had become a virtual heptarchy with its own financial, legislative and judicial powers.[4] France wished to make the power of the Canal Commission as extensive as possible, to authorise the maintenance of warships at the entrances and the inclusion of their commanders on the Commission, and to extend the definition of the Canal and of the Canal region as widely as possible. Britain objected to the extension of protection beyond the Canal itself, its ports and a three-mile radius beyond. She also opposed the inclusion within the Canal Convention of any lateral zone not covered by water, the Sweet-Water Canal, the establishments of the

1. W.F. Miéville, Under Queen and Khedive. The Autobiography of an Anglo-Egyptian Official. (London, Heinemann, 1899), 153, 160-163.
2. Saturday Review, June 6 1885, 738-9. Quarantine at Suez.
3. Hansard, Commons Debates, March 23 1885, Norwood, Onslow, Wolff, Gibson, Cowen, Gourley; March 24 1885, Gibson, Northcote, Wolff.
4. M.L. Camand, Etude sur le Régime Juridique du Canal de Suez. (Grenoble, Allier, 1899), 235.

Canal Company or the maritime approaches to the Canal, lest that should imply the Red Sea. Britain's representative also objected on April 3 to the word 'guarantee' and on May 2 to the word 'neutrality'. Thus Britain sought to limit the scope of the Convention as much as France sought to extend it, so as to preserve its complete freedom of action without the restraint of international control. Granville's circular of 1883 which embodied the British proposals paid so little respect to the wishes of Europe that it was virtually black-balled by the Conference.[1] A sub-commission of the Conference in consultation with Ferdinand and Charles de Lesseps[2] found that sixteen sessions extending over seven weeks from March 30 to May 19 were too few to reconcile the English and the French proposals. France sought also to restrict as far as possible the disembarkation of troops along the Canal in peacetime and the reinforcement of the defending forces from outside. The Russian delegate suggested on May 4 the restriction of the defence of the Canal by the phrase "by their own forces" so as to exclude any allies of the Khedive such as Britain. The Netherlands delegate secured the insertion on May 4 of a most important clause whereby any measures in defence of the Canal were not to hinder its free use. Such anti-British proposals provoked a new series of questions from Conservative M.P.s, especially from the Queen's friend, R.A. Cross.[3] Although the British representative had objected on May 6 to the analogy between the Danube and the Canal on the grounds that the Canal Company was no different from an Egyptian Railway Company,[4] the sub-commission adopted at its last session on May 19 the French proposal for a permanent Canal Commission. Britain therefore felt compelled to append a reservation to the draft convention reserving its freedom of action during the existing transitory and exceptional condition of Egypt. A Russian proposal on June 9 to extend the proposed convention to include the Red Sea which was narrow enough to form "the natural continuation of the artificial passage"[5]

1. A. d'Avril, Négociations Relatives au Canal de Suez. Revue d'Histoire Diplomatique, Janvier 1888, 14.
2. A. d'Avril, 162-3.
3. Hansard, Commons Debates, May 5 1885, Puleston; May 8, Cross and Puleston; May 11, Cross, May 12, Dixon-Hartland; May 19, Ashmead-Bartlett; May 21, Cross; June 8, Wolff and Cross.
4. A. d'Avril, 174.
5. A. d'Avril, 166.

and far easier to blockade than the Mediterranean was successfully opposed by the Italian delegate in order to preserve Italian freedom of expansion from Massawa. France was strongly supported at the Conference by Germany, which used the British commitment in Egypt to restrain Britain's Russophobia.

The Paris Conference produced after ten weeks (March 30 - June 13 1885) a draft convention largely directed against Britain. Its activity inspired the application of international law to the Canal, the production of the first university thesis on the legal status of the Canal[1] and the legal justification of encroachment on Egypt's control of the Canal. Sir Travers Twiss upheld the empirical tradition of England against the juridical tradition of the Continent and maintained that the Canal was unique and could not be judged by the analogies favoured on the Continent. "The Suez maritime canal is the sphinx of European diplomacy".[2] The French lawyers Fournier de Flaix,[3] Octave Borelli and Pradier-Fodéré nevertheless introduced into legal thought Salisbury's concept of the supremacy of commercial over territorial interests in terms of the expropriation of local sovereignty in the interest of humanity. Pradier-Fodéré extended the supersession of local law to permit the pacific use of the Canal by warships.[4] Borelli argued that the ruler of Egypt had recognised the Canal as an arm of the sea,[5] making it international, universal, free and neutral and accepting an international servitude[6] which would continue beyond 1968.[7] The Argentinian Calvo generalized the freedom of the Suez Canal into a freedom of maritime canals in general as integral parts of the sea.[8] Thus the lawyers of Europe sought to

1. R. de Marees van Swinderen, Het Suez-Kanaal. (Groningen, Huber, 1886
2. T. Twiss, Le Canal Maritime de Suez et la Commission Internationale de Paris. Revue de Droit Internationale, 1885, 615.
3. M.E.F. de Flaix, L'Indépendance de l'Egypte et le Régime International du Canal de Suez. (Paris, Guillaumin, 1883), 111.
4. P. Pradier-Fodéré, Traité de Droit International Public Européen et Americain Suivant les Progrès de la Science et de la Pratique Contemporaines. (Paris, Pedone-Lauriel, 1885), II, 203-206. Les canaux artificiels communiquant avec la mer.
5. O. Borelli, Choses Politiques d'Egypte, 1883-1895. (Paris, Flammarion, 1895), 554-557, Le Régime des Eaux du Canal de Suez au Point de Vue du Droit Public International Maritime, (Février 1885).
6. O. Borelli, 560-562.
7. O. Borelli, 563.
8. C. Calvo, Le Droit International Théorique et Pratique. (Paris, Guillaumin, 1887, 4ème Edition), I, 507.

protect the interests of the international community against Britain but inevitably did so at the expense of Egypt and Turkey.

The war-scare of 1885 revealed England's isolation and forced her into closer dependence upon Germany to maintain her position in Egypt. Britain was forced to barter for German goodwill Dar-es-Salaam, the hinterland of Zanzibar and the interests of the 6,000 British Indian merchants who controlled 90% of the local trade at Zanzibar. Germany had paid 3% of the Canal's transit-receipts in 1885 against the 77% paid by Britain but thenceforth extended its use of the Canal. It ushered in the European phase in the history of Dar-es-Salaam, and began to build a German India in Africa. It also began the import of cotton direct from Bombay to Hamburg in 1886 and inaugurated the first German mail services to China and to Australia under the Subsidy Law of 1885. The 'Oder' which left Bremerhaven on June 30 1886 began the monthly mail service to China and reduced the voyage from 34 to 30 days. The North German Lloyd thus expanded from the Atlantic into the Far Eastern trade. Its steamers began to call at Brindisi from 1886 and so entered into the Mediterranean trade. They failed however to capture Austrian cargo from the Austrian Lloyd, were forbidden to carry agricultural produce on their return voyage and made heavy losses until 1896. Their deep draught encouraged coaling at Suez rather than at Port Said and increased the volume of coal imports to Suez by 60% during 1887. Their inaccurate tonnage-certificates compelled the Canal Company to enter into diplomatic negotiations with the German Government between 1887 and 1890.

The crisis of 1885 also ushered in a new era in the development of overland communications. The English threat to Siberia from Port Hamilton produced the first Russian plan in 1885 to place Vladivostoek by railway within thirty days ofPetersburg by 1893 as well as the establishment from 1886 of a Russian Navy and of a service via the Canal to China by the Russian Steam Navigation and Commercial Company. The appearance of a Russian naval squadron in the Mediterranean compelled Britain to reconsider the value of the Suez route, which was also threatened by the postwar resurgence of French power and by British isolation from Continental allies. In that debate a sharp

difference appeared between military and naval opinion. Soldiers translated the adage "Time is money" into "Time is victory" and were hypnotized by the tremendous advantage of the short sea-route via the Canal for naval and military movements. "If you draw a line from the Land's End to Cape Comorin, on the south of India, the centre of that line is about the Suez Canal".[1] "It is recorded that when Cromwell assumed the Protectorate, the news was 13 or 16 days in reaching Devonshire. In 16 days in this year of Grace you may go to America and back; in 16 days the Home and Australian Fleets might concentrate in the neighbourhood of Suez. So much for distance".[2] For the Navy the saving in distance was less important than the conditions of warfare along a route which could be commanded from the land far more easily than from the sea. The narrow seas between Gibraltar and Aden virtually formed a long canal through land-locked straits where English control was highly localised and the gigantic military might of a hostile Europe created the greatest threat. That land-locked route through an inland sea could not be held open without an overwhelming concentration of force unless the Navy abandoned the defence of home waters or increased its strength to unprecedented levels. Even if Gladstonian finance permitted such a revolution no navy could really compensate for the inadequacy of British military forces in a land-locked sea. Flanked by the hostile naval powers of France, Italy and Russia it was well-adapted to the operation of torpedo-boats from the ports of Spain, Algiers and Sicily.[3] Its central link could not be used by cruisers with a draught above 24 feet and could be blocked with fatal facility. Its southern half had become so insecure through French and Italian expansion that Kitchener urged the construction of a railway from Port Said to Suez, the fortification of Perim, the establishment of a lighthouse at Cape Guardafui and the maintenance of the British position at Berbera, Zeila and Socotra. To counter the Franco-German threat to the English position at Zanzibar from Diego Suarez and Dar-es-Salaam Kitchener

1. Journal of the Royal United Service Institution, volume 31, May 6 1886, 526. General Collinson, R.E.
2. Colonel Sir Charles H. Nugent, Imperial Federation. Journal of the Royal United Service Institution, Volume 30, June 30 1886, 881.
3. Royal Commission on the Depression of Trade and Industry, 1886, I: Appendix E, 72. V.L. Cameron, March 8 1886.

recommended the immediate acquisition of Mombasa.[1]

Naval opinion concluded that the Canal had shortened the route to the East for all potential enemies while making England's route the longest. The Canal would require a far smaller concentration of force to keep it closed than to keep it open and would be most valuable to Britain if it were closed against her foes. The Navy thus reverted to the negative tradition of Palmerston because it could not command either the Mediterranean or the Red Sea against France without an Italian alliance as a substitute for an enlarged British Navy. In wartime high insurance rates would transfer British trade to neutrals and eliminate British shipping from the Canal. The Navy could not spare the thirty first-class cruisers which would be essential to protect commerce in wartime between England and Port Said. It would have to destroy the whole of the French Fleet before insurance rates fell and re-opened the Canal route to British shipping. The Navy also denied the vital importance to British trade of the Canal, which carried in 1885 £120,000,000 or 16.4% of the total value of British trade of £642,442,000. The first Director of Naval Intelligence concluded that Britain would have to close the Canal to traffic on the outbreak of war after sending through the first reinforcements to India and rely on the Cape and even on the Canadian Pacific routes.[2] Britain would have to take charge of the Canal, to the exclusion of all but friendly nations and in defiance of objections from France and Russia, by forts at Port Said and Suez, by a couple of block ships at Ismailia and a few intermediate posts, by a patrol of gun-boats and by British control of the management of the Canal.[3] Thus Britain would deny her enemies access to the eastern seas, harming them most and herself the least.

The British Government revived the association between the Navy and the mail-boat lines, sanctioned annual naval manoeuvres for the first time and established the Colonial Defence Committee. It also

1. R. Coupland, The Exploitation of East Africa 1856-1890 (1939), 470-471. Notes by Lieutenant-Colonel Kitchener on British lines of communication with the Indian Ocean, December 12 1885.
2. C.H. Nugent, The Advantages and Disadvantages of Different Lines of Communication with our Eastern Possessions in the Event of a Great Maritime War. Journal of the Royal United Service Institution, volume 31, May 6 1886, 525; 528-9, (Captain Hall); 530 (Admiral Boys); 530-531 (Admiral Sir John Hay).
3. C.H. Nugent, 516-517.

strengthened the defences of Aden, Karachi, Bombay, Singapore and Cape Town in 1886 and annexed the island of Socotra to Aden on October 30 1886. It added 30,000 British troops to the permanent strength of the Indian Army and created a vast railway and road system for the strategic concentration of troops on the North-West Frontier. The threat to that frontier revived the idea from 1885 of a Euphrates Valley Railway[1] which was countered by a French proposal for a Euphrates Valley Navigation[2] from Antioch to Basra. The war-scare brought the troopship 'Euphrates' into the harbour of Karachi for the first time on March 6 1886 and led the Government to charter the first vessels of the P. & O. for trooping in 1886, so supplementing the Admiralty's troopships which had been used for twenty years. The plantation from 1886-90 of canal colonies of ex-soldiers in the Punjab created military frontier colonies on the Roman and Byzantine model which would also reduce English dependence on Russian wheat. The completion of the railway to Quetta in 1887 increased British strength one hundred-fold on the Afghan frontier.

The discovery of gold at Barberton and the Witwatersrand produced a steep rise in gold exports from 1886, a marked expansion of trade and shipping to South Africa and a renewed interest in the broad ocean highway via the Cape. That route remained open to Britain, free from hostile control and incapable of obstruction or destruction like the Canal. It was valorised by the triple-expansion engine, which opened up the possibility of a steam voyage to India in 30 days and to Australia in 35 days. Its use was advocated by Dilke, who suggested that the Mediterranean might have to be sealed off at Gibraltar unless the Navy were increased.[3] Lord Charles Beresford expressed the Navy's loyalty to the Cape route at the Imperial Federation League on April 2 1887. "The point of importance in the world is, in my opinion, no longer Constantinople but the Cape.... It will never do for England to think she is going to be what she has been if she goes in for

1. A.F. Baillie, Kurrachee: (Karachi) Past: Present: and Future (1890), 208-9.
   C.H. Mugent, 512.
2. J.S. Jeans, Waterways and Water Transport in Different Countries. (London, Spon, 1890), 276.
3. (C.W. Dilke), The Present Position of European Politics. Fortnightly Review, February 1 1887, 173-9, 186, 344-7, 787, 809-10.

defending ditches. (Laughter and cheers)".[1] The Prime Minister of the Cape Colony agreed at the first Colonial Conference that the Cape Government had no interest whatever in keeping open the Suez Canal.[2] The proposal to evacuate the Mediterranean, abandon Malta and surrender the Canal provoked Samuel Baker to an impassioned plea for the continued control of "this thin silver line"[3] and Rear-Admiral P.H. Colomb to a more sober plea for Port Said as a necessary British naval base between Malta and Aden.[4] "Every colony would join the mother country in the struggle, from Australia to Ceylon, to preserve the passage that would be fatal to their interests and even to their existence, should the Suez Canal fall to the possession of a hostile power".[3] Salisbury had, however, no intention of abandoning Constantinople, let alone the whole of the Mediterranean.

An alternative imperial route across Canada was opened when the first transcontinental passenger train reached Port Moody on the Pacific in 5½ days (June 28 - July 4 1886) from Montreal. The Canadian Pacific Railway opened a North-West Passage to the Indies and one to Brisbane in a possible 32 days.[5] It would permit the speedy despatch of troops to the East if the British hold on the Canal were temporarily loosened[6] and would open an alternative route for mails if "that narrow gut"[7] were blocked in wartime. 'The Empire's answer to a "blocked" Suez Canal has been given by Canada'.[8] The C.P.R.'s offers in 1885 and 1887 to provide a mail service to Hong Kong were opposed by the P. & O. and were not accepted by the British Government.[9] The Admiralty nevertheless approved the specifications of the White Star Line's armed merchant cruiser 'Teutonic' which was laid down in March 1887 with a capacity of 20 knots so that it could reach Halifax

1. The Times, April 4 1887, 10iv.
2. Proceedings of the Colonial Conference 1887 (C: 5091 of 1887), I, 414, 225, April 30 1887, J.H. Hofmeyr.
3. The Times, August 3 1887, 3vi. Sir H.W. Gordon. The Times, August 9 1887, 3ii, August 17, 13ii. S. Baker, Maritime Routes to the Eastern Seas.
4. The Times, August 17 1887, 13iv. P.H. Colomb.
5. C.H. Nugent, 521.
6. R. Kipling, From Sea to Sea (1900), 57,(1889).
7. The Times, September 26 1887, 9iii.
8. J.C.R. Colomb, Imperial Federation-Naval and Military. Journal of the Royal United Service Institution, volume 30, May 31 1886, 857
9. H.A. Innis, A History of the Canadian Pacific Railway (1923), 138.

in 5 days, Bombay in 14 days and Calcutta in 17½ days. The C.P.R. gained its first oceanic extension in Sir William Pearce's Canadian Pacific Steamship Line which was begun in 1887 by three ex-Cunard steamers sent out via the Canal. A Pacific Cable was urged in vain as the logical extension of the C.P.R. and as a means to free imperial communications from Pender's monopoly which "like a huge octopus has fastened its tentacles upon almost every part of the eastern and southern world".[1] Des Voeux, the son-in-law of Pender and the new Governor of Hong Kong, reached his colony in 1887 by the new "Empire route"[2] and so maintained the tradition established by Pottinger in 1841 of using the most modern route. The British Government decided to reinforce the defence of the new Canadian route and of the old Cape route by the construction of defensive works at Simon's Bay and Mauritius, by the supply of armament at Table Bay, Ceylon, Singapore, Hong Kong and Esquimault and by the fortification of the coaling-stations at Sierra Leone and St. Helena.

France remained the gravest threat to the security of the Mediterranean route. It sent its first African troops through the Canal in 1886 to the "Indo-China" which it created in 1887. It sought compensation for German expansion in Zanzibar and made the Canal into a steam-route to Madagascar from 1886, especially by the Compagnie Havraise Peninsulaire from 1887 and by the Messageries from 1888. The possibility of a Franco-Russian combination in the Mediterranean was opened by the Bulgarian crisis of 1885-87 which threatened to create a Big Bulgaria as a Russian province in defiance of the Berlin settlement of 1878. Salisbury thereupon concluded the Mediterranean Agreements of 1887 with Italy and Austria to hold Russia off from Constantinople and France from North Africa, increasing British dependence on the German pivot of the Triple Alliance. Salisbury also offered the Sultan in the Drummond Wolff Convention of May 22 1887 the evacuation of the Sudan and Egypt in exchange for a right of re-entry if necessary, a legal title to the political surveillance of the Suez

1. H. Heaton, The Postal and Telegraphic Communications of the Empire. Proceedings of the Royal Colonial Institute, March 13 1888, 185.
2. The Times, October 4 1887, 4i-iii. The New Route to the East. The Times, October 17, iii-iv; October 19, 10iv-v. Comparison of the Various Routes to the East.

Canal and access through the Straits to the Black Sea for British warships. The prospective evacuation of Egypt encouraged the revival of the project of 1878 for a Cyprus-Karachi Railway via Tripoli, Palmyra and Bagdad.[1] The threat to the Canal sent Lesseps to Berlin, where he was received by Bismarck on March 11 1887 as well as by the Emperor, the Empress, the Prince Imperial and the Crown Princess, his imperial shareholders in the Suez and Panama enterprises.[2] That visit was explained as one intended to secure either a German contribution to the Paris Exhibition of 1889 or Lesseps' sponsorship on his promotion in the Legion of Honour of Herbette, the French ambassador in Berlin, the right-hand man of Freycinet and a director of the Canal Company since 1882.[3] The mission may really have been intended to renew the Franco-German entente so as to force "these English beggars" out of Egypt,[4] ensure the failure of the Wolff mission and facilitate the return of Ismail to Cairo. It certainly alarmed the Russian Foreign Minister, who had just renewed the Dreikaiserbund with Bismarck. Lesseps failed to elicit the desired response from Bismarck[5] but returned to proclaim that France was the natural friend of Germany.[6] He was attacked by the Republican press as a conservative Bonapartist nearly forty years after the Legitimists had condemned him in 1849 as a dangerous republican. He failed to create a canal of Franco-German amity, which declined as Boulangist nationalism was encouraged by the Schnaebelé affair.

The influence of France and Russia combined to prevent the ratification of the Wolff Convention by the Porte. No Franco-Russian rapprochement followed but separate French and Russian efforts to

1. F. Goldsmid, Traffic Routes to the East. Journal of the Society of Arts, March 11 1887, 402-414.
2. Bulletin du Canal Interocéanique, 15 Mars 1887, 1733. Voyage de M. Ferdinand de Lesseps.
3. Documents Diplomatiques Françaises, 1ere Série, VI No.472 Flourens à Laboulaye, 17 Mars 1887, No.473, Herbette à Flourens, 18 Mars 1887.
4. J.R. Rodd, Social and Diplomatic Memories 1884-1893. (London, Arnold, 1922) I, 111. quoting Lesseps to the Crown Princess in 1887, "Ces gueux d'anglais, nous allons bientot les chasser de l'Egypte".
5. Documents Diplomatiques Françaises, 1ere Série, VI, No.467. Herbette à Flourens, 12 Mars 1887.
6. The Times, March 16 1887, 5iv.

improve relations with Britain.[1] France and England reached agreement on the Canal Convention after Freycinet had accepted on March 24 1886 the English form of a Canal Commission[2] and Salisbury had accepted in October 1886 an annual meeting of the Canal Commission.[3] France linked the Canal question with that of the New Hebrides on August 8 1887 and secured successive agreements with Britain on the Canal Convention on October 24 and on the Condominium of the New Hebrides on November 16 1887. France chose to regard the agreement as a sequel to the rejection of the Wolff Convention and as a step towards eliminating the British from a neutral Egypt. Britain however turned from France to conclude the second Mediterranean Agreement of December 12 1887 with Austria and Italy at Constantinople, so preserving its Egyptian interests and the political security of the Mediterranean from Gibraltar to the Straits and the Canal. The Canal Convention of 1887 was an Anglo-French agreement, which was accepted by Italy, the Netherlands and Spain while the three Great Powers of Germany, Austria and Russia waited for the assent of the Porte.[4] The Porte delayed its signature for a year in an effort to enforce the conclusion of a preliminary convention for the evacuation of Egypt[5] but was forced to remain content with securing protection for the Ottoman rights of access to Arabia and of presidency over the Canal Commission.

The Convention of Constantinople was signed on October 29 1888 to regulate the passage through the Canal of warships rather than of merchant vessels. In its first and primary article it proclaimed absolute freedom of transit through the Canal. "The Suez Maritime Canal shall always be free and open, in time of war as in time of peace to every vessel of commerce or of war, without distinction of flag".[6]

1. Colin L. Smith, The Embassy of Sir William White at Constantinople, 1886-1891. (London, Oxford University Press, 1957), 84-85.
2. M.L. Camand, Etude sur le Régime Juridique du Canal de Suez (1899), 161.
3. Camand, 164.
4. A. d'Avril, Négociations Relatives au Canal de Suez. Revue d'Histoire Diplomatique, Mars 1888, 185-6.
5. Documents Diplomatiques Françaises, 1ère Série, VII No.103, Montebello à Goblet, 21 Avril 1888; No.108, Waddington à Goblet, 25 Avril 1888; No.117, Montebello a Goblet 17 Mai 1888.
6. Commercial No.2. (1889) (Suez Canal). Convention... respecting the Free Navigation of the Suez Maritime Canal (C-5623 of 1889), 5.

That freedom of passage had been guaranteed in the concession of 1856 but had been infringed in 1877 and in 1882. It was extended in 1888 to warships which were exempt from all territorial jurisdiction, could decline the competence of Egyptian courts and were not required to ask the permission of Egypt before passing through her territorial water. It was extended to belligerent warships and even to belligerent fleets in accordance with international law which accepted as legitmate the passage of belligerent warships through the territorial waters of a neutral state and their entry into the ports and harbours of such a state. It was further extended to all nations and not only to the nine signatory powers in disregard of the doctrine that treaties might neither benefit nor injure third parties. It could be maintained that it was even extended by implication to belligerent enemies of the territorial power because it was a right which, in the ambiguous wording of Article XI, was not to be hindered by any action whatsoever, not even by measures in defence of Egypt or of the Canal itself. Thus Egypt seemed to be denied any discretionary power whatsoever.

The Convention made the Canal a corridor for all belligerents but incorporated the rules built up to govern the stay of belligerent ships in neutral ports. It restricted the revictualling and provisioning of warships and their time of transit to the minimum necessary and their stay in the ports of the Canal to 24 hours at the most. It used the modes of "pacification" applied first in the Geneva Convention of 1864 to doctors, wounded and hospitals and extended in 1868 to include ships and military transports carrying only the wounded. It forbade the exercise of the rights of war including the rights of blockade, of prize and of search within the waters of the Canal or within three miles of its ports of access. The Canal had been liable to blockade for 18 years until the Convention freed it from that threat and did so in the most specific and absolute terms to the benefit of all neutral powers. Britain failed to secure the adoption of its proposal that warships should be forbidden to bring their prizes into and through the Canal, despite the widespread hostility to the right of commercial prize, save among English jurists, anddespite the exclusion of prizes from their territorial waters by many states. The British proposal would have offered the greatest protection to British

merchant vessels and would have made the Canal into a bulwark of British commerce because such prizes would presumably be British and their captors non-British. The Convention assimilated prizes to warships and permitted the transport of enemy vessels under enemy flag through the Canal as the Berlin Act of 1885 permitted their transport on the Congo and the Niger. No specific provision was however made in 1887, as it had been in 1885 at the instance of the Netherlands, for the ports of the Canal to offer asylum from their pursuers to "ex-prizes"[1] and to hunted merchant ships without any limit of time.[2] The Convention further forbade the embarkation or disembarkation in wartime of troops, munitions or materials of war, the maintenance of warships within the waters of the Canal and the erection of permanent fortifications. It left those rules dangerously general and made no provision for difficulties of interpretation. It forbade the search of vessels which might be potential block-ships and laid down no conditions under which belligerents should coal, although Russia had raised the question in 1877. It made no explicit use of the word "pacification",[3] although it excluded part of Egypt from acts of war and precluded any European power from attacking Egypt via the Canal, even though Egypt might be actively engaged in warfare against that power. Such pacification would have created an irreconcilable clash between the belligerent capacity of the territorial power and the pacified portion of its territory. The Convention did not demilitarize the Canal because it did not forbid temporary as distinct from permanent fortifications.

The Convention revealed the enormous extension assumed by the concept of a right of way outside Europe. That temporary territorial right had been steadily restricted in Europe through the growth of opposition to military transit and through the rise of an organic view of sovereignty in opposition to its classification as a bundle of separable rights. Thus the doctrine that a belligerent might force a passage for its troops over neutral territory if the neutral refused

1. T.M.C. Asser, La Convention de Constantinople. Revue de Droit International, 1888, 545-6.
2. M.L. Camand, 202-203; A. d'Avril, 171.
3. F.E. Liszt, Das Volkerrecht Systematisch Dargestellt. (Berlin, Haering, 1898), 217.

permission declined before the rise of the new doctrine that a neutral state would commit a gross violation of its neutral duties if it granted such a passage. The right to regulate or refuse passage across territory was acknowledged as one of the complex of rights of territorial sovereignty in the city-states of ancient Greece, in the small states of medieval Europe, in the territorial states of modern Europe and Asia and in the tribal areas of desert, mountain and jungle where no Hegelian state existed. Egypt was master of the territory of the Canal and therefore of the passage, as Britain was of the Caledonian Canal. Her right to regulate the passage of the Canal was the same as her right to regulate the navigation of the Nile or the use of the overland route but suffered restriction in the name of freedom of transit and of 'mare liberum', whose rising tide repudiated even the idea of territorial waters as a useless fiction.[1] The Convention of Constantinople considered the isthmus of Suez as a whole for transit by both land and water as destined to serve international communications for ever and as available to an imprescriptible right of passage.[2] It was unlimited by the duration of the Canal Company's concession and was thereby intended to continue in effect after 1968. It infringed on Egyptian rights to control transit through its own territory and territorial waters. It assimilated the Canal to a neutral maritime territory,[3] to an artificial strait or even to a "second Bosporus". It applied to Egyptian soil the customary regime of the high seas and especially their capacity for use but not for appropriation. It seemed to bear that soil out of the sphere of national law into that of international law and out of the realm of territorial law into that of maritime law in an age when the sea was being assimilated to the land. It limited Egypt's control over the Canal much more than the concessions of 1854 and 1856 had done. It forbade Egypt to fortify the Canal, to fight in its own waters, to exercise the right of blockade or to prohibitthe passage of foreign warships through the Canal. Those restrictions

1. M.L. Camand, 63.
2. M.L. Camand, 222.
3. L.M. Rossignol, Le Canal de Suez (Etude Historique et Juridique). (Paris, Giard, 1898), 204.

were directed against England, whom the powers understood to be the "Egypt" referred to in the Convention. They nevertheless imposed on Egypt obligations tantamount to a "servitude" such as Christian Wolff had first conceived in 1749 and Immanuel Clauss was first fully to study in 1894. The concept of "servitude", with its overtones of subjection, was irreconcilable with sovereignty as understood by the states of contemporary Europe and was not used in the text of the Convention. "Neutrality" was repeatedly used by the French negotiators as their aim but was expressly excluded from the text at the British request. Neutralization had been applied to the Black Sea in 1856 as a diplomatic solecism to mask the insult to Russia and was not applied to the Canal in 1888 unless neutralization meant freedom of passage. "Free passage has been assured (not guaranteed) by a mutual servitude of partial internationalization through limited neutralization".[1] The Canal Company explained when it republished the text of the Convention that it provided the international recognition of the neutrality of the Canal.[2]

The affirmation of transit-rights was unsupported by sanctions. The powers assumed no positive obligations to prevent interference with the Canal by others. They affirmed their desire to "assure" the freedom of navigation but they avoided using the word "guarantee" and mentioned no penalties for contravention, because no power would assume the responsibility for enforcing penalties upon Great Britain. They were granted the symbolic right to station two warships each at the entrance to the Canal and to attend meetings of the Canal Commission. That Commission had been intended by France to supervise the execution of the Convention and so to provide an effective international guarantee. Britain was however opposed to the establishment of an international control commission which would form an Areopagus of the Powers in permanent session of judgment on British policy in Egypt and in support of the Debt Commission of 1885 and the

1. A. d'Avril, 26.
   M.L. Camand, 172.
2. A. Milner, England in Egypt. (London, Arnold, 1892), 349. The Future Outlook.
   G.B. Smith, Ferdinand de Lesseps. (1893), 201.
   H. Rosener, L'Egypte sous l'Occupation Anglaise et la Question Egyptienne. (Le Caire, 1896), 190.

Mixed Courts, with their Palace of Justice opened at Alexandria in 1886 and their General Assembly established in 1889. She was able to secure acceptance for her form of the Commission by France, deprived of German support after 1885. In Article VIII[1] the Commission was thus reduced to an extra-ordinary meeting of the representatives of the Powers in Cairo in circumstances which threatened the security of, or free passage through, the Canal. Its purely advisory function was to warn the Government of Egypt of the danger: it had none of the powers of the Danube Commission and not even the right to communicate with the Powers as a collective body. To prevent Article VIII from falling into disuse the Commission was to meet once a year under the presidency of an Ottoman commissioner and in the presence of an Egyptian commissioner, an arrangement which Salisbury accepted as un-necessary but harmless[2] because English interests were protected by the rule that a collective resolution of diplomatic representatives was only valid if unanimous.

The Government of Egypt was left to devize the necessary measures for ensuring the execution of the Convention and the strict adherence of warships to the regulations prescribed for their passage through the Canal. Its powers were defended by Britain against excessive encroachment by Europe. Britain failed to secure the explicit acknowledgement of Egypt's right to call on allies for help and was the object of the deliberate restriction of Egypt's activity in defence of the Canal to the use of "its own forces".[3] Britain restricted the Sultan's power of intervention to the specific case in which it was requested by the territorial power in Egypt because of inadequate forces. The Powers insisted that the Sultan should then consult them and so deprived Egypt of the right to call on an ally of its own choice. Britain however secured the explicit mention of the rights of the Khedive in opposition to the Turkish wish. The Convention assured Egypt against any attack via the Canal by a self-denying ordinance of the Powers[4] and, by Article XIII, explicitly preserved the sovereignty

1. A. d'Avril, 172-178.
2. Egypt. No.1. (1888) Correspondence respecting the Proposed International Convention for Securing the Free Navigation of the Suez Canal (C-5255 of 1888), 41. Salisbury to Egerton, October 21 1887.
3. A. d'Avril, 178-180
4. A. d'Avril, 187.

of Egypt where it was not subjected to specific restrictions. Throughout it sought to isolate the Canal from Egypt. It did not demilitarize, "pacify", neutralize, de-nationalize,[1] internationalize,[2] universalize or extra-territorialize the Canal. Thus Britain maintained its position in Egypt, in India and on the high seas. It preserved its right of search by excluding it from the general prohibition of the first article, its access to India in war and peace and the right to send warships and troopships through the waterway. It even gained the right to embark and disembark troops in peacetime without special authorisation in the event of an accidental obstruction of the Canal in a large innovation in international law.[3] It diverted its express India mails from the overland route through Egypt to the Canal route in the same year that it signed the Convention of Constantinople. As in 1885 Britain explicitly reserved its absolute liberty of action in Egypt because of the transitory and exceptional state of that country and refused to bring the provisions of the Convention into practical operation during the British occupation. It thus explicitly repudiated the limits imposed on British power in Egypt. It reserved the right to act as interpreter of the Convention's applicability, to admit or to refuse the ships of any other power entrance to the Canal and to "run an iron-clad through the treaty, just as one drives a four-in-hand through an Act of Parliament".[4] The British reservation met with the grudging acceptance of the Powers, which exchanged their ratifications at Constantinople on December 22 1888. It also satisfied British opinion because no questions were asked in the Commons about the Canal from 1887 until 1892 after an annual series of such questions since 1870.

The compromise of 1887-8 was one achieved in harmony with international law as developed in Europe but at the expense of the powers of Asia.[5] The Convention was signed by Turkey but by no other state of Asia or Africa. Unlike the bilateral Clayton-Bulwer Treaty

1. W. Cunningham, The Growth of English Industry and Commerce in Modern Times. (Cambridge University Press, 1907), 871.
2. H.D. Wolff, The Suez Canal and the Egyptian Question. Quarterly Review, October 1887, 453.
3. M.L. Camand, 221.
4. A.F. Baillie, Kurrachee: (Karachi), 252.
5. M.L. Camand, 242.

of 1850 for the Central American Canal the Convention bore from the first the character of a great international act and was thought worthy to rank beside the Geneva Convention of 1864.[1] It was not signed by Belgium, Greece and Sweden which had been represented at the Conference of Constantinople in 1873 but which had made virtually no use of the Canal. It recognised the equality of all the nine signatory powers in its benefits and invited the accession of non-signatory powers. Thus it recognised the utility of the Canal to the states of the West for war as much as for commerce and enshrined a world-wide extension of territorial rights to the benefit of all Europe. The exclusion of the Red Sea and the Gulf of Aden from its purview immediately placed Ethiopia, which lacked a navy, at a disadvantage in relation to the naval powers of Europe. The Convention confirmed the function of the Red Sea as a corridor to the East, facilitated the extension of European influence along its shores and imposed no restrictions on European expansion in the East. Thus it exposed the states of Asia to the unrestrained erosion of their security and their independence by the commercial and imperial powers of the West. The Convention was, however, riven by the ambiguity and omission inevitable in view of the delicacy of the problem, which was only less complex than that of the Dardanelles. It created the inconceivable, a right of way in time of war as well as in time of peace, open to all and abused by none. That right of way lay through a narrow and shallow channel cut through the soil of the richest province of the Ottoman Empire between two seas and at the junction of two continents, which Kipling made into the cross-roads of three continents.

1. M.L. Camand, 243.

THE FRANCO-RUSSIAN ENTENTE, 1888-1894, AND THE RUSSIAN OIL TRADE.

The security of the Mediterranean route was increasingly undermined by the postwar resurgence of France and Russia. The successive naval crises of 1888, 1891 and 1893 established a new Franco-Russian unity of the Mediterranean at the expense of Britain which regarded the inland sea as the cradle and citadel of its sea-power, the theatre of its greatest naval victories, the keystone of its position in Europe and the basis of its status as a world-power. Salisbury's Mediterranean Agreements of 1887 provoked France to concentrate in 1888 its whole fleet at Toulon,[1] revealing the utter inadequacy of the Mediterranean squadron, even with the support of Italy, to hold the inland sea against France. In reply England sent its Channel Fleet into the Mediterranean and passed the Imperial Defence Act of August 13 1888, whereby Goschen appropriated the future dividends of the Government's Canal shares to the redemption of a loan to improve the defences of the ports and coaling-stations of the Empire. That Act diverted to anti-French purposes the shares which Bradlaugh dismissed as "utterly unsaleable at any price at all".[2] It also prevented any future Liberal administration from appropriating the dividends to such other ends as Gladstone had proposed in 1884. It provoked much Liberal criticism and compelled Goschen to borrow from the Sinking Fund in 1889 to accelerate the repayment of the £4,000,000 loan of 1876 within 18 instead of 36 years so as to free the shares from all other commitments by 1894. It failed to deter France but forced her immediately into closer relations with Russia. Hamilton's Naval Defence Act of 1889 sought to establish a Two-Power Standard against France and Russia by 1894 and began a new race in naval power.[3] The naval scare of 1888 also enabled the C.P.R. to secure its long-desired contract in 1889

1. C.J. Lowe, Salisbury and the Mediterranean 1886-1896. (London, Routledge, 1965), 35-36.
   C.P. Fitzgerald, The Balance of Power in Europe: its Naval Aspect. Blackwood's Edinburgh Magazine, February 1888, 287-8.
2. Hansard, Commons Debates, June 4 1888, 1133, Bradlaugh.
3. A.J. Marder, British Naval Policy 1880-1905. (London, Putnam, 1940), 119-143. The Naval Defence Act of 1889.

for a monthly mail service from Halifax or Quebec to Hong Kong[1] and to order three 14-knot liners capable of rapid conversion into armed merchant cruisers on the pattern of the 'Teutonic'. The C.P.R. also agreed to employ R.N.R. men as far as possible and to carry all troops to the East at cost price, so maintaining British interests against the U.S.A. as well as against Russia. The P. & O. also paid homage to the new importance of the Navy when the London Committee of the Canal Company under Sutherland appointed in 1889 as the successor to John Slagg, the godson of Cobden, Lord Brassey, who had been the editor of Brassey's Naval Annual since 1886.

France opened new harbours at Saigon in January 1888 and at Jibuti in March 1888, compelling Britain to strengthen the defences of its "Arabian cinder-hole, so ugly and so useful"[2] and to conclude treaties of protection with eight neighbouring sheikhs and sultans in 1888, so laying the basis of the Eastern Aden Protectorate. Italy brought 55,759 Italian troops through the Canal during its war of 1887-89 against Ethiopia. It cut Ethiopia off from the Somali coast in 1889 and created Eritrea in 1890 as the last link in the littoral barrier around Ethiopia. Menelik established his capital at Addis Ababa between 1887 and 1890 in the isolation of the central plateau and called on Orthodox Russia for support against Catholic Italy and its aspirations to establish a protectorate. France declined, however, to permit the establishment of a 'New Moscow' in the bay of Tajura and ended the history of the first Russian settlement in Africa after thirty days.[3]

England encouraged German as well as Italian expansion in Africa in order to restrain French expansion. Germany expanded its trade to the Levant from 1888 and to the East from 1890, after Hamburg and Bremen entered the German Customs-Union in 1888. As German shipping became converted from sail to steam Hamburg founded in 1888 the Hamburg-Calcutta Line as a complement to the Hansa Line and the German Australian Line as a rival to the North German Lloyd. The

1. H.A. Innis, A History of the Canadian Pacific Railway (1923), 138-139.
2. E. Arnold, Seas and Lands. (London, Longmans, 1891), 524. February 13 1891.
3. C. Jesman, The Russians in Ethiopia. An Essay in Futility. (London, Chatto, 1958), 10, 13.

Hamburg-Calcutta Line began operations in 1890 after the Rickmers Line had established a steamship service via the Canal for the transport of rice from Rangoon to Bremerhaven. The German Australian Line began its service which avoided English harbours in 1889. The resignation of Bismarck removed a great restraint on German colonial enthusiasm and encouraged German aspirations to empire in Equatoria as well as the foundation in Hamburg on April 19 1890 of the German East Africa Line.[1] That company was the only German steamship company founded at the invitation of the Government and in the almost certain prospect of a subsidy under the Mail Steamer Subsidy Act of 1890.[2] It was financed by the great German banks and was managed in close association with the Woermann Line to West Africa. Its first steamer reached Zanzibar in 36 days, (July 23 - August 27 1890). German expansion was regulated by the Anglo-German Agreement of July 1 1890 which partitioned East Africa as the Conference of Berlin in 1885 had partitioned West Africa. Although that agreement shattered the dream of "a continuous band of British dominion" from the south to the north of Africa[3] its exchange of Heligoland for Zanzibar, Uganda and the Nile Valley seemed the best bargain made by any British Government "since Lord Beaconsfield made the Suez Canal a mainly English property".[4]

In the 1890s rather than in the 1870s East Africa ceased to be a backwater and was drawn into the sphere of European influence at the expense of that of Bombay. In March 1891 the German East Africa Line began a four-weekly service from Hamburg via the Canal to Zanzibar together with a local feeder-service. In 1892 it extended its services southwards to Lourenço Marques and Durban and eastwards from Zanzibar to Bombay. It made the Beira-Durban zone the competitive region between the Suez and the Cape routes because Bullard King and Rennie had extended their lines northwards from Durban to Beira in 1891 and 1892. It expanded south of Zanzibar at

1. K. Brackmann, Fünfzig Jahre Deutscher Afrikaschiffahrt. (Berlin, Reimer, 1935), 22.
2. O. Mathies, Hamburgs Reederei 1814-1914. (Hamburg, Friedrichsen, 1924), 121.
3. The Times, August 22 1888, 8ii. H.H. Johnston, Great Britain's Policy in Africa.
4. Saturday Review, June 21 1890, 755. The New African Empire.

the expense of the British India Line which had ended its service to Lourenco Marques during the bitter Anglo-Portuguese dispute of 1889-90, had inaugurated a new service in 1890 from London to Mombasa as the port of entry to Mackinnon's long-desired inland empire and had begun to press for the construction of a Uganda Railway. The German East Africa Line became the pacemaker for shipping services to East Africa in the two decades before a comparable British line was organised. German expansion increased the flow of German shipping through the Canal. Germany, the fourth largest client of the Canal since 1882 rose to the third place in 1888, when it surpassed the Netherlands, and to the second place in 1890 when it surpassed France. The German share of the Canal's tonnage rose from 3.7% in 1886 and 4.2% in 1889 to 7.1% in 1890. Only in 1892 did German Canal tonnage end the twelve successive years of expansion which had begun in 1879. Thus Germany replaced Austria and the Netherlands as the bearer of Germanic culture to Asia and Africa. A traveller to Zanzibar in 1890 published the first account of the Canal by a German tourist.[1] Germany introduced into Tanganyika the cultivation of coffee in 1892 and of sisal in 1893: it also became the largest single market for the raw hides of India from 1891-2 and for the raw cotton of India from 1891 to 1896. Germany expanded with England into East Africa rather than into the more populous and economically valuable West Africa. England overcame the obstacles to the penetration of Africa by the Navy in its crusade against the slave-trade. It gained a new empire which could be approached only by salt water and which could not be threatened directly by the great military powers of Europe. It acquired a buffer-continent for Egypt and the Canal, whose opening could thenceforth be ranked by the geographer as a notable event in the partition of Africa.[2]

England's close association with Germany in Africa and with Italy in the Mediterranean brought about the Franco-Russian entente of August 27 1891 after the fall of Bismarck and the end of his secret

1. P. Neubaur, Port Said und der Suezkanal. Westermanns Illustrierte Deutsche Monatshefte, Oktober 1891, 28-47.
2. J.S. Keltie, Applied Geography. (London, Philip, 1890), 14.
   J.S. Keltie, The Partition of Africa. (London, Stanford, 1893), 110

Reinsurance Treaty of 1887 with Russia. The entente ended the long diplomatic isolation of France and encouraged her to aspire to dominate the Mediterranean, to adopt a ten-year naval programme, to begin the fortification of Bizerta as an African Toulon athwart the Sicilian narrows and to finance the construction of the Great Siberian Railway. That railway was decreed by the Tsar on March 17 1891, 14 years after Russia's humiliation in 1878, and was begun on May 19 by the Tsarevitch at Vladivostock, which imported its railway material through the Canal in the Russian Volunteer Fleet. The line would form the longest railway in the world and would, in Witte's view, supersede the Suez Canal as the leading route to China. The overland trade between China and Russia through Kiakhta had fallen substantially in 1889, especially in tea, while tea shipments from Hankow to Odessa had increased in weight by 130% between 1886 and 1890. The Russian merchants in Kiakhta thus complained that the Canal had left them with only the fur trade while enabling the English to establish a monopoly of the China trade. The economists of Nizhny even professed to fear the peaceful conquest of Siberia by the British. Thus the railway was seen as both a counter-balance and a rival to the Canal.

The Dardanelles scare of September 1891[1] followed the growing use of the Straits by the fast well-armed merchant-cruisers of the Russian Volunteer Fleet[2] and Salisbury's refusal on August 3 to consider a Turkish request for the evacuation of Egypt. German hints of a possible Russian seizure of the Suez Canal and of large-scale Russian purchases of Suez shares[3] sought to aggravate British fears. A British naval demonstration in the Aegean on September 13 was intended to warn Turkey against permitting the Dardanelles to become a Russian naval highway. The Porte's circular of September 19 however permitted the vessels of the Russian Volunteer Fleet to use the Dardanelles provided that they did not carry troops. That circular complemented the Turkish fortification in 1889 of the Dardanelles which was directed

1. W.L. Langer, The Franco-Russian Alliance 1890-1894. (Harvard University Press, 1929), 201-206.
2. The Times, September 12 1891, 10vi. W.L. Clowes.
3. The Times, September 3 1891, 3iv.
   C.L. Smith, The Embassy of Sir William White at Constantinople, 1886-1891 (1957), 145.

even more obviously against Britain. The new Russian threat produced the last British proposals for a protective Euphrates Valley Railway.[1] It increased unofficial support for reliance on the Cape as "our true route to India",[2] for the conciliation of Russia by the surrender of Constantinople and for the appeasement of France by the evacuation of Egypt. "It is not India, but the insisting on one particular road to India, that binds us with hampering chains to the volcanic Eastern Question, big with all its tremendous potentialities for disaster".[3] Curzon however dismissed the Euphrates Valley Railway as superogatory to the Suez Canal and urged the improvement of steam communication with the East so as to place British soldiers in Karachi three weeks after leaving Portsmouth.[4] Salisbury would not tolerate Russia as the mistress of Constantinople because it would preclude the use of the Suez route to India except in conditions of the profoundest peace. The crisis thus confirmed Dilke's judgment of 1889. "The canal, considered as a means of communication in time of war, is as delicate as a thread of a spider's web".[5] The Admiralty concluded that it could not support the traditional Straits policy of the Government against the overwhelming power of the French Fleet nor ensure the safety of the Mediterranean even in alliance with Italy.[6] It abandoned its policy of seeking superiority to the French Fleet in the Mediterranean and so encouraged more advanced opinion to contemplate withdrawal from the Mediterranean and even the surrender of Gibraltar itself.[7]

The accession of the new Khedive Abbas Hilmi was greeted by the visit of French and Russian naval squadrons to Alexandria and encouraged Turkey to make what Baring regarded as an attempt to advance

1. The Times, September 14 1891, 3v-vi. T. Frame Thompson. Proceedings of the Institution of Civil Engineers, CXI, 1892-93 Part I, 24-30. H. Hayter, Presidential Address, November 8 1892.
2. The Times, September 15 1891, 7ii.
3. The Times, September 17, 12iii; September 25, 2vi. Major-General W.J. Stuart, R.E.
4. The Times, September 19, 7iv; September 24, 6i; September 26,12iii. G.N. Curzon, Persia and the Persian Question. (London, Longmans, 1892) I, 631-636.
5. C.W. Dilke, Problems of Greater Britain. (London, Macmillan, 1890), 657.
6. The Times, September 28 1891, 9iv.
7. W.L. Clowes, The Uselessness of Gibraltar. Fortnightly Review, February 1 1893.
   J.W. Gambier, An Exchange for Gibraltar. Fortnightly Review, May 1 1893, 731.

to the very edge of the Canal by placing the frontier of Egypt on the traditional line from Suez to El Arish. Abbas was infuriated by Milner's "England in Egypt"[1] which was published in December 1892 and was widely read in an Arabic translation in Cairo. Milner's plea for the maintenance of a veiled protectorate in the name of civilisation carried further the tradition of the justification of British policy pioneered by D.M. Wallace in 1883. Abbas was so indignant that the British garrison in Cairo had to be doubled, by a telegram of January 22 from Gladstone which stopped a regiment on its way home from India at Suez.[2] The Egyptian crisis of January 1893 encouraged vain proposals to end the occupation by a withdrawal of the garrison to the Canal or to Suez,[3] which was depicted as a potential Aden in Egypt, with Kosseir as Egypt's port on the Red Sea. The same depreciation of the value of the Suez route inspired the request by Lord Stern, a Gladstonian Liberal, for a Return of Trade from the East via the Suez Canal in continuation of that secured by Rathbone in 1883.[4]

The Franco-Russian military convention of August 18 1892 was followed by the Angle-French clash at Bangkok on July 28 1893 and Russia's announcement on August 6 of her intention to send a naval squadron to Toulon. The Admiralty reinforced its China squadron by the despatch of a first-class battleship from the Mediterranean on August 8 and sanctioned the construction of the 'Renown' with a draught of 26¾ feet so that it might use the Canal as well as the rivers of Asia. British supremacy in the Mediterranean ended when the Russian Baltic Fleet anchored at Toulon on October 13 1893 and was joined by one warship which had passed the Straits.[5] The system of the Mediterranean agreements was thereby shattered and the security

1. W.S. Blunt, My Diaries, 1888-1914 (1919) I, 107.
2. T.B. Miller, The Egyptian Question and British Foreign Policy, 1892-1894. Journal of Modern History, March 1910, 5.
3. E. Martin, La Question d'Egypte. L'Angleterre et le Canal de Suez. (Paris, Michaud, 1892), 34-35.
   W.S. Blunt, My Diaries, I, 80, May 19 1892 (Harcourt); 110, February 15 1893 (Blunt); 116, March 7 1893 (Rias).
   W.S. Blunt, Lord Cromer and the Khedive. Nineteenth Century, April 1 1893, 584.
4. Hansard, Commons Debates, April 24 1893, S.J. Stern.
5. The Times, October 31 1893. A.J. Marder, 174-205. The Navy Scare of 1893.

of the inland sea was annihilated in both east and west. The Mediterranean had become the meeting-place for the two flanking powers of Germany whose Triple Alliance was encircled by sea as well as by land, and whose pre-eminence in Europe was ended. Britain's sole friend on the Continent was Germany before her ententes of 1904 with France and of 1907 with Russia. Britain was threatened even more than Germany by the Franco-Russian demonstration because the British Army could not assume the offensive and its Navy was already supposed to be ubiquitous. France and Russia had clearly proved that the dominion of the sea was divisible and had increased the strain on the British Navy beyond all measure. The keys of the Mediterranean still controlled access to the sea but not movement within it. Thus control of the Canal even in defiance of the Convention of Constantinople became pointless without control of its associated sea-route. The British Navy could not defeat the French Navy and reopen the Mediterranean route in wartime without the addition of some 60-70 warships.[1] The price paid for the large-scale capital investment in merchant shipping in 1870-74 became the large-scale capital investment of the 1890s first in cruisers for commerce-protection under the Hamilton programme and then in battleships under the Spencer programme. Gladstone's policy of financial retrenchment faced its greatest crisis just after the United Egyptian Debt first rose above par on March 16 1893 and promised to end the burden of Egypt on the Exchequer.

The naval scare of 1893 reinforced the bonds between the Navy and the mail lines and stimulated record-breaking voyages by the P. & O., the Union Line and Shaw Savill. The 'Oriental' had carried the mail from London to Hong Kong in 23 days 16½ hours, (April 7 - May 1 1893),[2] in response to the competition of the C.P.R. from 1891. The 'Australia' had reached Adelaide on May 4 1893 in 26 days 16½ hours. The 'Himalaya' carried the mail to Bombay on November 12 1893 in 10 days 20 hours from Brindisi and in 13 days 1 hour from London. The Admiralty despatched the Channel squadron to Gibraltar in November 1893 and appointed a full admiral to command the Mediterranean squadron

1. W.S. Blunt, My Diaries, I, 145-6, November 28 1893. Colonel J. Stokes.
2. The Times, June 16 1893, 8iv. Round the World in 62 days.

in place of the usual vice-admiral. The secret Franco-Russian alliance of January 4 1894 ratified the military convention of 1892 between the two great enemies of Britain and exposed Malta to the threat of a combined attack by the French Fleet from the west and by the Russian Fleet from the East. Gladstone became the first Prime Minister to be driven into private life by the Conservative attack on the Naval Estimates. His resignation made possible the adoption of the secret five-year Spencer programme and the fortification of Gibraltar and Malta. After H.M.S. 'Centurion' successfully passed through the Canal on March 16-17 en route to China with a draught of 27½ feet the Admiralty decided on May 10 1894 to guard the entrances to the Canal in wartime, in order to deny access to the Red Sea to the enemy whilst preserving its use to the British. After the Mediterranean Fleet was routed by the 'Toulon fleet' in the naval manoeuvres of August 3-5 1894 in the Irish Sea before reinforcements from the Channel had arrived the Admiralty announced on October 4 that the Channel squadron would winter at Gibraltar and so sought to avert a similar disaster in a real war.

The revelation of the existence of the Franco-Russian alliance brought the Mediterranean debate to its peak in the spring of 1895, when Clowes urged the immediate evacuation of the Mediterranean, bag and baggage, because the Canal could not be kept open against an enemy, even if both banks were held by the entire military force of the Empire. "Our road is across the ocean or our own territory, and not through other people's ditches".[1] That advice was rejected by all authoritative naval opinion, by Spencer and by Admiral Sir G.H. Richards, who as a captain had inspected the Canal for the Admiralty in 1870. Sir George Clarke, who had been secretary to the Colonial Defence Committee from 1885 to 1892, asserted that the abandonment of all attempt to defend the Suez route "would shake the very foundations of the Empire and imperil the allegiance of great colonies".[2] Clarke's suggestion that the Canal could be protected by placing a guard on all merchant ships in transit was however dismissed by Clowes as ineffective

1. Nauticus (W.L. Clowes), The Millstone Round the Neck of England. Nineteenth Century, March 1895, 373.
2. G.S. Clarke, England and the Mediterranean. Nineteenth Century, April 1895, 545. The Times, March 29 1895, 9111.

unless ships passed through with no persons on board and in a dry dock or on a pontoon to prevent contact between the ship and the Canal.[1]

The naval scares of 1893 and 1895 reflected the new enthusiasm for the Navy apparent in the unveiling of the Armada Memorial on Plymouth Hoe in 1890, the organisation of the Royal Naval Exhibition at Chelsea in 1891 and the foundation of the Navy Records Society in 1893. Spencer introduced continuity in naval policy from 1893, so raising the Navy above parties, as Roseberry had foreign policy. The Navy League was established in 1894 and promoted the general celebration of the nineteenth anniversary of Trafalgar. The sailor was celebrated in ballad, ode and song, poem, play and opera, painting, history and advertisement as never before and first assumed a dominant position in the national consciousness. Naval Estimates which had remained stationary between 1858 and 1893 first exceeded the Army Estimates in 1895 and doubled between 1888-9 and 1899-1900. The presiding spirit behind that great transformation was Mahan,[2] who drew lessons from British naval history for the intended benefit of the U.S.A. but became the harbinger of the Anglo-American cooperation of the 1890s, America's gift to England in return for Herbert Spencer. In the lectures which he wrote in 1886 and published in 1890 he developed a specifically western interpretation of the sea based on control rather than on comprehension. Mahan based his theory of naval strategy on the militarization of warfare at sea, on the precision movements of a steam fleet and on the global continuity of the oceans. He dissociated English security from the military moat of the Channel and associated England's world-power with "those far-distant storm-beaten ships on which the Grand Army never looked". He gave the Royal Navy a philosophy of history and England the magical assurance that its sea-power would not suffer the fate of that of Tyre, Carthage, Venice and Genoa, at the very time that the decline of the sailing-ship and of the sailor was undermining that

1. W.L. Clowes, Braggadocio about the Mediterranean. Nineteenth Century, May 1895, 881-2.
2. W.L. Clowes, Sea Power, its Past and its Future. Fortnightly Review, December 1893, 853.

maritime supremacy. His influence encouraged the attribution of the Indian empires of England[1] and Portugal[2] to their sea-power rather than to their military power. It did not, however, magnify the importance of the Canal, "for British commerce the most important piece of water in the world outside of our own home waters".[3] It could not restore the vanished security of the Suez route nor prevent the Admiralty adopting a negative rather than a positive policy towards the Canal as an instrument of strategy. Thus England's policy in Africa became one of land-power rather than of sea-power. After Kitchener's victory in the second crisis with Abbas Hilmi in January 1894 Rhodes decided that England would never withdraw from Egypt and aspired to create "a British boulevard from Table Bay to the Suez Canal".[4] The declaration of a protectorate over Uganda on April 12 1894 encouraged the British ambition to link Uganda to the Nile, in the tradition of Ismail. Campbell-Bannerman made the last public profession of the Government's intention to evacuate Egypt on October 9 1894. The lure of Africa thus helped to convent Liberal England from Cobdenism to the imperialism of "the empire-builders" (1894) and "the flag-wavers" (1894).

As the Canal lost its strategic function it acquired a new fiscal function as a source of revenue to the Treasury. The imperialist Ashmead-Bartlett extorted from the new Liberal administration the admission that the Government's Canal shares had an estimated value of £17,750,000[5] and so encouraged the revaluation of the share-purchase as "one of the most brilliant strokes of finance ever accomplished either by financier or statesman".[6] Milner who cast a cold Germanic eye upon the Canal Company as a gigantic French profit-making enterprise on Egyptian soil argued that England should provide the £4,000,000 necessary for the construction of a Nile Dam at Aswan as one quarter of the clear profit made on the

1. A.C. Lyall, The Rise and Expansion of the British Dominion in India. (London, Murray, 1894), 1-4, 341.
2. W.W. Hunter, A History of British India. (London, Longmans, 1899) I, 134, 165-6.
3. G.R. Parkin, Round the Empire. (London, Cassell, 1892), 194.
4. H.W. Lucy, From Cape Town to Cairo. Fortnightly Review, March 1 1894, 410.
5. Hansard, Commons Debates, June 19 & December 11 1893, Ashmead-Bartlett.
6. The Times, September 30 1893, 11v. John Scott.

purchase of 1875.[1] No new financial bond was however created between England and Egypt. The end of Egypt's payments of 5% interest on the Canal shares removed one existing link after Egypt had paid £3,635,188, or nearly the purchase-price of the shares, to the British Government by July 1 1894. The realization of the full value of the investment made in 1875 encouraged an American attack on the transaction as a mortgage rather than a sale of property belonging to Egypt and not to the Khedive.[2] The transfer of that financial interest to England increased anglophobia in Paris because the growing dividends were paid thenceforward to the British Government rather than to the delegation-holders, who received their last payment of interest on July 1 1894 and wound up their Mutual Society established in 1884. Thenceforward the British Government received both dividend and interest on the shares, together with the expectation of their continuation from 1894 until 1968. The £4,000,000 loan of 1876 in Exchequer bonds which had been repaid at an accelerated rate since 1889 was fully amortised by March 20 1894, so liquidating the last debt in connexion with the share-purchase. The shares rose from a nominal value of £3,532,040 on March 31 1894 to their full market value of £23,892,955 on January 1 1895. The Government became entitled to receive 44% of the total dividends distributed by the Company on its shares, or 31% of the total distributed profits, because the Company's shares received 71% of the total profits. In the year ending March 31 1896 the Government received the substantial income of £673,418. That income, independent of taxes and of the taxpayers' consent, was in effect a transfer-payment by the British shipowners who supplied 74.6% of the Company's receipts in 1894.

The valorisation of a Conservative achievement under a Liberal administration occasioned some conflict over the use of the dividends which Goschen had appropriated to imperial defence in 1888. Goschen suggested in 1892 that the appreciation of "that splendid asset of the nation"[3] to their full market value would enable the purchase-price

1. A. Milner, England in Egypt (1892), 261-2, 340, 179, 287. Investor's Review, II, 1893, 211-212.
2. C. Whitehouse, England's Right to the Suez Shares. Fortnightly Review, September 1 1893, 409. Spectator, September 9 1893, 343-4, 319.
3. Hansard, Commons Debates, April 11 1892, 1149. Goschen.

of £4,000,000 to be repaid and the National Debt to be reduced by £15,000,000. "I should like to do it now. I should like to anticipate some right hon. Gentleman perhaps on the other side of the House, but I am too modest to make this entry at the present moment."[1] Goschen's anticipation of the increased revenue to borrow £1,870,000 in the financial year 1892-3 aroused the concern of the Liberal financial experts[2] while an Irish Liberal on the trail of jobbery attacked the new custom whereby the three official directors received directors' fees in addition to their salaries:[3] thereafter Rivers Wilson resigned from his post as Comptroller-General of the National Debt in 1894 and from his official directorship in 1896. The naval scare launched by the Conservatives inspired Labouchere to suggest in 1893 that Harcourt should reduce the Government's holding in the Canal Company to meet the increased naval expenditure.[4] The Liberal Government decided to appropriate the Suez Canal dividends to the general revenue instead of to the extinction of Goschen's imperial defence loan. Sir Richard Temple, the former Governor of Bombay, forced a division on the issue in the debate on the Army Estimates on July 6 1894 but secured only 26 Conservative votes against 93 Liberal votes. The Finance Act of July 31 1894 consequently authorised the payment into the Exchequer of all dividends received in respect of the Suez shares by the Treasury. That victory for Liberal finance created a powerful Treasury interest in the dividends which were thenceforward consistently preserved from departmental appropriation, even after the return of a Conservative ministry. Thus Chamberlain's attempt in 1895 to appropriate the dividends to the guarantee of loans for colonial public works[5] failed to secure the approval of the Treasury or of the Chancellor of the Exchequer. The Treasury also began to receive an additional income as the shares were amortised, payments which had thitherto been retained by the Company but which were applied to debt-redemption, like the New Sinking-Fund, under the

1. Hansard, Commons Debates, April 11 1892, 1149. Goschen.
2. Hansard, Commons Debates, May 16 1892, S. Buxton & W. Harcourt.
3. Hansard, Commons Debates, June 9 1892, C.K. Tanner.
4. Hansard, Commons Debates, December 14 1893, Labouchere
5. J.L. Garvin, The Life of Joseph Chamberlain, III, 176. November 25 1895.

Finance Act of May 9 1898. Thus the fiscal ingenuity of the Canal Company made England a substantial sharer in its great enterprise while neither its directors nor its management were subjected to the English domination which some French pessimists had feared. Even the strictest Liberals were forced to recognise the great financial success of the share-purchase so that political England became united in its enjoyment of the income from "this enormous national property".[1]

The bulk oil trade which gave material content to the Franco-Russian alliance began as a southbound rather than as a northbound traffic and comprised refined paraffin rather than crude oil. The demand for paraffin arose first in the West and not in the East, where vegetable oil in the traditional lamp supplied cheap and adequate light in a climate where wax candles melted easily and gas-light was restricted to the colonial cities.[2] The first great flow of paraffin from the West came from the U.S.A. which first shipped it to China in 1867 and increased its exports to Asia as Baku increased its competition in the home market of Russia. Baku produced oil without the need for a pump and reduced the U.S. exports of oil to Russia from their peak of 1873 and so increased its competition from 1877 as to encourage the first shipment of oil from New York direct to Batavia via the Canal in 1877.[3] The success of that shipment encouraged Rockefeller to organise the Standard Alliance in 1878 and the Standard Oil Trust in 1881. He thereby made the export market of Asia a safety-valve to preserve the balance between home production and consumption so that Standard Oil monopolised the home market. The oil imports of India and China rose sharply from 1878, especially after India abolished its 7½% import duty in March 1878. Oil was shipped via the Canal to Bombay from 1879 but was carried increasingly by sail via the Cape because speed was not essential and engines might ignite gases. The oil was assimilated to ordinary cargo, being packed in rectangular tin cans and shipped in wooden cases. The rise of the case-oil trade stimulated the expansion of tin-mining in Malaya to supply the tin-plate industry of South Wales, which

1. Hansard, Commons Debates, June 9 1892, 639, J.E. Gorst.
2. Gas-lighting was introduced into Bombay in 1835, Sydney in 1836, Calcutta in 1854, Hong Kong in 1864 and Alexandria in 1865.
3. Le Canal de Suez, 12 Juin 1877, 3.

manufactured the containers. The other British interests which became bound up with the export trade of Standard Oil included the sailing shipowners, the London shipping brokers and the London financiers.

The trade in lamp-oil encouraged the search for oil in Asia where it was first found in Sumatra in 1885 and at Gemsah on the Red Sea coast of Egypt in 1886. The American monopoly of production and export was destroyed by the full development of the oil-fields of Baku, especially after the Baku-Batum Railway[1] was completed in 1883 with the financial backing of the Rothschilds of Paris in order to open up the markets of the Black Sea and the Mediterranean. In 1886 Batum was released from the free-port restrictions of 1878 and the Rothschilds founded the marketing company of B.N.I.T.O., (The Caspian and Black Sea Naphtha Commercial and Industrial Company).[2] Oil gave the Black Sea a staple export which drew it more completely into world trade than the export of grain had done. The expansion of Baku sharply reduced the American share in world production between 1880 and 1885, made Batum the greatest oil-port in the world and opened opportunities to English enterprise.[3] Baku oil reached the ports of the Baltic in 1882 when American oil was first shipped through the Canal to Jedda, Karachi and Calcutta. It reached Beirut and India for the first time in 1885. The sea route from Batum through the Straits and the Canal provided convenient access to the markets of Asia, which were inaccessible by the mountain-barred route from the Caspian to the Persian Gulf. Those markets were captured increasingly from Standard Oil by Russia, which also began to export oil to Port Said from 1886, reducing the price of American oil and importing Egyptian cotton in exchange. From 1888 the export of Russian oil was stimulated by the high excise duty imposed on the domestic sales of paraffin in Russia and was made in bulk from Batum to Bombay, which it reached in thirty days. Russian paraffin proved a low-cost competitor of American

1. C. Marvin, The Petroleum of the Future. Baku: the Petrolia of Europe. (London, Anderson, 1883).
2. B. Gille, Capitaux Français et Pétroles Russes (1884-1894). Histoire des Entreprises, November 1963, 19.
3. C. Marvin, The Coming Deluge of Russian Petroleum and its Bearing on British Trade. (London, Anderson, 1886).

paraffin and forced an immediate reduction in its price in the markets of Bombay, Madras and Calcutta. Standard Oil supplied the Europeans and the Westernized elites but Russia supplied the indigenous population and extended its exports to Singapore and Japan from 1888 and to Java from 1889. The oil imports of India from Russia first exceeded the value of those from the U.S.A. in 1891-92, ranked Russia second to Britain in the supply of India's imports and created a substantial seaborne trade between Russia and India at the very time that the North-West Frontier was being heavily fortified against the threat of a Russian overland advance. Thus Russia developed a staple export through the Canal to compensate for its imports from the East both by sea and by land.

Russian competition forced Standard Oil further to reduce its price from 1889 and to consider the economies of bulk transport by the steam-tanker built from 1884 as an alternative to the cases, which were costly to make and handle, easy to damage and prone to leak. Bulk transport would necessitate capital investment in tankers, pumps and storage-tanks but would reduce freight-costs and would permit retail distribution by the cheap labour of Asia, so combining the capital of the West with the labour of the East. In 1890 first Standard Oil and then B.N.I.T.O. applied in vain to the Canal Company for permission to send tankers through the Canal.[1] In response to the Russian challenge Standard Oil extended its control of marketing outside the U.S.A. through its own distributing companies established in England in 1888, in Germany in 1890 and in the Netherlands in 1891. Thereby it began to concentrate increasingly on Western Europe, reduced its case-oil shipments to Asia from 1890 and diverted the oil ousted from the Indian market in 1890-92 to the China market. Thus Russia increased its share of the total number of cases of oil shipped through the Canal from 22.6% in 1889 to 41.6% in 1891. The increase in shipments to Asia encouraged the quest for local sources of supply which were located in 1889 in Burma and in Java. The Royal Dutch Petroleum Company was chartered in 1890 to supply the export markets of Asia rather than of Europe from the oil of Sumatra.

1. F.C. Gerretson, History of the Royal Dutch. (Leiden, Brill, 1953, 1955), I, 214-217; II, 144-152.

The carriage of case-oil from Batum to the East by British steamers brought Marcus Samuel into the trade.[1] Samuel had established with his brother in 1878 the merchant house of Samuel, Samuel & Co. which became the leading British firm in Japan and marketed in 1888 the first cargo of Russian case-oil in Japan. Samuel's first application in 1890 for permission to send a tanker through the Canal was unsuccessful. After tank-lighters were admitted to the Rhine in 1890 he renewed his application through Henri Goudchaux, the chairman of Worms et Cie, the leading coal firm of Port Said. On April 20 1891 Samuel informed the Company that he proposed to establish a direct oil-tanker service between Europe and Asia and submitted Fortescue Flannery's plans for a tanker. The Canal Company granted permission on August 18 1891, two months after Samuel had been elected an Alderman of the City of London. Probably on the same day B.N.I.T.O. contracted to supply Samuel with "Anchor" paraffin for a period of nine years. Thus B.N.I.T.O., the second largest refiners in Baku since 1889, sought to improve its position in the markets of Asia and its prospects of agreement with its chief rival by turning against Standard Oil its own habitual technique of price-cutting and by using Samuel as its instrument.[2] In return Samuel agreed not to market Russian paraffin west of Suez, which so became a dividing-line between the world-markets of Asia and Europe. He ordered his first tanker from W. Gray & Co. of West Hartlepool, and may have encouraged William Doxford of Sunderland to develop the turret-steamer from 1892 for the oil as well as the grain trade.[3] He sent two nephews through the Canal to arrange for the establishment of storage tanks in eight ports of Asia, including Singapore, Bangkok, Hong Kong and Kobe.

The Canal Company's concession to Samuel was a triumph for greater freedom of trade against the most powerful combine in the world by a company which had been portrayed since 1883 as a monopoly hostile to trade. The price of case-oil fell immediately, bringing together all the interests associated with the case-oil trade of

1. R. Henriques, Marcus Samuel First Viscount Bearstead and Founder of The 'Shell' Transport and Trading Company 1853-1927. (London, Barrie, 1960), 67.
2. B. Gille, 43-44, 48.
3. Nautical Magazine, January 1892, 103.

Standard Oil, whose interest in its export market increased as legal action by the State of Ohio caused the Standard Oil Trust to decide in 1892 voluntarily to dissolve and as the independent producers began export by pipeline in 1892. Standard Oil wished to maintain its monopoly of the Cape route, like Britain in the 1850s, and to preserve the Canal as a barrier against the competition of Russian oil in bulk. Of its ancillary interests in Britain the tin-plate manufacturers of South Wales had lost 80% of the American market through the McKinley Tariff which came into operation from July 1 1891. All the threatened interests united to protest on October 30 1891 to Salisbury and then on November 20 to "the Signatory Powers of the Suez Canal Company's Charter" (i.e. the signatories to the Convention of Constantinople of 1888). Their protest on behalf of the "regular and safe" "convenient and safe" case-trade against a "perilous and precarious" bulk-trade was inspired by their prospective loss of profits but was ostensibly made against the danger to all users of the Canal from oil-tankers. They enlisted the support of shipowners who were not primarily interested in the case-oil trade. They did not advocate the prohibition of the oil trade but only that of the bulk oil trade through the Canal. Thus they demanded protection for the case-oil trade, a less efficient and more expensive mode of transport, in the homeland of political economy and free trade. Shipowners in the bulk oil trade had never shown that they regarded it as especially dangerous and had secured the admission of tankers to the Thames itself.[1]

The regulations for the new tanker traffic were considered at the Foreign Office on December 17 1891 by an interdepartmental committee of five including Rivers Wilson and Stokes and representatives of the Foreign Office, the Home Office, the Board of Trade and the Admiralty. They were then discussed and adopted on December 22 by the Executive Committee of the Company and were finally approved by the full Board on January 5 1892. The Company opened its first small oil basin at Port Said in January 1892 on the Asiatic bank south of the coaling basin and thus in similar isolation from

1. The Times, March 8 1892, 4iii. M. Samuel, Petroleum in Bulk in the Suez Canal.

the shipping in transit. The opponents of tanker traffic took legal action, organised petitions of protest,[1] inspired alarmist articles in half of the newspapers of England, arranged for questions to be asked in Parliament and enlisted the support of expert opinion. A law-suit was begun in Alexandria against the Company on January 1 1892 by Chambers & Co., carriers of case-oil for Standard Oil, to secure a ruling that the Company's new regulations were illegal, null and void. Stereotyped petitions of protest were sent to the Foreign Office from Newcastle on January 21, from Hull and Cardiff on January 22 and from Glasgow on February 13.[2] At Newcastle the North of England Steam Ship Owners' Association protested on February 16 against the Company's excessive dues as well as against the threatened admission of bulk petroleum and suggested the construction of a second canal in order to avert danger to other users. Further protests followed from West Hartlepool on February 29, from Sunderland on March 1, from Leith and Hull on March 10, from the United Kingdom Chamber of Shipping on March 16, from Liverpool on March 18, from Belfast on March 22, from Glasgow and Cardiff on March 28 and from Bristol on April 7.[3] Those protests represented 250 owners of over 5,000,000 tons of shipping but did not include the P. & O. On March 24 Captain Grice-Hutchinson, the Conservative M.P. for Aston Manor, raised the question in the Commons and so began the attack on the Company and on Samuel from a third flank. Samuel was defended only by 'The Economist'[4] and 'The Nautical Magazine'[5] which were the highest authorities on the commercial and technical aspects of the question. "It looks, indeed, very much as if the tank steamer were destined to do for the case-trade what Stephenson's locomotive did for the coaching industry".[4]

1. The Times, December 28 1891, 5vi.
2. Correspondence respecting the Passage of Petroleum in Bulk through the Suez Canal. (C-6556 of 1892), 47-56.
3. Ibidem, 57-70.
4. The Economist, January 9 1892, 37, 883. Petroleum in Bulk and the Suez Canal.
5. G.H. Little, Petroleum in Bulk to the East, Via the Suez Canal. Nautical Magazine, March 1892, 208-217.
   G.H. Little, Transport of Petroleum through the Suez Canal. Nautical Magazine, June 1892, 497-504.
   G.H. Little, Improvements in Petroleum in Bulk Steamers. Nautical Magazine, March 1893, 193-201.
   G.H. Little, Traffic through the Suez Canal. Nautical Magazine, April 1893, 297.

The technical attack on behalf of the shipowners was mounted by the eminent chemists Sir F.A. Abel and Professor B.S. Redwood in their report of May 7 which carried great weight with those outside their profession, emphasized the risk to other shipping and deemed the Company's regulations insufficient. Salisbury refused on May 16 to interfere in the regulation of traffic by the Company because he was a firm believer in freedom of transit. A substantial command paper was presented to the House on June 10 to justify the Government's policy of non-intervention.[1] Between May 12 and June 21 nineteen different M.P.s had asked 30 questions on the subject, 14 being from Conservative, 9 from Liberals and 7 from Irish M.P.s. The campaign against the use of the Canal by tankers was the first such agitation in history. In so far as it was a defence of the case-oil trade of Standard Oil its failure did not envenom Anglo-American relations because Standard Oil had fallen from favour in the U.S.A. Nevertheless it ensured the highest possible standards of safety for the new traffic in the Provisional Regulations introduced by the Company on July 1 as the first supplement to its Navigation Regulations. Its combination with an agitation against tolls may have encouraged the general meeting of shareholders on May 31 to accept the first reduction of toll since 1885. The Royal Dutch Company secured the exclusion of Samuel's tanks from the Dutch East Indies, opened its first refinery on the harbourless east coast of Sumatra and began the export of "Crown oil" on April 2 to nearby Penang. The prospect of competition drove its shares below par from mid-April and made its new capital issue of June 15 a total failure.

The tanker 'Murex' was launched on May 27 1892 and left West Hartlepool on July 26 under Captain John R. Coundon. It embarked paraffin at Batum and passed through the Canal on August 24 en route to Singapore and Bangkok, the first such transit by a tanker. The 'Murex' was classified as a first-class risk in Category A.1.100 at Lloyds and became the first of a fleet designed by Flannery to the Canal Company's Regulations. It established the pattern followed by all later tankers until the 1930s. Its crew accommodation was forward

1. Correspondence respecting the Passage of Petroleum in Bulk through the Suez Canal.

and its tanks amidships. Its engine-room was aft rather than in the usual central location and was separated from the tanks by a coffer-dam of two transverse bulwarks. Its five cargo tanks each had a maximum capacity of 200 tons and were in non-communicating compartments separated by water-ballast tanks which were filled before entering the Canal so that the tanker might be lightened if necessary by pumping out water rather than oil to avoid the pollution of the Canal and the jettisoning of cargo. The Company's Regulations insisted that tankers should be convoyed by a tug-tanker during their transit and that their cargo should exclude products with a flash-point below 73°F (23°C), the standard English flash-point for petroleum by the Abel close-test of 1879. Those regulations recognised that paraffin had a high flash-point of 100-120°F and was less dangerous to transport than crude oil: in effect they limited the cargo of tankers to refined products and so excluded crude oil from the Canal.

The 'Murex' carried oil for the lamps of Asia around half the world on a voyage which proved that the bulk oil trade was no more dangerous than the coal or grain trade. Its voyage produced an enormous fall in prices in the autumn of 1892. In Singapore Samuel's agents, Syme & Co., opened the first petroleum tank station in Asia on September 16 1892[1] and offered to buy ten cargoes yearly of unmarked paraffin in cases from the Refinery of the Royal Dutch Company, a minority of whose directors favoured negotiations for a sale of the Company to Samuel or to the Rothschilds.[2] Standard Oil itself did not seek to follow Samuel's example of bulk shipment and was deterred from direct investment in Sumatra by an Achinese raid of 1893 on the Royal Dutch Refinery. It established however from 1893 its own Asiatic Stations as wholesale outlets, with the largest of the former importers as its agents. Above all, it concentrated increasingly on the market of Europe which Russia had surrendered in exchange for the market of Asia, perhaps by a mutual agreement in 1891. Thus it increased its exports from 43% of its production in 1892 to 57% in 1894 and maintained its power to fix prices both in the U.S.A.

1. W. Makepeace, One Hundred Years of Singapore (1921) II, 97, 601.
2. F.C. Gerretson, History of the Royal Dutch, (1953), I, 149-156.

and in Europe. The shipments of oil from Batum to Asia, especially to India, rose markedly in 1893. The exports of case-oil did not fall but rose: bulk shipments of case-oil through the Canal rose by 55.5% in 1893 while the imports of case-oil to Port Said more than doubled and were captured by Russia from America. The ten tanker transits through the Canal between August 24 1892 and May 20 1893 paid the Company an average of £1,168 on each passage but carried only a very small share of the total oil exports from Batum. Nevertheless the cost-cutting innovation of bulk transport had been made through rational organisation by Samuel in the very prime of his life. He placed eight new tankers on the Suez route from Batum to Asia with the supporting capital of ten Eastern merchant houses organised in the Tank Syndicate of 1893 and the short-term financial support of the Chartered Bank of India. Those tankers carried oil but were themselves steamships, the largest steam-tankers in the world. They were built by W. Gray & Co. of West Hartlepool, by Armstrong Mitchell & Co. of Newcastle and by Sir James Laing & Co. Ltd. of Sunderland, whose head had been a director of the Canal Company since 1884 and the first chairman of its London Committee. They helped to make the building of oil tankers a speciality of the North-East coast. They were operated with the day-to-day advice of only their designer, Flannery, but brought no danger to other shipping using the Canal because their Chinese crews served under a discipline almost as strict as that on board a warship. The Regulations of the Canal Company were exacting enough in the interests of safety to be upheld by the Mixed Court of Alexandria in its judgments of January 17 1893 and May 17 1894. After unloading their paraffin at the oil tanks established from Yokohama to Bombay the tankers were ventiliated, steam-cleaned and whitewashed. They then returned with bulk cargoes of tea, coffee, sugar, rice and tapioca, which remained unaffected by the outward cargo. Thus Samuel earned return as well as outward freights while the Canal Company received full dues rather than ballast dues. Samuel became a large-scale shipowner as well as a general merchant and earned profits from freights as well as from cargo. He became a great oil-carrier and the operator of the largest and most modern fleet of tankers in the world. Increasingly a merchant-banker rather

than a merchant he became Sheriff of London in 1894 and bought a landed estate near Maidstone in 1895.[1]

The attempt to distribute paraffin in drums failed. Samuel could carry oil in bulk but could not sell it in bulk. He was compelled to re-introduce tins and to begin their manufacture in Asia, although Singapore did not develop a tin-plate industry but exported its tin and imported its tin cans. The consumer refused to supply his own container and insisted on the traditional tin.[2] He was ready to pay a price including that of the tin and seems to have desired the container even more than its contents. The tin can was assimilated into the domestic economy of monsoon Asia more readily and quickly than its contents because it was an all-purpose receptacle similar in its manifold uses in transport, marketing, manufacture and building to the all-purpose crops of Asia. In the arid zone of Western Asia it also began to displace the traditional water pot from the 1890s. The paraffin can thus became the great symbol of the acceptance of the technical veneer of Western civilization by the indigenous civilizations of Asia. Because it was sold with the precious container the oil of the West competed effectively with the cheaper vegetable oils of Asia from the 1880s, releasing oil-seeds for shipment from India to Europe. Oil became a chief agent in the spread of a money-economy in the peasant world. It satisfied a demand unaffected by the vagaries of fashinn and spread to backward as well as to advanced communities. It thus became the most widely diffused of products, the first commodity with a true world market and the basis of the first world marketing organisations.

Samuel's venture encouraged the Burmah Oil Company and the Royal Dutch Company to begin large-scale production in Asia from 1893. The Government of India preferred Burmese to Russian oil as it preferred Assam to Chinese tea and Punjab to American wheat: it therefore excluded Samuel from both Rangoon and Aden. Burmese oil was free from import duty, competed more with Russian than with American oil and began to oust its rival from Calcutta and the Ganges valley. The Royal Dutch Company began to export oil to China from 1894, paid its first dividend for 1894 and raised its dividend from 8% to 44% for 1895.

1. Henriques, 121.
2. Henriques, 138.

market of Egypt or the oil-bunkering trade on a large-scale, despite the marked price-differential for oil between Alexandria and Suez. Increasingly he became interested in the development of oil-fields in British possessions because the Navy would abandon British coal only for British oil. His enterprise had brought a new trade to the Canal and a new industry to Suez and had begun to tilt the balance weighed down by coal away from Port Said.

THE RISE OF PORT SAID, 1887-1914.

Port Said began its real expansion as a half-way house, a bunkering port and a toll-gate after the British occupation in 1882 and especially after the end of the overland route in 1888 rather than immediately after the opening of the Canal. Its population had risen to 12,300 in 1879 and to 15,000 in 1882, when it first exceeded that of Suez. Its aspirations were revived by the destruction of the commercial centre of Alexandria in 1882 and by the influx of European refugees but were restrained by the British invasion and occupation, the strike of its Arab coal-heavers and the cholera epidemic of 1883 which reached Port Said a month before it struck Suez, so reversing the pattern of the 1865 epidemic. Wolseley's invasion of Egypt via the Canal first revealed the strategic importance of Port Said and stimulated its anglicisation as well as the construction of an Alexandria-Port Said-Suez cable by the Eastern Telegraph Company. That cable was sanctioned by the Canal Company in October 1882 and opened on June 28 1883, so making the cable to India wholly submarine. Port Said became increasingly a port of disembarkation by English passengers for Cairo because the Company refused from 1883 to permit disembarkation at Ismailia and so reversed its policy of the 1870s. The agitation by English shipowners against the Company in 1883 encouraged C.A. Lichtenberg and C.E. Stephens to propose a second competitive ship canal. The Company thereupon decided to introduce gas light into the harbour from 1884[1] and to experiment with the navigation of the Canal by night to reduce congestion and the complaints of its clients. Port Said experienced a second moral renaissance after the fire of April 4 1884 led to the establishment of an international fire-brigade, the Treaty of Commerce with Greece in 1884 ended the smuggling of Greek tobacco and Baker Pasha's police made the town no longer "a den of thieves and assassins".[2]

Port Said became an important destination for English colliers,

1. The Times, April 28 1883, 13vi.
2. E. Arnold, India Revisited. (London, Trübner, 1886), 27-28, November 1885.

which were intended to benefit by the Convention of December 18 1884 whereby the Government of Egypt agreed to halve the tolls on the Ismailia Canal from Cairo to Ismailia. The Company halved the Canal toll on the Port Said-Ismailia section from May 15 1885 in order to encourage colliers to pick up return freight at Ismailia. The four existing coaling firms lost their monopoly with the establishment of the rival firms of John Carrara & Co., the Anglo-Egyptian Coaling Company and the Port Said International Coaling Company Limited, which was registered on October 13 1884 but was wound up on May 14 1887. Land prices rose from £2.12.0 to £3.6.0 per square yard while coal prices fell from 24/- to 21/- per ton between 1884 and 1886 and were thenceforward kept low by competition between the French and English firms. Coal imports which had risen from under 200,000 tons in 1871 to 310,000 tons in 1879 soared to exceed 500,000 tons in 1883 and 750,000 tons in 1887. The proportion of ships in transit bunkering at Port Said increased steadily. The other coaling stations of the Mediterranean sought in vain to preserve their trade at its peak level of the early 1880s. Gibraltar sanctioned night coaling in 1885. Algiers admitted bunker coal free of duty in 1885. Coal imports reached their peak quantity to Malta in 1885 and to Gibraltar in 1889 but continued rising to Port Said. Malta suffered most from the competition of Port Said and provided emigrants to Australia by the Canal route. The coal supplied at Port Said to ships in transit rose from £480,000 in 1885 to £1,200,000 in 1890. The English coaling firms adopted the company form of organisation. Wills Manché & Co. Ltd. was registered on April 4 1887 by John Trenwith Wills, C.A. Lichtenberg and Henry Weissenburg as a Liverpool company to take over the business of J.T. Wills and became Wills & Co. Ltd. on October 24 1887. The Eagle Coal Co. Ltd. was formed on August 25 1891 by Cory Brothers Company of Cardiff to take over the business of Carrara.

The coal came largely from England, first from the Tyne and then from South Wales, whose exports first exceeded those from the North-East coast in 1881. Coal formed the overwhelming bulk of the total tonnage of imports into Port Said, 94% in 1882 and 96% in 1884, and made it one of the most highly specialised of all ports. "Port Said is coal - the Clapham Junction of nations, the gate of East and West,

the coaling-station of the world".[1] Apart from sand as ballast Port Said could supply no return freight which had to be sought at Alexandria, in Syria, in the Black Sea or even at Jedda. Thus Cardiff-Port Said freights were regulated by Black Sea grain freights. The coal firms paid a substantial rent to the Company and a transit duty of 1% to the Government from 1874. The import duty of 8% ad valorem, with a rebate of $\frac{7}{8}$ on its re-export, restricted the import of coal for domestic consumption. The loading and unloading of the coal gave employment to a fleet of coal barges and to a small army of labour. In 1880 7,000 Arabs worked in teams of fifty each of whom carried 55 pounds at a time. Coaling took place to the rhythm of a chant and was very rapid, supplying mail-boats with up to 100 tons an hour,[2] which was faster than a warship could be coaled at sea. The activity covered ship, passengers and crew with a fine dust, although every door, port and scuttle was sealed. It prevented passengers from sleeping and drove them ashore to escape the noise and the dust, to the benefit of the local shopkeepers. The Arabs were driven by land-hunger to work as coal-heavers for low and stable wages and do not seem to have benefited immediately from the competition between the coaling firms.

After the agreement on the London Programme of 1883 the Advisory Commission of Engineers created in 1884 sent a sub-commission to Egypt, (November 21 - December 3 1884). Lesseps then paid his 49th and last visit to Egypt, secured permission on December 13 to extend the Sweet-Water Canal to Port Said and concluded the Conventions of December 18 relating to tolls on the Ismailia Canal and to the administration of the Common Domain. The full Advisory Commission decided on February 11 1885 against the construction of a second canal and in favour of the enlargement of the existing canal as suggested by Lemasson, Chief Engineer since 1873. A second canal would completely eliminate sidings and the danger of collisions and would greatly reduce the risk of a total blockage of the waterway.[3] It would not however create a

1. G.W. Steevens, Egypt in 1898. (Edinburgh, Blackwood, 1898), 22.
2. J. Steele, The Suez Canal: its Present and Future (1872), 20.
3. C. Hartley, A Short History of the Engineering Works of the Suez Canal. Proceedings of the Institution of Civil Engineers, March 13 1900, 164-184.

more favourable cross-section whilst it would require new negotiations with the Government of Egypt, more labour and outlay as well as more expense for supervision, administration and repairs: it would also give Lesseps two Suez Canals in addition to his projected Panama Canal and Kra Canal. The Commission therefore drew up an ambitious three-phase programme which would enable ships to pass one another without stopping in the enlarged channel,[1] would reduce the transit-time to the minimum and would increase the day-time capacity to 100 ships when the average number was nine per day in 1883. The Company would gain absolute security against any future demands for enlargement by the excavation at a cost of £8,118,000 of 124,000,000 cubic yards, including 85,000,000 cubic yards deposited on the banks during the original excavation. The Commission proposed a general increase in bottom width by 49 feet from 72 feet to 121 feet, an increase in surface width to 213 feet for vessels with a maximum beam of 48 feet and a general deepening first from 26 feet to 28 feet and then to 29½ feet for vessels with a maximum draught of 24½ feet. Thus it overrode the British wish to a minimum depth of 31 feet[2] to admit vessels with a draught of 27 feet or even of 28-30 feet. Its programme was accepted on May 20 1885 by the board of directors which sanctioned the first phase of the works to add 49 feet to the width and 20 inches to the depth in 5 years. The board believed that the mere enlargement of the Canal would not require the sanction of the Government of Egypt and decided at the same time to seek approval from the shareholders on June 4 for a bond issue of £4,000,000 to spread the cost of the works programme over seventy rather than over seven years.

The Government of Egypt considered itself the real loser by the London Programme which had been concluded without consultation by the Company. It therefore limited the Company strictly to the terms of its Concession, refused to sanction either the works or the loan and maintained that the Company could not improve the Canal beyond a surface width of 144 feet without special authority. The Company maintained that the Canal was not Egyptian territory and appealed to

1. J. Rabino, The Statistical Story of the Suez Canal. Journal of the Statistical Society, September 1887, 542.
2. Hartley, 174, 196.

the Customs Regulation of April 2 1884 placing the customs frontier on the boundaries of the Canal.[1] It also refused to pay the duty claimed by the Customs in June 1884 on its dredgers, tugs and barges imported from Europe for the improvement works. The Civil Court of Alexandria rejected the Company's plea on May 18 1885. The Government then brought a legal action against the Company on May 27 for the customs dues on its plant and won its case in the Mixed Courts.[2] It also refused from 1885 to pay for land in the Common Domain occupied for public services. Only in 1886 did Nubar's Ministry reach agreement with the Company. The Convention of May 10 1886 approved the modification of the Company's Statutes necessary to float the £4,000,000 loan. The Convention of December 20 1886 sanctioned the works programme and sold the Company 4,000 hectares of land for £80,000. The Government imposed in 1886 a tax of 12% on buildings but applied it only to those which paid rent to the Company. From 1887 it encouraged litigation against the Company. It also nullified the effect of the Convention of 1884 which had been intended to develop the trade of Ismailia, and then denounced the Convention on March 23 1887, together with a similar Convention of December 31 1886. Thus it counteracted the effect of the Company's successive reduction in the Ismailia tariff in 1885 and 1887, discouraged the growth of trade via Port Said, protected the revenues of the State Railways and forced the Company back upon its own resources.

The Company pushed ahead experiments which had been conducted with electric light from January 26 1884.[3] Therein Lesseps was opposed by his own technical personnel but was supported by the P. & O. The 'Carthage' the P. & O.'s first vessel above 5,000 tons gross, made the first transit with the aid of a search-light, whose Paris manufacturers Sautter and Lemonnier had equipped the Port Said lighthouse. It passed from Port Said to Suez in 18 hours on the night of March 22-23 1886. Four months later the 'Océanien' of the Messageries passed through and

1. O. Borelli, Choses Politiques d'Egypte, 1883-1895 (1895), 567.
2. The Times, January 7 1886, 5v.
   Hansard, Commons Debates, January 25 1886, 304 C.W. Dilke and T. Sutherland.
3. T. Holmes, Heart and Thought. Memories of Eastern Travel. (Bolton, Gledsdale, 1887), 110.

was portrayed in the first engraving ever published in the Company's Bulletin.[1] By December 1886 95 guide-lights had been installed on buoys along the Canal. Transit by night remained limited to mailboats and warships and was undertaken mainly by the vessels of the P. & O. but averaged during 1886 20'42" or 43% less than the general average time of 36'11". The North German Lloyd made its first night transit on January 16-17 1887. Regulations published in the London Gazette on February 18 permitted night-transit by all ships provided with a search-light from March 1 1887. The proportion of night transits rose from 12.6% in 1887 to 71.7% in 1889, when they formed a majority for the first time, and then to 83.5% in 1890 and 95% in 1895. The "search-light" which had been developed to enable warships to detect torpedo-boats proved superior to lighting the banks by gas-lamps or the channel by buoys: its use differentiated the Suez Canal from the North Sea Canal, which was not lighted, and from the Kiel Canal, whose banks were lighted by electric light. The search-light was modified for the Canal by Sautter and Lemonnier, who enjoyed a virtual monopoly of its manufacture, so as to produce through a prismatic lens a long triangular beam with an angle of 15% and a range of three-quarters of a mile. Competition was fostered in the manufacture not of search-lights but of portable power-plants driven by boilers under low pressure and steam-engines at the low r.p.m. imposed by the low speed mandatory in the Canal, such as the slow-speed dynamo developed in 1888 by S. Charlesworth & Co. of Oldham[2]. Port Said gained a new industry in the hire of search-lights by shipping agents at £8 and in the hire of small dynamos to ships without their own generators. The electric light was brought to the town itself in 1891 although not to the harbour before 1912. The demand increased for the subsidiary fuels of oil and gas, for the oil used in the lights on shore and in the buoy lamps in the lakes as well as for the gas in the Pintsch light, which was first used in the outer harbour at Port Said. Pilots earned an additional fee from the double pilotage rates charged for night transit.

1. Le Canal de Suez, 22 September 1886, 1327.
   G. Weisbrodt, Die Erste Nachtfahrt durch den Suez-Kanal. Das Ausland, 27 Dezember 1886, 1034-1035.
2. Patent of September 28 1888 by S. Charlesworth and J.P. Hall.

The introduction of night transit first reduced the average duration of overnight stops in the Canal by 88% from 16'36" in 1885 to 2'21" in 1890 and then wholly eliminated them.[1] It facilitated steering because of the general absence by night of wind, heat-haze and mirage. It made navigation continuous, saving much more time than the hours of night and largely eliminating complaints by clients. It made possible the most effective use of the waterway by mail-boats and the decision to send mails direct through the Canal. It harmed the trade of the shopkeepers of Port Said because passengers no longer needed to spend the night drinking in port while waiting to pass through the Canal. It also damaged the trade of the Canal-beggars, increased the number of accidents to Arab boats as well as to Company tugs between 1885 and 1889 and compelled the Company to forbid night-time navigation by sailing-boats in the Canal. The search-light added an element of unparalleled visual beauty to the prosaic operation of the waterway. The dazzle produced between two ships approaching in opposite directions as they emerged from the horizon at 12½ miles distance, however, drove pilots to seek refuge behind the fore-mast and increased the possibility of errors of navigation. The search-light with a divided beam was invented in 1892, trisected the beam into three 5° segments, leaving the central one dark, and was made compulsory from October 1 1893.

The Company demonstrated that the average delay had been reduced from 23' 37" (1876-1886) to 5' 30" (1887-1900) and so concealed the effective reduction in transit times by 33% between 1882 and 1886 before the general introduction of night-time transit. The transit-time was reduced by a further 33% between 1886 and 1890 so that it first fell below 30 hours in 1889 and first below 20 hours in 1894.[2] Night-time transit more than doubled the effective carrying-capacity of the Canal at the cost of one-tenth of the radical widening programme of 1884. Thus it proved an effective substitute for that programme and the most economic solution to traffic-congestion. It

1. J. Charles-Roux, L'Isthme et le Canal de Suez (1901), II, 148-158.
2. Le Canal de Suez, 12 Juillet 1908, 5119-5120. La Durée du Transit des Navires (1870-1907).
   Le Canal de Suez, 22 Septembre 1909, 5316-5317. La Navigation de Nuit, dans le Canal de Suez.
   J. Charles-Roux, II, 156.

permitted the extension of the enlargement works over twelve years from 1887 to 1898 instead of the six years recommended in 1885.[1]

After the complete replacement of the Company's dredging equipment between 1881 and 1886 the improvement of the channel began in 1887 when the loan was floated and the new Advisory Works Commission first met on November 4-5 1887. The thirteen members of that Commission included no shipowners and were all engineers who met annually under the presidency of Voisin Bey to submit their recommendations to the Company. The 3% £4,000,000 loan of 1887 was floated at a real interest-rate of £3.18.10% against the 1880 interest rate of 4½% and was spread over 13 years. In 1888 the Company first used the Lobnitz rock-breaker, which had been patented in 1886 after Bunau-Varilla used concussion rock-dredging at Panama in 1885: chisel-pointed rams were therin used to break up the hard limestone south of the Bitter Lakes without drilling or blasting and without endangering passing ships.[2] The improvement of the channel in 1887-8 destroyed the original Canal save in the narrowest cuttings and permitted passing at any point but was achieved in depth rather than in width in accordance with the requests of the shipowners who wished to build deeper and more economical vessels. The depth of 26 feet attained in 1871 was first surpassed in 1890. The channel remained adapted to one-way rather than to two-way navigation. The Orient Line imitated the Inman Line, which had introduced the twin-screw on the Atlantic route in 1888, and built the twin-screw 'Ophir' to the maximum dimensions permitted by the waterway.[3] The first twin-screw vessels passed through the Canal in 1891, the 'Cheshire' of the Bibby Line, the 'Ophir' and the Empress liners of the C.P.R. The P. & O. remained doubtful about the suitability of a twin-screw for the limited fairway and introduced a twin-screw only on the 'Candia' in 1896 and the 'Plassey' in 1900 while the Holt Line introduced a twin-screw only on the 'Bellerophon' in 1906. The improvement of the channel encouraged the growth of traffic and benefited the larger shipowners. Its deepening reinforced the natural deepening of the Bitter Lakes through

1. C. Hartley, 176-177.
2. The Engineer, March 9 1888, 197. Subaqueous Rock Dredger for the Suez Canal
3. W.J. Loftie, Orient Line Guide. (1900), 177.

the dissolution of their salt bed and reduced the salt content of the Canal waters as well as of the lakes.[1] The increase in the tidal scour purified the waters of the Canal at the same time as Kipling sanctified them in the imagination of the West. The decrease in the salinity of the Canal facilitated the migration into the Mediterranean of marine fauna from the Red Sea, especially the littoral erythraean fauna rather than the deep-sea fauna. The pearl oyster reached Tunis by 1895 and decapod crustaceans were found at Fiume by 1896.[2] The swimming crab was caught in the Bitter Lakes first in 1889 and at Port Said first in 1898. The increase in the marine population along the coasts of Syria and Palestine enriched and diversified the catches of Mediterranean fishermen. A local fishing industry developed in the Canal, especially in Lake Timsah and the Great Bitter Lake, supplying fish and shell-fish to the markets of Port Said, Ismailia and Suez to mail-boats in transit and even to the markets of Cairo and Alexandria.[3] The simultaneous conclusion of the Sanitary Conventions of 1891-1897 made Egypt and the Canal a key point in the defence of the West against epidemics from the East. Quarantine restrictions saved Egypt and Europe from the cholera epidemic of 1890 and 1891 in the Hejaz but severely damaged the trade of the Syrian cities. After preparatory work by the Institute of International Law at Hamburg in 1891 the Anglo-Austrian Protocol of London (July 29 1891) and the Convention of Venice (January 30 1892) established

1. G. Wüst, Über die Abnahme des Salzgehalts im Suez-Kanal von 1869 bis 1937. Erdkunde, Juli 1951, 243.
2. C. Keller, Die Fauna im Suez-Kanal und die Diffusion der Mediterranen und Erythräischen Thierwelt. Ein Thiergeograpische Untersuchung. (Zurich, 1882).
   H.M. Fox, Zoological Results of the Cambridge Expedition to the Suez Canal, 1924. Transactions of the Zoological Society of London, XXII, 1926-29, 1-64, 843-863.
   H.M. Fox, Marine Migrations Across the Isthmus of Suez. Nineteenth Century, May 1926.
   H.M. Fox, Where East Meets West. Migrations through the Suez Canal. Century Magazine, August 1928.
   The Times, July 22 1929, 15iv. Perilous Passages.
   R. Gurney, Animal Migration through the Suez Canal. Illustrated London News, February 12 1949, 210
3. Le Canal de Suez, 22 Décembre 1909, 5352-53. La Pêche dans le Canal de Suez.
   A. Gruvel, Contribution à l'Etude de la Bionomie Generale et de l'Exploitation de la Faune du Canal de Suez. (Le Caire, Imprimerie de l'Institut Francais d'Archaeologie Orientale, 1936).

regulations to stop epidemics on the threshold of the Canal. In the cholera epidemic of 1893 a sanitary cordon of military and camel posts was established all along the Canal.[1] A lazaretto was established at the Wells of Moses in 1896 while that at Tor was linked to Suez by telegraph between 1895 and 1897.

After the failure of the Wolff negotiations at Constantinople in 1887 the British administration entrenched itself more firmly in Egypt through Baring's Gladstonian policy of retrenchment. The Egyptian budget was first balanced in 1886, the first surplus was manufactured in 1887 and a reserve-fund was created in 1888. The Canal Company gained no special protection from the Convention of Constantinople but consolidated its position under the aegis of the theory of mixed interest which the Mixed Courts elaborated between 1880 and 1887 and which the Court of Aix accepted in 1896. It extended its central administration by creating new departments for Litigation (Egypt) in 1887 and for Health on the inauguration on July 19 1888 of the new St. Vincent de Paul Hospital near Ismailia, which became the centre of its medical services. It created Chief Agents at Port Tewfik in 1885 and at Port Said in 1888. Its Canal pilots were freed from responsibility for navigation by the judgment of the Mixed Court of Cairo on April 19 1890 in the case of the 'Hindustan' of the Compagnie Nationale de Navigation, which left absolute authority and responsibility to the captain unless the Canal lacked depth or the pilot gave a false indication of the route. The Canal pilots thus added legal security to their light work. They enjoyed only limited pension-rights but supplemented their salaries by premiums from the Company and the shipowners. Those advantages combined with the proximity of the Canal to Europe encouraged Conrad after eight years as a British master-mariner to apply in vain to the Company for a post as a pilot just before leaving the merchant navy for ever in 1894.[2]

The diversion of the express mail to the Canal route reduced the quarantine difficulties inseparable from the overland route and so avoided friction with the representatives of the Powers in Egypt.

1. W.F. Miéville, Under Queen and Khedive (1899), 271.
2. G.J. Aubry, The Sea Dreamer: a Definitive Biography of Joseph Conrad. (London, Allen, 1957), 195, 200.
   J. Baines, Joseph Conrad. A Critical Biography. (London, Weidenfeld, 1960), 132.

The P. & O. mail contract of March 18 1887 stipulated for the use of the Canal by the Brindisi mails and for a speed of 12½ knots between Brindisi and Bombay. It reduced the subsidy to the P. & O. by 26% from £360,000 to £265,000. The transfer of the mails to the Canal followed the introduction of night-time navigation in 1886-87 and the co-ordination by the G.P.O. in 1887-8 of the Australian mail services by the P. & O. and Orient Lines. The alternative overland route was last used by the dromedaries of the British consular mail service between Basra and Damascus in 1885 after 102 years of intermittent use since 1784. Curzon who travelled in Persia in 1889 rejected the re-opening of the Syrian route as un-necessary and as dangerous to British hegemony in the Persian Gulf.[1] As the overland route through Egypt ended one of its pioneers was commemorated in a statue unveiled by Northbrook in August 1888 and in Waghorn Terrace inaugurated at Chatham on October 1 1888. The transfer of the mails to the Canal increased British interests in the Canal route and permitted the association in the new London Shipping Exchange in 1891 of the trade of the Levant with that of India, China and Australia.

The India mails had so increased in bulk that it was announced on December 23 1887 that for the first time they would be conveyed from London to Dover by special train and thence to the Continent by special steamer.[2] The overland route across the Continent to Brindisi was maintained and improved. The Wagons-Lits sleeping cars attached to the Indian Mail Train replaced the Pullmans on the Bologna-Brindisi line in 1888 on the expiry of the contract of 1874 and ran right through to Brindisi from 1889. In 1890 the Wagons-Lits and the P. & O. created the Brindisi Peninsular and Oriental Limited Express for the carriage of mail to the exclusion of passengers, for whom the Bombay Express was organised by the Wagons-Lits in 1890 between Calais and Marseilles, which so regained its passenger traffic to the East. From 1888 the overland route established in the 1830s ended its official existence, stimulating Alexandria to improve its harbour facilities in 1889-91 and ending a phase in the history of Suez.

Suez benefited by the stabilisation of Egypt's frontier with the

1. G.N. Curzon, Persia and the Persian Question (1892) I, 635.
2. A.F. Baillie, Kurrachee (1890), 243.

Sudan, enjoyed a boom down to 1894 and increased the value of its trade by 32% between 1890 and 1893. The Company port of Terreplein, named Port Tewfik by Lesseps on January 19 1882, was provided with municipal services by the Company like Port Said and Ismailia. After it was linked to Suez in 1884 by the first suburban railway-service in Egypt it attracted to the Company estate one or two merchant-houses of Suez by 1886, acquired coal firms in 1887 and aspired to become "a new Venice".[1] After the death of Consul West, who made his last report on February 5 1887, Suez was reduced to a vice-consulate and placed under the British Consul at Port Said; the merchant house of Beyts increased in local influence thenceforth at the expense of the Vice-Consul. The French community benefited by the Church of Sainte Hélène which was inaugurated at Port Tewfik on July 1 1888 to complement that of Sainte Eugénie built at Port Said between 1886 and 1890. The Company created a harbour basin in 1888-90 by a new embankment across the Suez Channel. A lighthouse was completed on January 15 1889 on Shadwan Island, at the entrance to the Gulf of Suez, to supplement that lighted on the Brothers Rocks opposite Kosseir on June 4 1883 and to serve the traffic of the Canal rather than that of the overland route for which the first lighthouses had been created in the Red Sea in 1862-63. The Canal Company built offices in 1891 at Port Tewfik which was thenceforward linked by telephone to Suez. The Bonded Warehouse Company, organised by Beyts & Co., built a very large store near the ex-Suez Hotel in 1892 and enjoyed a large increase in trade during 1893, especially in jute sacks from Calcutta but also in gum from Suakin. The town of Suez ceased to depend wholly on lanterns and was partly lighted by oil lamps by 1892; it acquired native houses in the European style from 1894. Thus Suez survived the loss of its transit traffic by developing other trades.

The replacement of Alexandria by Port Said as the entrepot for the express mails gave additional employment to the Arab labourers of Port Said in the unloading and loading of the mails. It increased English influence in Port Said where a small British prison was arranged in 1887, the Lady Strangford Hospital was opened on June 18

1. Saturday Review, February 5 1887, 188. How the Suez Canal is Worked The Times, January 28 1890, 8i.

1887, a Protestant Church was founded in 1888 followed by the successive inauguration of the Sporting Club in 1889, the Minerva Baths in 1890, the Port Said Club in 1891 and the Khedivial Theatre in 1892. It also increased English interest in "the greatest of Egyptian public works since the Pyramids"[1] and "the most successful industrial enterprise of modern times"[2] and encouraged one English firm to propose to erect and lease advertisement hoardings along the banks of the Canal.[3] Port Said never failed to impress even experienced travellers as "the first stage of the real Orient"[4] and was rivalled only by Colon[5] for its moral degradation as an "odious little town"[6] and "a dreadful place for Englishmen to live in".[7] After four days at Port Said (October 2-6 1882) Kipling crystallised the impressions of all his predecessors of a "sand-bordered hell" where all things were for sale. "There is iniquity in many parts of the world, and vice in all, but the concentrated essence of all the iniquities and all the vices in all the continents finds itself at Port Said".[8] Kipling thereby gave the town a reputation as bad as that of Acre in the thirteenth century. He diffused through an unsuccessful novel, which became in 1903 a less successful play, an image which was so rooted in the reality in 1890 of "an unspeakably filthy, noisy, disease- and vice-infected town",[9] that it proved almost indestructible by later iconoclasts. Frenchmen such as André Chevrillon in 1889 agreed with English travellers. "The place is a cosmopolitan hotel, where all ships set ashore their passengers....

1. J.C. McCoan, Egypt under Ismail. (London, Chapman, 1889), 107.
2. J.S. Jeans, Waterways and Water Transport in Different Countries. (London, Spon, 1890), 189, 265.
3. The Times, June 24 1892, 5iii. Advertising in Egypt.
4. P. Neubaur, Port Said und der Suezkanal. Westermanns Illustrierte Deutsche Monatshefte, Oktober 1891, 28.
5. The Spectator, March 25 1893, 392. Recollections of Panama.
6. M.E.G. Duff, Notes from a Diary Kept Chiefly in Southern India 1881-1886. (London, Murray, 1899), I, 5, October 18-19 1881.
7. R. Tangye, Reminiscences of Travel in Australia, America and Egypt. (London, Low, 1883), 230, 1882.
   E.A.W. Budge, By Nile and Tigris. A Narrative of Journeys in Egypt and Mesopotamia. (London, Murray, 1920) I, 77 Note.
8. R. Kipling, The Light That Failed (1891), 31.
9. P.F. Martin, Egypt - Old and New. (London, Allen, 1923), 90-91.

There is nothing so sad and so unsightly as these commonplace cross-roads which have no existence of their own, and live only by the continuous passage of strangers in search of amusement. There is nothing here but a little European scum jettisoned upon the edge of the desert, in which all the streets come so strangely to an end".[1] The port, used by 150,000 sailors and 150,000 passengers every year in the 1880s, added to its range of illicit trades the export of contraband to Odessa to bypass the high tariff walls of Russia, the import of gunpowder from Cyprus for re-shipment via Aden to the dervishes of the Sudan[2] and the import of white slaves from Europe for re-export to the ports of the East.[3]

The shopkeepers were mainly Greek, Italian and Jewish rather than Egyptian and included Simon Arzt from the 1890s. They adapted the hours of their shops to the times of arrival of the passenger ships and made the whole town into one vast market. They used English and French coins rather than the new coinage introduced by the Government of Egypt in 1886. The foreign colonies made Port Said more cosmopolitan than other ports because it was a European creation and had no life other than that of its harbour. They were all Levantines including the Maltese, who formed the bulk of the British colony. Their interests were wholly economic and their aspirations were to make the port into an Egyptian Shanghai. Thus they resisted taxation by Egypt as they had in 1868 and in 1874. They refused to pay the 1886 tax on buildings and hired a lawyer to defend their interests against the Government's demand in 1889 for arrears of taxes. The Government's reply was to complete in 1890 the construction of new Government offices, barracks and prison in the centre of the town, enabling the Governor to move out of the house built originally for a Company official and asserting the Egyptian claims in Port Said. The Anglo-Egyptian Commercial Convention of October 29 1889 empowered the Government to place guards on board any British ship in an Egyptian port or the Suez Canal without notification to the British Consular authorities. After the Government failed to raise funds

1. A. Chevrillon, Dans l'Inde. (Paris, Hachette, 1891), 326, 7 Janvier 1889.
2. E. Starkie, Arthur Rimbaud in Abyssinia. (Oxford, Clarendon Press, 1937) 112, quoting Dufferin to Foreign Office, May 7 1890.
3. P.G. Elgood, Egypt and the Army. (London, Oxford University Press, 1924), 256.

either by the attempted auction in 1889 of 59,800 square yards of beach or by the transformation in 1890 of the Abbas Bazaar into a modern central market it closed down all public gaming tables in 1890, so improving the morality of Egypt and honouring the precepts of Islam but driving gambling in Port Said into secrecy. The foreign colonies centred their activity around their church, their school and their national day.[1] They owned the port's fifteen carriages in 1891 and read its five newspapers (two in French, two in Italian and one in Greek) in 1895.[2] The Greeks celebrated Easter and Epiphany. The Italians celebrated September 20, the anniversary of the Italian entry into Rome, and inaugurated a luminous fountain in the Place de Lesseps on their festival in 1888. The Austrians celebrated the birthday of the Emperor Francis Joseph on August 18. Bastille Day was celebrated as the festival day for the whole port as well as the French national day. Friction between the communities was restrained by the common interests which united them against Egypt. The Greek-Jewish riot of March 13 1892[3] revealed the inability or the reluctance of the Egyptian authorities to protect the Jews, caused a large Jewish emigration from Port Said and may have been provoked by Paul Friedmann's attempt in 1891-92 to create a Jewish colony in Sinai.

The Company experienced in 1894 its first serious labour trouble since the opening of the Canal. Its workmen at Port Said had asked in 1891 for bonuses after the Company revised the premiums for work done, had suffered retrenchment in 1892 and had again asked for bonuses in 1893. On August 21 1894 190 workmen on the marine dredgers and barges, led by the Greeks, went on strike to secure a minimum of ten months' work for 1895 and the elimination of the lay-off for 2-3 months during the winter season. The Company decided after an inquiry to take back into employment all who pleaded intimidation but to dismiss the ringleaders who had preached revolt in the workshops of Port Said and had failed to respect their comrades' freedom to labour. After the Company sacked 139 out of 2,000 its Chief Engineer was assassinated on September 29 at Ismailia. All the dredgers as far as Ismailia were

1. L. Dori, Esquisse Historique de Port-Said. Cahiers d'Histoire Egyptienne, Janvier 1956, 11.
2. L. Dori, 34.
3. The Times, May 13 1892, 5vi.

abandoned by their crews and the police of Port Said had to be reinforced on October 3 by 80 men.[1] The dismissed workmen were repatriated at a cost of £5,200 to the Company. Lemasson was commemorated by a monument erected at Ismailia in 1898 with the subscriptions of the remaining workmen as well as by the Avenue Lemasson leading to the Hospital. He was succeeded by Edouard Quellennec (1894-1901) under whom the work of the Company continued unharassed by any trade-union among "the Suez family". The revolt of the Greeks may however have encouraged the local Arabs to manhandle drunken British sailors.[2]

The expansion of the decade trebled the number of houses between 1890 and 1899[3] and gave the port its first modern buildings. The Eastern Exchange Hotel and Clubhouse, the first really fine building, was a massive seven-storied building of brick and iron imported from England in 1888 by Wills & Co. and erected in 1890. It was the only hotel in Egypt under English management as well as the first with electric light and a lift. Its domination of the town was ended by the new offices of the Canal Company which were begun in 1890 and completed in 1895 to the design of Charles Marette in the Arab style with cupolas, arcades, lawns and flower-beds plus a giant flag-staff for signalling instructions to ships in harbour. Those offices provided the port with its most impressive and characteristic building while a bust of Lesseps unveiled in the Place de Lesseps on June 16 1895 became his first posthumous memorial. The expansion of the 1890s was facilitated by the completion of the Sweet-Water Canal and the tramway. The Abbassieh Canal sanctioned in 1884 was begun on March 27 1887, close to the maritime canal so that the Company's trough dredgers could still discharge their spoil in Africa. Its construction led the Company to consider the possibility of a tramway to Ismailia and encouraged the formation in London of the Port Said Carrying Co. Ltd, which was registered on June 4 1892 but wound up on August 1 1894. That canal first brought the water of the Nile north from Ismailia to

1. Le Canal de Suez, 22 Octobre 1893, 2585-7; 22 Septembre 1894, 2751-2, 2764.
2. Manchester Guardian, September 24 1895, 9iv; The Times, September 24, 1895, 3ii; October 5, 5v.
3. B. Girard, Le Canal Maritime de Suez. Bulletin de la Société de Géographie Commerciale de Bordeaux, 1901, 80.

Port Said on April 13 1893, thirty years after its arrival at Suez. Its completion coincided with the transfer of the noisome unloading of coal to the new Abbas Hilmi basin on the Asiatic bank of the Canal from 1893. It made the central stem of the Ismailia Canal from Cairo more important than ever and encouraged A. Prompt's bold proposal on March 2 1894 for a maritime canal from Ismailia to Alexandria so as to make Cairo a seaport with three cut-ports. The waterworks ancillary to the new canal began the distribution of water in Port Said on May 3 1895.[1] Port Said was freed from dependence on the Ismailia Waterworks and on the Arab water-carrier. The water was at first of worse quality but was reduced from quintuple to treble the Alexandria price. It made possible the cultivation of fruit and vegetables which had been imported from Damietta but were thenceforward supplied to ships, especially strawberries and grapes. The Abbassieh Canal was used only for the supply of water and not for navigation, ships taking over one quarter of the deliveries of water in 1898.

The tramway to Ismailia was authorised on December 3 1891 by the Government of Egypt, which also regulated the occupation of Common Domains land on December 5 1891. That 30" Decauville line was inaugurated on December 2 1893, giving Port Said its own railway-station and introducing the railway into the Canal region for local purposes rather than for the overland route. Its construction encouraged proposals to link Port Said to Syria[2] and to Arabia but its use was confined to the carriage of passengers, mail and Company officials. The tramway linked the French community of Port Said to Ismailia, with its Company headquarters, its hospital (1888), its cooperative society (1892), its improved small harbour on Lake Timsah (1894) and its club (1895) on the Place Champollion. It also linked Port Said to Cairo, Suez and Alexandria by a joint service with the State Railways from May 1 1895 but it was not used for commercial purposes before the Convention of May 17 1896 and so preserved Alexandria's monopoly. It completely eliminated the passengers on Arab boats between Port Said and Ismailia, who had provided the Company

1. J. Charles-Roux, L'Isthme et le Canal de Suez (1901), II, 210.
2. L. Oliphant, Episodes in a life of Adventure. (Edinburgh, Blackwood, 1887), 5.

with some of its first revenues and had averaged 5,500 per annum between 1887 and 1893. From 1894 passenger-transport through the Canal was confined to long-distance passengers. Neither the tramway nor the Abbassieh Canal diverted the trade of the Delta from Alexandria to Port Said. The population of the port nevertheless grew from 20,000 in 1886 (63% Egyptian) to 42,328 in 1897 (57% Egyptian) and 49,000 in 1899 (49% Egyptian). The security of the European colonies was enhanced by the suppression of the Mahdiya. In 1891 the European town was reserved to Europeans with its Arabs limited to workmen, boatmen, coal-heavers and police in European-style uniform at every junction. By 1900 Arab and European mingled in the streets while the coal-heavers had doubled their productivity and trebled their pay.

Port Said failed to develop as an Egyptian port but developed an entrepot trade by 1892-3 in coffee, tea, pepper, spices, ginger and even in dates from the Persian Gulf. Wills & Co. began to import frozen meat from Australia from 1892, in competition with meat from Syria, and butter and fruit from 1894. As France competed with England to supply her outlanders the imports of flour from Havre to Port Said trebled between 1894 and 1896. Cigarettes began to be exported on a large-scale from 1893-4 after the cultivation of native tobacco was forbidden in 1890 and half the duty on imported tobacco was refunded on its re-export in manufactured form from the end of 1891. The basic trade however remained one in coal. The port first imported over 1,000,000 tons in 1890 and first bunkered over 1,000,000 tons in 1896. Its general character remained many degrees worse than that of Alexandria.[1] "There are no sights, no amusements, no society; everybody is saving his money for a summer somewhere else... Port Said today is just coal and boredom".[2] Its moral renaissance of 1890 proved as short-lived as those of 1876 and 1884 so that it appeared in 1899 to Uzanne "the Subura of Egypt" and to Meinertzhagen "a sink of immoral filth",[3] "a typical brigands' den, the best adapted to the modern mailboat".[4]

1. W.C. Ford (ed), Letters of Henry Adams (1892-1918). (Boston, Houghton, 1938), 155. March 12 1898.
2. G.W. Steevens, Egypt in 1898 (1898), 27-28.
3. R.M. Meinertzhagen, Army Diary 1899-1926. (London, Oliver, 1960), 12-13. April 4 1899.
4. B. Huldermann, Albert Ballin, (Berlin, Stalling, 1922),123, 16 Januar 1901.

The epidemic of plague in 1900 was part of the third pandemic which began in Yunnan in 1892 and spread to Hong Kong in 1894, Bombay in 1896, Jedda in 1897, Calcutta in 1898 and Alexandria in 1899. The disease was perhaps introduced by an Arab stoker from India, because they could be engaged at Port Said for the Red Sea and returned later. It affected 92 persons and killed 37 in three months (April 20 - July 15 1900).[1] It compelled ships and pilots to cut off relations with Port Said and the Company to place some pilots in isolation. It increased the average time of transit by 36" in 1899 to 18'38" and deprived the shopkeepers of the trade of steamers passing in quarantine The epidemic led to the gradual tightening of quarantine regulations for the Canal through the rigorous inspection of homeward-bound ships in the Sues Roads and again at Port Said, the strict regulation of the discharge and disinfection of firemen and seamen, the disinfection of suspected vessels, transit in quarantine and the supervision of mooring and coaling. Those regulations achieved as much as was possible without the taxation of the local European community but they increased the fees paid by ships passing in voluntary quarantine and the complaints of shipowners as well as of travellers from Cairo.[2] Port Said gained a lazaretto whose cost of £8,320 was shared between the Company and Egypt. It exiled the establishments of the rue Babel to special quarters at the far west of the Arab town on the edge of Lake Menzaleh and so facilitated a fourth moral renaissance which made the town no longer the wickedest place on earth, "the international dumping-ground of refuse villany",[3] but "slightly quieter than Westgate"[4]

Malaria had afflicted Ismailia since 1877, had defeated all efforts made by the Company and had even provoked a proposal to abandon the town.[5] The Company finally sought the advice of the Scotsman who had discovered the oocysts of the malaria parasite in the anopheles mosquito in 1897. At the invitation of President Arenberg Ronald Ross visited the isthmus (September 17-29 1902) during the malaria season.

1. J. Charles-Roux, L'Isthme et le Canal de Suez (1901), II, 272-282.
2. Hansard, Commons Debates, June 5 1902, 1529; July 8 1902, 1076-7, Weir.
3. M.L. Todd, The Amherst Eclipse Expedition, The Nation, May 30 1901, 432, April 3 1901.
4. R. Storrs, Orientations. (London, Nicholson, 1937), 19, October 5 1904.
5. R. Ross, Memoirs. (London, Murray, 1923), 471.

Ross found no malaria in either Port Said or Port Tewfik because there were no anopheles but found Ismailia swarming with anopheles and malaria.[1] His recommendations were accepted by the Company on December 27 1902, although Arenberg preferred to give the credit to the Company doctors who carried out Ross's instructions[2]. The destruction of the mosquito larvae by draining marshes and spraying oil on their breeding-grounds in the drainage-cisterns and cesspools eliminated the mosquitoes as if by magic and made mosquito-nets un-necessary from 1903, even for children. The cases of malaria sank from 1990 in 1901 and 1551 in 1902 to 214 in 1903 and to 90 in 1904. The four deaths from malaria in 1903 were all Egyptians. No new case of malaria occurred in 1905. The death-rate fell substantially, especially among infants. Thenceforward Ismailia developed as a health resort as well as the capital of Arenberg's principality. W.C. Gorgas visited the isthmus in 1903 to learn how to reduce the ravages of malaria at Panama and so made it a training-ground for the great medical battle of Panama.

The continued growth of trade strained the capacity of Alexandria to the limit, necessitated the scheme of 1893-96 to improve its harbour and curbed the hostility of its merchants to Port Said. Cromer's quest for an entente with France overrode the hostility of the Government of Egypt to the development of the local trade of Port Said. After the appointment of E.P.C. Girouard as Traffic Manager of the State Railways in 1899 and the repeated recommendations made in the 1890s for a Port Said railway the Convention of February 1 1902 sanctioned the construction of a rail link to Cairo from Port Said parallel to the Canal rather than across Lake Menzaleh. That Convention also sanctioned the creation of a free port area excluding the town proper and the construction of a coal and oil basin on the Asiatic shore whilst it restored the privilege withdrawn in 1869 of the duty-free import of the machinery necessary for the improvement and maintenance of the Canal. The expectations so aroused encouraged the

1. R. Ross, Report on Malaria at Ismailia and Suez. (Liverpool School of Tropical Medicine, Memoir IX, Longmans 1903, 24pp). R. Ross, Studies on Malaria. (London, Murray, 1928), 113-120. Ismailia
2. Le Canal de Suez, 22 Mars 1904, 4389-90, 4427. Arenberg, Expérience faite à Ismailia pour la Suppression du Paludisme par la Destruction des Moustiques.

development in 1902 of a new suburb on the north foreshore, where roads were laid out and new-made land was sold for building at prices of up to £2 per square yard. Thus the hopes of the 1870s came near to realisation and the centre of the town began to shift northwards. Port Said also began to export cotton in the winter of 1902 from the eastern provinces of the Delta, especially from Charkia, to Japan as well as to Liverpool and increased its shipments markedly in 1902-3. Salt became the chief manufacture of the port and its ideal export, a cheap bulk commodity which provided payable ballast for southbound vessels. The Port Said Salt Association Limited, registered in London on December 14 1899, laid out 200 salt pans in the eastern part of Lake Menzaleh modelled on those of Provence. It employed Arab workmen under skilled Sicilian foremen and began to export salt through the Canal to Calcutta in 1901.[1]

Egypt increased its influence in Port Said through the Convention of 1902. The Government laid the foundation-stone of the Egyptian Post Office on January 2 1902 and inaugurated it in 1903. It took over the tramway built in 1893 from the Company, whom it agreed to pay in return £E 19,930 every year until 1968. It built the railway to Ismailia from 1902 on the normal gauge as part of the Egyptian rail network. The opening of that railway on June 1 1904 created a parallel line along the length of the Canal and was accompanied by the establishment of wireless telegraphy along the waterway by Lloyd's in 1904. The railway reduced the journey to Cairo to five hours and encouraged the establishment in Port Said of branches of the new National Bank of Egypt in 1904 and of the Comptoir National d'Escompte in 1905. Although the railway made the isthmus into the hinterland of Port Said it produced no large diversion of trade from Alexandria. In fact exports of cotton from Port Said sank in 1905 while the value of the port's trade, which had risen by 14% in 1903 and by 23% in 1904 sank by 11% in 1905. The free port area was demarcated by an iron railing erected in 1905 along the Francis Joseph Quay, which then gained the first pavement laid in the town. The free port stimulated smuggling more than the entrepot trade and was disliked by the Customs. Alexandria undertook the further improvement of its harbour in 1905-7.

1. L. Dori, Esquisse Historique de Port-Said, 45-46.

The reduction of the import duty on coal and oil from 8% to 4% from November 25 1905 was intended to encourage the bunkering trade of Port Said rather than its general trade. Efforts to extend the import trade achieved only limited success. A concession was granted in 1904 for the establishment of a frozen meat depot at Port Said to supply the towns of Egypt with New Zealand mutton at 30% below the price of native mutton but was used only to supply the needs of the Army in Cairo and Alexandria from 1905. In 1904 a concession was also granted for a navigation service through Lake Menzaleh to the New Egyptian and Menzaleh Canal and Navigation Company, which hoped to divert some of the trade of the Delta to Port Said. A channel from "Hasswa" (Port Said) to Matarieh was opened through Lake Menzaleh in February 1906 and was extended to Damietta in February 1907. The Port Said and Cairo Navigation Co. Ltd. was registered in London on September 29 1907 to exploit the new traffic but was wound up on September 19 1912. The doubling of the harbour's capacity benefited the traffic of the Canal rather than the local traffic of the port. The arrival of a floating dock on October 4 1904 five years after Alexandria had acquired a graving dock for the Khedivial Mail Line, relieved the Company from dependence on the graving dock completed in 1866 at Suez. The trade of Port Said revived during 1906, despite the decline of its cigarette exports to Germany after a heavy import duty was imposed. Suez, however, suffered a sharp fall in the value of its trade in 1906 and 1907: it began to lose its gunny imports to Port Said from 1906, its coal imports to Port Said from 1907 and its oil imports to Alexandria from 1907.

As Port Said became a leading world-port by the tonnage in transit its bunkering trade reached new heights, despite a one-day strike by the Arab coal-heavers on April 2 1907 and a three-weeks' strike from December 19 1907 to January 5 1908. The subsequent rise in coaling rates from January 1 1908 diverted some of the bunkering trade to Malta and reduced the quantity of coal imports to Port Said by 25% during 1908. That coaling crisis encouraged the foundation of the port's last two coaling firms after the establishment of the Deutsches Kohlen Depot in 1902. British Coaling Depots was established as a partnership by Frank C. Strick & Co. Ltd., J. & C. Harrison Ltd. and

Harrison, Tidswell & Co. It began operations towards the end of 1908 and prevented the coaling companies from fixing the selling-price for 1909 before it was registered as a private company in London on May 26 1909. The English Coaling Company Limited was also registered as a private limited company on October 23 1911 by seven shipowner-directors, including three directors of the Canal Company, Inchcape, F.D. Green, C. Sanderson, J. Caird, A.W. Bibby and A.S. Williams. In the peak year of 1911 Port Said first imported over 2,000,000 tons of coal. It also became an oiling port and thenceforward increased its imports of oil at the expense of those of coal. The Standard Vacuum Oil Company, founded in 1904 as an export refinery by Standard Oil, established on the Asiatic shore in 1910 three new oil tanks, which were fed by pipeline under the Canal. Marcus Samuel established oil tanks at Port Said in 1911. He imported fuel from Rumania as he imported fuel from the East Indies to Port Ibrahim and so transferred the burden of Canal tolls to his clients.

The expansion of Port Said did not alter its character. The new railway station opened on Navy House Quay on December 29 1908 enabled passengers to arrive or depart without passing through the town and saved much trouble with their baggage. The port still remained "a very poor and dishevelled place"[1] where "the sin of the East links itself in your arm immediately you have paid your landing fee to the Arab at the jetty".[2] After 28 cases of plague with 13 deaths in 1910 and the destruction of 17,000 rats by the Public Health Department the Port Said Municipality was created by the Khedivial Decree of January 2 1911 with five official members (including two representatives of the Canal Company) and ten elected members (five Egyptian and five European) under the Governor. Its primary function was to undertake drainage and to accept voluntary taxation unlike the Alexandria Municipality created in 1889 which required the sanction of the Powers to tax Europeans.[3] After 42 more cases of plague in 1911 the new municipality concluded the agreements of June 25 and July 2 1912 with the Canal Company and borrowed thereunder £E 180,000 at 4%. The

1. Lord Hardinge of Penshurst, My Indian Years 1910-1916. (London, Murray. 1948), 8; November 1910.
2. J.R. Macdonald, The Awakening of India. (London, Hodder, 1910), 12.
3. L. Dori, Port Said (1900-1914). Cahiers d'Histoire Egyptienne, Juillet 1956, 330.

municipal drainage works were begun by Hughes of Lancaster and the Egyptian Engineering Company at an imposing inauguration ceremony on March 29 1913 in the presence of Lord Kitchener. The municipality also established a municipal fire-brigade and a municipal park as well as paving sixteen streets. The Company cooperated by reducing the price of water in 1910 and introducing in 1911 into its Port Said Waterworks the Puech-Chabal process of slow filtration through five beds of sand which had been operated first at Paris in 1899, at Ismailia in 1907 and at Suez in 1909. The Company also began from 1911 the construction of a new community for its workshops on the Asiatic bank, which was linked by a cross-harbour ferry to the main port from 1912. Thus it accelerated the development of the eastern bank begun by the Port Said Salt Association and carried further by the Standard Vacuum Oil Company. It was able to proceed with the enlargement of the harbour, make Port Said commercial and devote its new town to engineering. The floating dock was moved from the west bank to the east bank. The creation of a new French community also countered the English influence which had increased through the foundation of a Rowing Club in 1908, a new English Hospital in 1912 and a branch of the British and Foreign Bible Society in 1912 as well as through the increase in the imports of flour from British India in 1911-12 at the expense of imports from France. Both English and French elites met in the huge Casino Simonini for which the concession was granted in 1907.

Port Said exported gold in ingots to England from 1909 and imported from 1910 common soap from Turkey, which replaced in that year England as the main source of its imports. Its main import nevertheless remained coal and its main export salt. The Port Said Salt Association increased the salt exports from the port through the Canal by 89% in 1909. In 1910 it supplied 91.5% of the total quantity of Port Said's exports and 21% of the salt shipments through the Canal. It decided in 1911 to increase the number of its salt-pans by 27% and paid a dividend of 12½% in 1912. It benefited by the Government's reduction of export dues and increased its shipments through the Canal by 27% in 1913. Its salt pans increased their share of the salt exported through the Canal from 25% in 1912 to 32% in 1913, enabling

Port Said to replace Britain as the leading source of southbound salt, which supplied 4% of the Canal's southbound cargo in 1913. The construction of a small canal through Lake Menzaleh in 1910-13 to Matarieh and Damietta was intended to divert the trade of Mansura from Alexandria to Port Said. The continued expansion of the port's trade from 1910 to 1913 reflected the vast expansion of Europe's trade with Asia but not the diversion of the trade of the Delta. The increase of its trade during 1912 and 1913 contrasted with the shrinkage of the trade of Suez, whose harbour Gaston Jondet planned in 1913 to modernize.[1] In 1913 Port Said nevertheless imported 10.1% of the total value of Egypt's imports but exported only 1.3% of the value of her exports. Port Said began to rival Alexandria by 1912 but only as a seaside resort. The increase of its population to 56,534 in 1912, or to 65.5% of the total population of the isthmus, merged together by 1908 its European and Arab towns, which had still been separate in 1900. Its Arab coal-heavers derived less benefit from the great boom of 1900-1913 than the European communities: they seemed "almost indistinguishable from apes"[2] and earned 8d per ton for coaling, under the pressure of relentless competition.[3] The port had established a decisive superiority over Egyptian Suez and maintained its freedom from Egyptian influence, despite the erosion of many of its liberties between 1890 and 1912. It preserved a precarious independence of the Delta together with its great market for coal and vice and remained the clearest dividing-line between East and West.[4]

1. G. Jondet, Le Port de Suez. (Le Caire, 1919).
2. A.B. Spens, A Winter in India. (London, Paul, 1913), 5. December 9 1912.
3. Earl Brassey, The "Sunbeam" R.Y.S. (London, Murray, 1917), 364. March 25 1914.
4. R. Kipling, Egypt of the Magicians. Nash's Magazine, July 1914, 481-2.

THE ANGLO-FRENCH ENTENTE AND THE BRITISH AGITATION FOR LOWER TOLLS, 1904-5.

The foundations of the Anglo-French Entente were laid before the Russo-Japanese War precipitated its conclusion. That agreement was intended to end the friction which had been constant since the occupation of Egypt and which had become acute with the reconquest of the Sudan. After the retreat from Fashoda France concentrated its expansion in the Western Sudan and Morocco, which as the richest province of North-West Africa seemed to offer France her last great colonial opportunity and attracted penetration from Algeria from 1902. The decline of the French Navy from 1902 permitted the Anglo-French naval antagonism to yield place to the Anglo-German. In that growing rapprochement the Suez Canal became "a monument to the genius and courage of an inspired son of the great friendly nation across the Channel".[1] The board of directors of the Canal Company transformed their shotgun wedding with the British directors in 1884 into an entente cordiale[2] while the British administration in Egypt reconciled itself to the economic development of Port Said through the Convention of 1902. Cromer seems to have desired a quasi-dynastic security in Egypt and a permanent mayoralty of the palace, hereditary in his own family.[3] To achieve that end he renamed Fashoda in 1903 Kodok so as to obliterate the memory of France's humiliation together with the name and suggested to Lansdowne on July 17 1903 the barter of Morocco for Egypt, especially through the abolition of the Debt Commission.[4] After Cambon, the French ambassador to London, asked Lansdowne on October 26 to guarantee the free use of the Canal according to the principles of 1888 Cromer insisted on October 30 that Article 8 of the

1. Le Canal de Suez, 12 Décembre 1901, 4005. The Prince of Wales at Guildhall on December 5 1901.
2. Le Canal de Suez, 12 Janvier 1904, 4361-2. Henri Boucard, director since 1891 and vice-president since 1893, as President of the Board of Directors on January 4 1904.
3. W.S. Blunt, My Diaries, 1888-1914 (1919) II, 75, 90.
4. G.P. Gooch and H. Temperley, British Documents on the Origin of the War 1898-1914. (London, H.M.S.O., 1927) II, 285-401. The Anglo-French Treaties of April 8, 1904.

Convention of Constantinople providing for the consular commission of supervision and for its annual meeting should remain suspended because he had no wish for another international commission in Egypt. When Cambon expressed on December 9 his inability to understand how Article 8 could be incompatible with the British occupation of Egypt Cromer agreed to yield to the French but expressed his dislike of the permanent presence of the Ottoman Commissioner specified in clause 2 of Article 8. Cambon told Lansdowne on the same day, December 11, that it would be a mistake to denounce Article 8, whose retention should cause England no practical inconvenience, and so secured the triumph of French legalism over English empiricism.

The Russo-Japanese War does not seem greatly to have reduced French bargaining-power, although Balfour had no confidence in Japan and Delcassé feared lest England should give active support to its new ally against Russia and so turn Germany against France in Europe. The British draft of March 14 1904 proposed that the commission and its annual meeting should remain in abeyance during the British occupation. Delcassé's insistence secured the acceptance of the French draft text of March 21 i.e. the commission but without its annual meeting under an Ottoman commissioner. On March 31 Cromer yielded but affirmed that executive action rested entirely with the Egyptian Government. In the Declaration of April 8 1904 the British Government affirmed its adherence to the provisions of the Convention of 1888 and to their operation. Thus it renounced the reservation explicitly made in 1888 to the effect that the whole Convention remained inoperative so long as the British occupation continued. It proposed to bring the Convention into operation for the protection of the Canal and could no longer permit its Navy to close the Canal to a foe. It nevertheless refused to agree to the annual meeting of the commission and accepted only its meeting in the exceptional event of a threat to the Canal. By a secret article Britain's renunciation of the reservation was to remain intact even if the British Government was compelled to modify its policy in respect to Egypt, i.e. if Britain was compelled to annex Egypt. Lansdowne explained to the British ambassador in Paris[1] that

1. Gooch and Temperley, II, 369, Lansdowne to Monson, April 8 1904.

the purpose of the article was to eliminate the doubt left by Salisbury in 1888 and by Curzon in 1898 as to the extent to which Britain held herself bound by the Convention and to dissipate any possible misunderstanding by specifically declaring the adhesion of the Government to the Convention. Earl Percy revealed in answer to a question by the navalist T.G. Bowles in the Commons on April 14 that none of the other seven Signatory Powers had been consulted. Thus the legal basis of the annual meetings remained unchanged because England and France could not bind the other seven powers. England proposed in effect to hold itself relieved from the obligations of the Convention in relation to the supervisory commission but to require the fulfilment of its remaining stipulations. Thus England deprived the Convention of its sole effective guarantee and made herself the virtual guarantor of the freedom of passage. Although France helped to secure for Russia more liberal treatment than Spain had enjoyed in 1898, Russia reminded France as well as England of her right to be consulted about the Canal.[1] Germany was affected more than Russia because the entente deprived her of the Egyptian truncheon for use against Britain and liquidated the Egyptian mortgage which had burdened British policy since 1882. Since 1890 the German flag had also ranked second in the traffic of the Canal which was used by 1904 by two-thirds of the German sea-going fleet.[2] In 1903 the North German Lloyd which had taken over the mail service to China wholly from the Hamburg American Line supplied 33% of Germany's total Canal tonnage while the Hansa Line supplied 31% and the Hamburg American Line 16%. The rise of German cargo tonnage replaced the Lloyd in 1904 by the Hansa Line which assumed first place in Germany's Canal tonnage and second place after the P. & O. in the total Canal tonnage. Germany was expected by Cromer to demand a coaling-station either in the Red Sea or in Morocco.[3]

The Debt Commission was not abolished as Cromer had originally intended but was neutralized by pledging nearly all the land tax to the service of the Debt under the Khedivial Decree of November 28 1904

1. The Times, April 30 1904, 7v.
2. The Times, January 17 1905, 4ii.
3. Lord Newton, Lord Lansdowne (1929), 286. Cromer to Lansdowne, November 27 1903.

and by confining the operations of the Commission to the payment of that interest. Its anti-British intervention in general administration ended so that the Government of Egypt gained the free disposal of its "own" resources. Thenceforward England was released from her sixty pledges to withdraw from Egypt[1] and was assured of French support against Germany in Egypt. Cromer was immensely pleased with the entente,[2] contemplated the withdrawal of the British garrison from Cairo and proposed in 1905 to remain for six more years in Egypt. A company-flotation boom was encouraged by the new security for investment, by the influx of French capital intended to prevent the total sacrifice of French Egypt and by the advent of English enterprise and capital through the eighteen companies formed in 1904-6. The British Government appointed in succession to Stokes in 1902 its last soldier-director to the board of the Canal Company in General Sir John Ardagh, who had mapped the Wadi Tumilat for Wolseley in 1882 and urged the annexation of Egypt as D.M.I. at the War Office in 1896.[3]

For England the entente was reinforced by the Anglo-Spanish entente of 1906 and restored the security of the Mediterranean route in the west but not in the east where Turkey and Russia remained hostile. For France it restored the position in the Atlantic which she had lost at Trafalgar and the position in Africa which she had lost at Tel-el-Kebir. German resentment provoked the Moroccan crisis of 1905, which was followed by the extension of French power in Morocco from 1907 and the rise of Oran as a coaling-port in Western Algeria. Thus France gained compensation for the expansion of the Anglo-Saxon world in America. The French Atlantic ports expanded their hinterland at the expense of Marseilles and gained their first representative on the board of the Canal Company in Paul Mirabaud, president of the Chargeurs Réunis of Havre, in 1905. The Messageries coordinated its services with those of the Chargeurs Réunis after it bought up in 1904 the French East Asiatic Company and the National

1. J. Cocheris, Situation Internationale de l'Egypte et du Soudan. (Juridique et Politique). (Paris, Plon, 1903), 531.
2. E. Dicey, The Anglo-French Compact and Egypt. Fortnightly Review, May 2 1904, 788.
3. A.J. Marder, British Naval Policy (1940), 572-3, Memorandum on Naval Policy, October 13 1896.

Shipping Company, which had both been hit by the postwar decline in freights. It launched the 'El Kantara' in 1904 and sent it through the Canal in May 1905 en route to China. In January 1905 it began a new service from Antwerp to China and extended its terminus to Japan by a joint service with the Chargeurs Réunis. Thus it extended its operations from Marseilles and encouraged the president of the Society for the Defence of the Commerce of Marseilles to condemn the Suez Canal on March 10 1906 for encouraging rivals to Marseilles.[1] In 1906 it supplied André Lebon to replace Cambefort on the board of the Canal Company.

The entente achieved by a Conservative administration was followed by an immediate attack by the Liberals on the Canal Company in the interest of the small shipowners and the Indian wheat trade. The wheat export trade from India had stimulated shipbuilders to develop a special type of ship designed during the fall in freights of 1890-94 to minimise Canal tolls on a marginal cargo. The turret-deck was patented in 1891 by C.D. Doxford of Sunderland and first used in the 'Turret' of Petersen, Tate & Co. of Newcastle which made its maiden voyage in February 1893. The turret-ship was specially adapted to the Canal trades[2] and especially to the carriage of grain from India to Europe. Its turret-deck reduced the measurable deck-space to mere cat-walks above bulbous sides, reducing measurement-tonnage and making possible the carriage of deck-cargo in the shelter deck free from toll. The trunk-steamer developed by R. Ropner & Co. in the 'Trunkby' (1895) and built also by Sir James Laing from 1895 achieved a similar reduction of register tonnage by a central or trunk deck. Both trunk- and turret-steamers facilitated competition by the tramp-steamer with the aid of the Canal Company which in 1899 renounced the effort to define an "easily closed" space and proposed to add any space formed by a construction on the upper deck to the taxable tonnage each time cargo was carried therein. Some shipowners thereupon increased the size of their deck spaces up to a capacity of 800 tons covering almost all the deck and so benefited at the expense of shipowners in general.

1. L. Pierrein, Marseille et le Canal de Suez. Annales de la Faculté des Lettres d'Aix, 1956, 77.
2. S.O. Kendall, Turret-Deck Cargo Steamers. Transactions of the North-East Coast Institution of Engineers and Shipbuilders, March 12 1895, 242, 273, 325.

Holt's built their ships with a three-island superstructure of poop, bridge and forecastle from 1892.[1] The Clan Line which had first chartered a turret-steamer in 1896 scrapped almost all its fleet and had new turret-steamers built by Doxford under techniques of large-scale production. Even the P. & O. launched its only turret-ship, the 'Banca', in 1900.

The ingenuity of shipbuilders and shipowners compelled the Canal Company to reach a new agreement with the London Committee as a necessary prelude to a revision of its regulations. The London Programme of 1883 had provided for an end to the sharing of profits between the Company and its clients after the dividend reached 25% and for the total application of profits thereafter to the benefit of the shipowners until the dues were reduced to 5 francs per ton. After the dividend for the year 1898 had been fixed at 100 francs, or at 20% on the nominal value of the 500-franc share, a shareholder expressed his concern at the general meeting on June 6 1899 at the prospect of a sequence of years of toll reductions which would reduce the dividend below 125 francs. Arenberg thereupon met the London Committee on May 18 1900 and revised the agreement of 1883 in the interests of the shareholders. The great shipowners on the London Committee accepted such a revision in order to maintain an effective toll-gate at Suez and so to reduce competition by tramp steamers: thus at the lunch at the P. & O. offices after the meeting Sutherland insisted on the great identity of interest between the Company and British commerce and/called the Canal a bond of union between France and England which would last for ever. The English directors took into account the decline in the number of original shareholders and the rise in the market-price of the 500-franc share to an average price of 3,620 francs for the year 1899. They therefore permitted dividends to be related to that market-price rather than to the nominal value of the share as provided for by the London Programme. They agreed not to insist either on the reduction of the toll to 5 francs or on the limitation of dividend under that programme. They thus surrendered their control over dividends for the future and abandoned a principle

1. F.E. Hyde, Blue Funnel: a History of Alfred Holt and Company (1956), 175, 180.

of general interest to all shipowners. They accepted the Company's new principle that any future reduction in dues should be preceded by a dividend-increase, that it should take place in the second year following the increased dividend and that it should equal the total increase in dividends in place of the reduction equal to half the increase in dividends stipulated in 1883. That agreement of 1900 was intended to benefit the shareholders rather than to permit the further improvement of the channel and was followed by Arenberg's denial that there was any need for such improvement after the programme completed in 1898.[1] At the shareholders' meeting of June 4 1901, however, Arenberg recognised that the improvement works could not be considered finished and would have to be continued under the pressure of the growth of shipping: he was authorised to raise a loan of £1,000,000 and to use to pay its interest the £40,000 per annum which would become available from September 2 1901 on the expiry of the thirty-year bonds of 1871 and which would service a loan twice as great as that of 1871. The third improvement programme of 1901 recognised that the Canal had not attained finality of construction and undertook its deepening for the benefit of the large shipowners. The primary purpose of the agreement of 1900 was fiscal: it liberated dividends from restraint and from their close relation to receipts. It permitted the payment of a net dividend of 125 francs for the year 1901 or 25% on the nominal value of the share: it enabled the dividends distributed for the year 1903 to exceed 60% of the Company's receipts for the first time.

In May 1902 Arenberg reached an agreement over the measurement of taxable tonnage with the President of the Board of Trade and General Ardagh. Thereunder ships without a special tonnage-certificate would have the spaces formed by their poops, bridges and forecastles measured and added to their tonnage unless their owners formally declared to the Board of Trade that such spaces were not intended to receive cargo. Ships with a special tonnage-certificate which had such spaces not included in their special certificate but which carried cargo therein on any transit of the Canal would have such

1. Le Canal de Suez, 2 Avril 1901, 3887-8.

spaces added thenceforward to their tonnage under a new Board of Trade certificate which would replace the old one.[1] Thus the Company sought to withdraw its concession of 1899, to end the occasional taxation of shelter-deck spaces, to restrict to defined proportions the capacity of poop, bridge and forecastle exempt from measurement in those ships with a three-island type of superstructure and to include in the tonnage of ships with a shelter-deck all the space beneath the shelter-deck. The Company approached other certificate-issuing authorities and accompanied its new regulations by a reduction of dues by 5d per ton from January 1 1903. The Company's decision was explained to the United Kingdom Chamber of Shipping on June 23 1903 by Sutherland, who had become a vice-president of the Company in succession to Stokes. That association however asked the Board of Trade on March 15 and again on July 21 1904 for a conference to be held in London on the question of tolls and on all other questions of the administration of the Company. Thus began the crisis of 1904-5 which ended the twenty years of peace between the Company and its clients. The conflict followed on the triumph of two Liberal M.P.s who had capitalised on the postwar sensitivity to any confusion of public and private interest and had secured the resignation of a Government director of the Company. C.W. Fremantle had been Deputy-Master to the Mint from 1870 to 1894 and had succeeded his friend Rivers Wilson as an official director of the Canal Company in 1896, so securing appointment to a much more responsible position than the one from which he had retired. He was then elected to the board of four other companies in 1897-8 and became Vice-President of the Corporation of Foreign Bondholders in 1898. He drew a pension of £950 as well as a salary of £800 as a director of the Canal Company: as a Secretary to the British Embassy in Paris and a commercial attaché in France, Belgium and Switzerland he held five different offices in three different countries. He resigned after questions in the House[2] and so followed the example of Rivers Wilson, the first official director to resign. The conflict of 1904-5 was fought largely outside the House of Commons and allied the economic elites of England and

1. Le Canal de Suez, 12 Mai 1902, 4073-5.
2. Hansard, Commons Debates, April 21 1903, J.H. Dalziel and J.H. Whitley.

France together against their smaller competitors so that it did not become an Anglo-French dispute like that of 1883.

The sharp rise in wheat exports from India in 1902 continued in 1903 when a good wheat harvest in Europe coincided with the decrease of exports from the U.S.A. and Australia. During 1903 wheat shipments through the Canal reattained their peak level of 1891-92 while tramp shipping increased to over 35% of the total Canal tonnage. Those tramp ships included trunk-steamers, 19 of which had been built between 1894 and 1898, and turret-steamers, of which 79 had been built by 1902, including 19 for the Clan Line. The small shipowners were separated more visibly from the large shipowners by the rapid growth in the size of ships. The large shipowners were harassed by the depression of freights produced by the liberation of a mass of tonnage from war-service. The shipping interest was thus seriously divided although British shipping recovered from its wartime diversion from the Canal to form 60.2% in 1902 and 62.2% in 1903 of the total tonnage. Nor could it be reunited by diversionary appeals to national sentiment against France, such as Bowles made when he enquired the percentage of British pilots employed by the Canal Company in comparison to the percentage of British shipping passing through the Canal.[1]

After the Company duly promulgated the amendment to the Suez rules on August 2[2] and so seemed to threaten the wheat trade from India[3] the Chamber of Shipping repeated on November 7 its request to the Board of Trade for a conference. That request was rejected on November 19 by Arenberg with the support of the London Committee which he affirmed was representative primarily of the shareholders of the Canal Company.[4] At the annual general meeting of the P. & O. on December 13 Sutherland expressed amidst general approval his gratitude to the Canal Company that the tolls of £322,000 paid in 1903 were not more and his belief that no other company English or foreign was so generous to its clients. His satisfaction was not shared by the smaller shipowners who revived the idea of a British Canal and

1. Hansard, Commons Debates, July 28 1904 T.G. Bowles.
2. Le Canal de Suez, 2 Août 1904, 4455.
3. The Times, December 13 1904, 14i.
4. The Times, November 24 1904, 7i-ii.

proposed an El Arish-Akaba Canal,[1] an idea which found some support in Germany but none in France. The Nautical Society of Hamburg condemned the amendment most severely on January 9 1905 and called for an international conference on the Company's regulations.[2] Holt's secured the unanimous support of the Liverpool Steam Ship Owners' Association on February 6 1905 for Government efforts to secure a reduction in the Company's charges.[3] A deputation of shipowners to Lansdowne on February 9 achieved, however, no success. Howard Vincent, who was Conservative M.P. for Sheffield, a supporter of tariff reform and a director of Bucknall Steamship Lines Ltd. which paid £40,000 per annum to the Canal Company on their traffic to India and the Persian Gulf, addressed a general meeting of the London Chamber of Commerce on February 13. He rebuked those English who thought "that the Canal was dropped from Heaven for the benefit of England"[4] and excused Lesseps for appearing as "a St. Peter of the Oceans with the keys of the East and of the West in his hands".[5] He noted that the British Government had received in interest and dividends on its Canal shares a total of £12,956,149 between 1876 and 1904[6] and recommended the Government to reinburse 2 francs per ton to an industry employing £120,000,000 of capital.[7] He so placed emphasis on the income from the Government's shares rather than their capital appreciation and diverted the attack of the Liberal shipowners from the Company to the Government. In the Commons Vincent appealed on April 10 for relief to the British shipowners out of the £1,040,000 dividend received per annum by the Government. When Vincent asked the Government on May 30 to consider the refund to British shipping using the Canal of 5-10% of the dividend of 28% which the Company had announced on May 22, Austen Chamberlain replied that a substantial reduction of dues would be proposed at the next meeting of the Company's shareholders.

1. C.E.H. Vincent, The Suez Canal, its Origins, Constitution and Administration. (London, Soulden, 1905), 34.
2. The Times, January 17 1905, 4ii. German Shipowners and the Suez Canal.
3. F.E. Hyde, Blue Funnel (1956), 130.
4. Vincent, 31.
5. Vincent, 17.
6. Vincent, 37.
7. Vincent, 19.

At that meeting on June 6 Arenberg explained to his shareholders that the Company had only become one of the most prosperous enterprises in the whole world through the close association of shareholders and clients.[1] He supported the London Committee against the attacks made by other English shipowners and alleged that one promoter of the scheme for a second canal through the isthmus was a disappointed aspirant for a seat on the board of the existing Canal Company. He promised that no reduction of toll would ever be made without a corresponding increase in the dividend of the shareholders and so concluded that tariff reductions were the best proof of the Company's prosperity. After he had won the unanimous support of his shareholders the board of directors decided on September 1 to reduce the toll by 7½d from 1906. At a banquet given on November 6 by the London Committee to the French directors Sutherland suggested that "the entente cordiale of Suez has been like the prologue and precursor of the entente cordiale between France and England". Arenberg, who had secured the election to the board in 1902 of Casimir-Périer, the Premier who had concluded the Franco-Russian Alliance and the first ex-President of the Republic to become a director, expressed his dislike of the application of the entente cordiale to the Company because of its political associations. Gorst on behalf of the Foreign Office confirmed on November 30 to the Chamber of Shipping that the British directors had surrendered control over the Company's dividends in 1900. The shipowners were thus deprived of any legal ground for their agitation and could secure no political support from the London Committee, the official directors, the Foreign Office or the Treasury, which formed a united front with the Company. The Treasury gave its first clear proof of interest in the Government's dividends and repelled an Australian assault in 1906 even more decisively than the British protests in 1905.

The Company bought off the opposition by a further reduction of dues and maintained its monopoly unchallenged. Its new regulations made the turret- and trunk-steamers much less useful than they had been thitherto, benefited the larger lines at the expense of the

1. Le Canal de Suez, 12-13 Juin 1905, 4595-8.

smaller and stimulated a further increase in the size of ships using the Canal. In 1904-5 when India's wheat exports reached the maximum proportion of 22.3% of the crop Karachi exported its maximum of 2,150,025 tons of wheat and so achieved through a single port the export tonnage of wheat desired for all India by the neo-mercantilists of 1882. British tonnage regained in 1904 its 1899 proportion of 66% of the total Canal tonnage while India's share of the net register tonnage rose above 50% for the last time in the history of the Canal. Thenceforward tramp shipping declined from 31.3% of the total tonnage of the Canal in 1904 to 26.7% in 1905 and to 21.8% in 1906. Three turret-ships were built for the British India Line in 1905 but for use in the coal and rice trade in Asian waters. The last trunk-ship was built in 1907 and the last turret-ship in 1911, the last of 158 such vessels. The Company increased the depth of the Canal from 1906 and so increased the facilities for the great liner companies. From 1906 it began to calculate the depth of the waterway in feet and inches rather than in metres as a concession to the illogical English. Vincent did not convert the Government to the cause of tariff reform and did not secure election to the board of the Company but was presented in September 1905 with the Cross of the Legion of Honour by the President of France. In 1905 the board elected John W. Hughes of T. & J. Harrison, which had used the Canal first in 1870 and regularly since 1875. Thus Liverpool was granted an additional representative to Robert Alexander while Holt's and the tramp interests remained excluded. The Company entered upon a new phase as a distributor of dividends as the depressions of the 1890s were succeeded by the most buoyant decade in the history of the Canal's traffic. Dividends which had fallen off under the influence of depression in 1892-94 and in 1897 rose in every year above the level of the previous year from 1898 to 1913 inclusive, although receipts declined in 1900, in 1905-6, in 1908 and in 1913. Thus the Company emerged from the shadow cast by Panama to become a model of international financial cooperation and an apparent basis for international reconciliation.

The conflict of 1904-5 was followed by a lasting reconciliation under the influence of the Entente which recognised the overwhelming

supremacy of British over French traffic in the Canal,[1] established British rule in Egypt and the Sudan on a firm political basis[2] and fashioned the English image of the Canal in a French mould. That image was built up largely in the years 1905-1910 through an unprecedented efflorescence of histories and biographies after the religious crisis of the 1890s, the introduction of general education from 1902, the emergence of the profession of history-teachers and their union in the Historical Association of 1906. The new histories used secondary sources, especially the superior journalism of Fitzgerald, Cameron and Dicey,[3] rather than the primary sources made available by Charles-Roux and Voisin Bey.[4] They did not diffuse any detailed knowledge of the Canal's history but simplified that history to the construction of the waterway by Lesseps, (who was often made into an engineer), the inauguration by Eugénie and the share-purchase by Disraeli.[5] The last great revival of the free-trade gospel ensured the triumph of liberalism in the elections, in fiscal policy and in the writing of history. Thus the contemporary histories accepted the axioms of classical economics and underestimated the contribution made by Egyptian capital to the construction of the Canal while overemphasizing its contribution in labour.[6] Palmerston's opposition was shown to have overridden the views of his Cabinet colleagues[7] and of the editor of 'The Times'[8] but was invariably denounced for its short-sighted failure to foresee Sedan. The opening of the Canal was assumed to have marked a new era in the economic development of the world.[9] "Two continents were divided in order to unite the whole world".[10] Traffic was thought to have been suddenly diverted from the

1. E. Lavisse & A.N. Rambaud, Histoire Générale du IVe Siècle à Nos Jours (Paris, Colin, 1901), XII, 763, A. Viallate, La France Economique de 1870 à nos Jours.
2. E.A.W. Budge, Cook's Handbook for Egypt and the Sudan. (London, Cook, 1905), 370-383, first included the Sudan with Egypt.
3. P. Fitzgerald, The Great Canal at Suez. (London, 1876, 2v).
   D.A. Cameron, Egypt in the Nineteenth Century. (London, Smith, 1898)
   E. Dicey, The Story of the Khedivate. (London, Rivington, 1902)
4. J. Charles-Roux, L'Isthme et le Canal de Suez. (Paris, Hachette, 1901, 2v).
   F.P. Voisin, Le Canal de Suez. (Paris, Dunod, 1902-6, 7v).
5. P.G. Elgood, Egypt and the Army. (London, 1924), 70.
6. A. Colvin, The Making of Modern Egypt. (London, Seeley, 1906), 7-8.
7. Duchess of Argyll, George Douglas Eighth Duke of Argyll. (London, Murray, 1906) I, 568-9.
8. A.I. Dasent, John Thadeus Delane, Editor of "The Times". (London, Murray, 1908), I, 324-328.
9. Earl of Meath, M.H.C. Legh and E. Jackson, Our Empire Past and Present. (London, Harrison 1905) II, 678.
10. M. Voss, Der Suezkanal und seine Stellung im Weltverkehr. (Wien,

Cape, St. Helena and Mauritius,[1] with disastrous consequences for those colonies, and to have returned to the Mediterranean route as in the days before da Gama. Contemporaries were apparently overpowered by the stimulus given to British exports by the Canal whose economic function they stressed at the expense of its military function.

The share-purchase had remained controversial down to the 1890s when it was first revealed how much dislike it had excited in the Cobdenite Northcote,[2] the Duc de Decazes[3] and the Panslavs of Moscow.[4] The first full histories of the transaction in 1905 stressed its political rather than its economic significance. An angry French account sought to defend the French Government for its failure in 1875.[5] A jubilant English account written with the help of Henry Oppenheim gave credit in the assimilationist fervour of the decade to the Jewish contribution of Disraeli, Rothschild and Oppenheim to the British Empire and elevated the Cairo contract of 1875 into "one of the decisive documents of latter-day European history".[6] Although the reactions of the Liberal leaders[7] and of the French[8] were more fully revealed the controversy which had surrounded the transaction for twenty years was wholly eliminated, together with its very kernel

1. C. Bruce, The Broadstone of Empire. Problems of Crown Colony Administration. (London, Macmillan, 1910) II, 404.
2. A. Lang, Sir Stafford Northcote. (Edinburgh, Blackwood, 1891), 274-5.
3. H.S. de Blowitz, Reminiscences of a Journalist. Contemporary Review, February 1893, 229-230.
4. A. Loftus, The Diplomatic Reminiscences of Lord Augustus Loftus. (London, Cassell, 1894) II, 145-6.
5. C. Lesage, L'Achat des Actions de Suez 1875. Revue de Paris, 15 Novembre 1905.
   C. Lesage, L'Invasion Anglaise en Egypte. L'Achat des Actions de Suez (Novembre 1875). (Paris, Plon, 1906).
6. L. Wolf, The Story of the Khedive's Shares. The Times, December 26 1905, 11, reprinted in L. Wolf, Essays in Jewish History. (Jewish Historical Society of England, 1934), 287-308, and followed by seven weeks of intermittent correspondence in The Times, December 27 1905, 8i (Greenwood); December 28 4i (Wolf and Oppenheim); December 29, 5iv (Wolf); January 13 1906, 6iii-v (Greenwood); January 18, 4ii-iii (Wolf); January 26 4ii-iii (Greenwood); January 29, 8ii (Wolf); January 30, 14vi (A.P.B. Loftus); February 10 13i-ii (Greenwood).
7. Lord Edmond Fitzmaurice, Earl Granville. (London, Longmans, 1905), II, 158-9.
8. Lord Newton, Lord Lyons. (London, Arnold, 1913) II, 85-93.

in Egypt's active bid for British financial support. The act became a simple purchase rather than a sale, made by due parliamentary process[1] rather than by extra-parliamentary procedure and intended to secure the route to India by an act of high statesmanship. Greenwood gave repeated credit to Derby rather than to Disraeli at the public dinner of 1905 in his honour.[2] Most writers, however, attributed the purchase to Disraeli,[3] ranked it as his greatest act of policy where earlier biographers[4] had ignored it and so encouraged others[5] to claim some share of the credit. Oppenheim left £500,000 when he died in 1912[6] whereas Greenwood died so poor and so forgotten in 1909 that two whole days elapsed before 'The Times', which had been acquired by Northcliffe in 1908, published the obituary[7] of "the ablest journalist of his day",[8] "the greatest journalist of our time"[9] and "the creator of New Journalism in this country".[10] The chapter on Disraeli in the Cambridge Modern History which Acton had persistently asked Greenwood to write since 1896[11] was transformed into the article on Beaconsfield in the Encyclopaedia Britannica, where Greenwood again affirmed of the purchase. "It was not a Disraeli conception, nor did it originate in any government department".[12] The Disraeli-myth

1. J. Redlich, The Procedure of the House of Commons. (London, Constable, 1908) III, 132.
2. The Times, April 10 1905, 8ii, Dinner to Mr. Frederick Greenwood.
   The Times, February 10 1906, 13ii. The Story of the Khedive's Shares.
3. H. Paul, A History of Modern England. (London, Macmillan, 1905), IV, 190-191.
   H. Maxwell, A Century of Empire 1801-1900. (London, Arnold, 1911), 48-49.
   J.A. Todd, The Banks of the Nile. (London, Black, 1913), 104-5.
4. Dictionary of National Biography. (London, Smith, 1888), V, 1006-1022, T.E. Kebbel, Benjamin Disraeli.
5. R.H. Vetch, Life of Lieutenant-General The Hon. Sir Andrew Clarke. (London, Murray, 1905), 102.
   H.S. de Blowitz, My Memoirs. (London, Arnold, 1904), 343-350.
6. D.S. Landes, Bankers and Pashas. (London, Heinemann, 1958), 309.
7. The Times, December 17 1909, 11iii.
8. H. Lucy, Sixty Years in the Wilderness. More Passages by the Way. (London, Smith, 1912), II, 14.
9. W.R. Nicoll, A Bookman's Letters. (London, Hodder, 1913), 272.
10. H. Lucy, Lords and Commoners. (London, Unwin, 1921), 190.
11. J.W.R. Scott, The Story of the Pall Mall Gazette. (London, Oxford University Press, 1950), 291, 299, 311.
12. F. Greenwood, Beaconsfield. Encyclopaedia Britannica. (Cambridge University Press, 1910, 11th edition), III, 568.

was nevertheless accepted by the editor of the Cambridge Modern History[1] and was widely popularised by Louis Napoleon Parker, the creator in 1905 of the historical pageant on an episodic basis. Parker's play 'Disraeli' centred around the episode of the purchase as a triumph by England over Russia and was first performed in Montreal on December 20 1910 and in New York on September 11 1911. Edwardian England, freed from the disapproving presence of Gladstone, was overpowered by the magnitude of the profits accruing from "the great turnstile between West and East"[2] and readily assumed that the financial profits of the Treasury abundantly justified the purchase, especially after the Government's dividends first exceeded £1,000,000 in the financial year ending on March 31 1906. Such revenues rejoiced Conservatives, converted Liberals to acceptance of the British dominion in Egypt and persuaded anti-imperialists to rank the shares as a main imperial asset.[3] Lloyd George became the first Liberal Chancellor of the Exchequer to accept the financial justification of the purchase when he singled out the dividends as "not a bad test of the prosperity of the country".[4]

The occupation of Egypt remained unexplained[5] or was interpreted as the culmination of Egyptian history since Mehemet Ali or since the construction of the Canal, being deemed necessary "to save an ancient civilisation and a modern canal"[6] and to keep free "the waterway of the nations".[7] The occupation was justified in the terms of Cromer and Milner of the material benefits resulting to the population. That interpretation necessitated the unmitigated vilification of Ismail as a spendthrift-tyrant who had brought his country to ruin and rebellion. It blamed him for the accumulation of the Egyptian Debt by minimising

1. S. Leathes, Great Britain. Cambridge Modern History. (Cambridge University Press, 1910), XII, 32.
2. F.C. Penfield, East of Suez. (New York, Century, 1907),Chapter I The World's Turnstile at Suez.
3. J.G. Godard, Racial Supremacy. (Edinburgh, Morton, 1905), 290.
4. Hansard, Commons Debates, April 19 1910, 1914, Lloyd George.
5. J. Morley, The Life of William Ewart Gladstone. (London, Macmillan, 1903), III, 76. "Egypt, in spite of the maps, lies in Europe".
6. H. Paul, A History of Modern England. (London, Macmillan, 1905), IV, 252.
7. H. Maxwell, A Century of Empire 1801-1900. (London, Arnold, 1911), III, 106.

the Debt at his accession and by ignoring his extensive programme of economic development.[1] That fixed bias against "the Egyptian Verres" diffused by Milner was entrenched by Cromer. Milner's work went eleven impressions and four editions between 1892 and 1904 and converted not only all British historians but even the radical economist Hobson to the belief that the British entered Egypt as deliverers rather than as conquerors. Cromer supplied the national epic of the national idyll,[1] with the support of the histories of the other chief actors in the crises of 1882 and 1893,[2] and established his reputation as the greatest colonial administrator of all ages and his work as the final authority on modern Egypt, in the U.S.A.[3] as well as in England. The new history provoked protests against its injustice to Ismail,[4] to Derby and to Egypt,[5] against the over-valuation of the Canal[6] and of the share-purchase,[7] against Cromer's use of Genesis as the model for his official reports,[8] against the systematic neglect of Egypt's past history and present aspirations and against the extension of its economic exploitation.[9] The most powerful of these protests was penned by Blunt in the first volume of his five Secret Histories[5] which he wrote for the specific benefit of future historians. That whole eddy of dissent was however eclipsed by the tidal spread of the interlocking myths of Disraeli, the Canal and the route-to-India. The Mediterranean route was inevitably

1. Earl of Cromer, Modern Egypt. (London, Macmillan, 1908) I, 46.
2. A. Colvin, The Making of Modern Egypt. (London, Seeley, 1906).
   A. Milner, England in Egypt. (London, Arnold, 1892).
3. A.L. Cross, A History of England and Greater Britain. (New York, Macmillan, 1914) 1002-3.
4. E. Ollivier, L'Empire Libéral. (Paris, Garnier, 1902, 1904), VI, 508; IX, 2-3.
5. W.S. Blunt, Secret History of the English Occupation of Egypt. (London, Unwin, 1907).
   E.E. Farman, Egypt and its Betrayal. (New York, Grafton, 1908).
6. D.A. Thomas, The Growth and Direction of our Foreign Trade in Coal during the Last Half Century. Journal of the Royal Statistical Society, 1903, 485.
7. S. Walpole, The History of Twenty-Five Years 1856-1880. (London, Longmans, 1908), IV 1876-1880, 92-93.
8. W.S. Blunt, Gordon at Khartoum. (London, Swift, 1911), 60.
9. T. Rothstein, Egypt's Ruin. (London, Fifield, 1910)
   R. Luxemburg, Die Akkumulation des Kapitals. (Leipzig, Franke, 1913), 406.
   H.N. Brailsford, The War of Steel and Gold. (London, Bell, 1915), 120.

over-valued[1] while the Canal was dissociated from Egypt in the English mind[2] and transformed into "the one pivot of the world of the sea"[3] and a "vital necessity" to England,[4] although the British trade of £200,000,000 via the Canal in 1911 was only 16.4% of the total value of British trade, or the same proportion as in 1885. The Convention of Constantinople was thought by the English[5] as well as by the French to have neutralised the Canal but not to have deprived England of her primary role as its guardian.[6]

The importance of the Canal was enhanced by the general diffusion of the magical phrase "East of Suez", devised by Kipling between 1887 and 1890, as a title for short stories[7] and tales of travel[8] as well as a refrain in the musical version of Kipling's verse.[9] The popularisation of the phrase encouraged educated Indians to recognise Suez as the barrier between East and West[10] but provoked educated Europeans in reaction to coin the phrase "west of Suez" in 1907[11] and Kipling himself to locate the exact beginning of Asia in Port Said[12] whilst recognising the claims of Venice or even of the St. Gotthard to be the frontier. The Canal became the accepted fount of Britain's Egyptian policy as well as the key to its Eastern Empire so that the

1. A.J. Sargent, The Sea Road to the East. Gibraltar to Wei-hai-Wei. Six Lectures Prepared for the Visual Instruction Committee of the Colonial Office. (London, Philip, 1912), 20, 32.
   A.E. McKilliam, The Highways of the World. (London, Bell, 1912), 128-137. Overland Routes to India and the Suez Canal.
2. D. Sladen, Egypt and the English. (London, Hurst, 1908), 1, 502.
3. T. Fraser, A Century of Empire. Fortnightly Review, June 1905, 1112.
4. Hansard, Commons Debates, July 4 1912, 1368 Colonel Hickman.
5. H. Paul, A History of Modern England. (London, Macmillan, 1906) V, 117.
6. A.S. White, The Expansion of Egypt under Anglo-Egyptian Condominium. (London, Methuen, 1899), 59.
7. Alice Perrin, East of Suez. (London, Treherne, 1901).
8. F.C. Penfield, East of Suez, Ceylon, India, China and Japan. (New York, Century, 1907).
   F.C. Penfield, Wanderings East of Suez in Ceylon, India, China and Japan. (London, Bell, 1907).
9. Oley Speaks, On the Road to Mandalay. (U.S.A., Church, 1907).
   Charles Willeby, Mandalay. (U.S.A., Church, 1911).
10. G.L. Dickinson, An Essay on the Civilisations of India, China and Japan. (London, Dent, 1914), 27.
11. I.Z. Malcolm, Indian Pictures and Problems. (London, Richards, 1907), 210.
    C.M. Pepper, The West in the Orient. Scribner's Magazine, April 1908, 449 "westward to Suez".
12. R. Kipling, Egypt of the Magicians. Nash's Magazine, July 1914, 481-2.
    R. Kipling, Letters of Travel (1892-1913). (London, Macmillan, 1920), 220, 222, A Return to the East.

passage through the waterway regained its interest for Americans as well as English[1] and the role of Canal pilot was recognised as a very special profession.[2] Biographers associated their subjects with the Canal as never before[3] while the new Suez Mill was built in 1906 by E.J. Howarth, a fine cotton spinner of Farnworth, and incorporated as the Suez Mills Company Limited on December 5 1910. The Canal Company benefited most of all by England's acceptance of the French tradition[4] because Lesseps remained beneath the cloud of Panama while old Anglo-Egyptians still recognised Egypt's lack of financial benefits of any kind from the Canal.[5] "Never yet, in as far as I am acquainted with financial history, has there been a concession granted, so profitable to the grantee, so costly to the grantor, as that given by Said Pasha to the Suez Canal Company".[6]

1. F.B. Wright, The Canal. Scribner's Magazine, December 1905, 692-694.
   J.D. Crace, Through the Suez Canal with M. De Lesseps. Cornhill Magazine, August 1909.
   S.E. White, On the Way to Africa. Harper's Magazine, January 1913, 218-222.
2. L. Tillier, La Navigation dans le Canal de Suez. La Revue du Mois, 10 Novembre 1907, 587-605; 10 Décembre 1907, 700-712. Le Canal de Suez, 22 Mars-22 Avril 1911, 5538-9, 5541-2, 5550-5551, Le Pilotage dans le Canal de Suez.
3. G.M. Fenn, George Alfred Henty. The Story of an Active Life. (London, Blackie, 1907), 172.
4. A.B. Spens, A Winter in India. (London, Paul, 1913), 1-22, 277-299. Count Charles de Lesseps, The Suez Canal.
5. F.M. Sandwith, Egypt and the Egyptian Sudan (1841-1907). Cambridge Modern History, XII (1910), 430-433.
6. E. Dicey, The Story of the Khedivate. (London, Rivingtons, 1902), 40.

THE RUSSO-JAPANESE WAR, 1904-1905, AND THE RE-AWAKENING OF ASIA.

Russian expansion in Asia was fostered by the building of the Trans-Siberian Railway and by the expansion of its oil shipments through the Canal. As Russia became the largest oil producer in the world between 1898 and 1901, the price of its oil sank from 1900 and reduced the value of the stocks which the Shell Company had built up in the ports of Asia. Shell had also suffered from the competition of the tankers of the Royal Dutch Company and of Standard Oil which had used the Canal since 1899.[1] Marcus Samuel secured a renewal of his contract of 1891 with B.N.I.T.O. in 1900 but lost the exclusive right to market B.N.I.T.O. oil east of Suez.[2] In 1902 he offered the control of Shell to the British Government,[3] citing Disraeli's action in 1875 as a precedent and asking only that the Royal Navy should undertake conversion from coal to oil, a condition which proved unacceptable. He had sought to bring a cargo of petrol from Sumatra through the Canal in 1901 but had been turned back by the Company under the safety regulations of 1892.[4] In 1902 he brought the 'Murex' around the Cape with 8,000 tons of bulk petrol, to supply the storage tanks of Thameshaven with their first consignment and to prove that its bulk transport was not dangerous.[5] The rise of petrol production in the outer provinces of the Dutch East Indies, together with the competition of Russian and American oil, brought Shell and Royal Dutch together in the Asiatic Petroleum Company in 1903. That sales-association united the oil of Royal Dutch with the tankers of Shell, recognised the central location of the Dutch East Indies in relation to the Eastern market, established the primacy of Royal Dutch in production as well as sales and limited B.N.I.T.O. to the supply of 1/7 of the estimated annual consumption of the East.[6] Thereafter Shell's Canal tonnage fell in 1904 to a level 23% below

1. R. Henriques, Marcus Samuel (1960), 321-324.
2. Henriques, 320
3. Henriques, 400-401, March 13 1902.
4. Henriques, 366-7.
5. Henriques, 386.
6. F.C. Gerretson, History of the Royal Dutch (1955) II, 248.

that of 1903 and 60% below that of 1901 as Samuel diverted his tankers to the carriage of heavy oil from Texas.

Britain's distraction by the Boer War encouraged Russian expansion in the Persian Gulf. The despatch of a Russian cruiser to establish a coaling-station at Bander Abbas in 1900 began the competitive despatch of British battleships to the Gulf.[1] Russia developed its trade to the Gulf by refunding from 1900 all Canal dues to Russian ships for ten years and so extended the 50% rebate made since 1876 to the Russian Volunteer Fleet. The Russian Steam Navigation and Commercial Company began a service from Odessa to Basra which linked up at Aden with the Russian Volunteer Fleet. The 'Korniloff', the first steamer of the new line, reached Bushire on March 21 1901 and Basra on April 4.[2] Russian exports to the Gulf of oil, sugar and manufactures benefited by the "Persian tariff" of 1901 on manufactures shipped for export to Odessa and by the establishment of Russian consulates on the Gulf in 1901. The British response to the Russian advance was to secure the D'Arcy oil concession in 1901 and to begin a service from Manchester to the Gulf by the 'Haddon Hall' of the West Hartlepool Steam Navigation Company, which passed through the Canal in March 1902. The Russian advance on the approaches to India inspired Mahan to distinguish in September 1902 the "Middle East" centred around Persia from the "Near East" and the "Far East" as "that portion of the Suez route to the Further East which lies between Aden and Singapore".[3] He thereby closed a major gap in the geographical imagination of space and created the concept popularised by Valentine Chirol.[4] British

1. J.G. Lorimer, Gazetteer of the Persian Gulf, Oman and Central Arabia. (Calcutta, Superintendent Government Printing, 1915) I, 327-8, 375-7.
2. Lorimer, 333-4.
3. A.T. Mahan, The Persian Gulf and International Relations, National Review, September 1902, 38, 39. "The Middle East, if I may adopt a term which I have not seen, will some day need its Malta as well as its Gibraltar."
   R.H. Davison, Where is the Middle East? Foreign Affairs, July 196(
4. V. Chirol, The Middle Eastern Question. The Persian Aspect of the Asiatic Problem. The Times, October 14 1902, 6i. The pressure applied by Russian statesmen "in Persia is perhaps not infrequently meant to be felt as much in the Far East or in the Near East as in what Captain Mahan has aptly christened the Middle East".
   V. Chirol, The Middle Eastern Question or Some Political Problems of Indian Defence. (London, Murray, 1903), 5.

interests were equally opposed to the Bagdad Railway Company because it would open the Gulf to German power as the Suez Canal had opened the Indian Ocean to French power. The P. & O. helped to frustrate an official scheme for British participation in the Bagdad Railway Company[1] by joining with the Euphrates Steam Navigation Company, the Turkish bondholders and the Smyrna-Aidin Railway Company, whose chairman, Baron Rathmore, had also been a director of the Canal Company since 1896. The diversion of passenger traffic by such a line would have affected only 2% of the Canal Company's receipts but the diversion of the mail lines would have deprived the Canal of nearly one quarter of its tonnage.[2] British interests in the Gulf were protected by the Monroe-type doctrine laid down by Lansdowne in the Lords on May 5 1903,[3] by the contract of November 10 1903 for the addition of a slow service to the fast weekly mail service of the British India Line[4] and by Curzon's unprecedented tour of the Curzon lake in November 1903.[5] Curzon benefited by the diversion of Russia's interest from the "Middle East" to the Far East and became in 1904 the first Viceroy of India to take leave in England.

Expansion across Siberia into Manchuria brought Russia into collison with Japan, which could not accept Russian condominium in Korea and hungered to regain the Port Arthur which it had won in 1894 and lost in 1895. The Trans-Siberian Railway carried mails from London to Peking in 23-26 days from November 1903 and extended Anglo-Russian rivalry from the political to the economic field. England placed an Asiatic bridle on the Russian bear in the Anglo-Japanese alliance of 1902 and continued to aid the growth of Japanese power. The shipment of coal and provisions to the Far East in October-December 1903 was undertaken in anticipation of the coming conflict and raised English coal exports east of Suez by 16.3% to 1,149,000 tons in 1903. The boost to the traffic of the Canal more than compensated for the depression in traffic of the first half of 1903 so that the estimate for the traffic in 1903 made in 1900[6] by projecting the 15% rate of

1. The Times, April 24 1903, 5v, 9v. R. Kumar, India and the Persian Gulf Region 1858-1907 (1965), 173-6.
2. Le Canal de Suez, 22 Juin 1903, 4269-70.
3. J.G. Lorimer, I, 367-377.
4. Lorimer, I, 2441.
5. Lorimer, I, 2626-2662.
6. J. Charles-Roux, L'Isthme et le Canal de Suez (1901), II, 327.

increase of 1884-1898 was exceeded by 8%. Lansdowne arranged with Samuel for the coaling of the Japanese fleet outside the territorial waters of Japan.[1] As an island-power Japan enjoyed the advantage of short sea-communications over the long lines of communication of Russia, which had to use forces separated by 120 degrees of longitude to defend Port Arthur against Japan and to sever Japan's communications with the mainland by the destruction of the Japanese Fleet. Such conditions placed the land-power at a disadvantage in relation to the sea-power. Mackinder's exaltation of land-power over sea-power was an inevitable reaction against Mahan but also an act of faith rationalised by the suggestion that the mobility of sea-power in relation to land-power during the preceding generation had been more apparent than real due to the advent of steam and the Suez Canal.[2]

A Russian squadron of 14 vessels under Rear-Admiral Virenius passed through the Canal in January 1904, followed by two Japanese cruisers built in Genoa and bought by British brokers on behalf of Japan. On the news of the departure of Virenius from Suez on February 4 for the Far East Japan broke off diplomatic relations with Russia on February 6 and thereby recognised Suez as the Rubicon between Europe and Asia. After the arrival on February 9 of the news of Togo's surprise attack on the Russian squadron at Port Arthur[3] the Foreign Office issued Neutrality Rules on February 10 and Egypt a Neutrality Order on February 12 with new restrictive regulations on coaling. Thereunder no coal might be supplied without a written authorization from the port authorities and without a written declaration from the captain of his destination and of the coal already on board his vessel. Those regulations, intended to give effect to the Convention of 1888, were applicable ostensibly to both belligerent powers but practically only to Russia with its long line of maritime communications. They were more liberal than the 1898 ruling because they permitted a vessel to reach the nearest accessible port at which supplies necessary for the continuation of her voyage might be obtained. Earl Percy, the

1. R. Henriques, Marcus Samuel, 480. Lansdowne to Samuel, December 31 1903.
2. H. Mackinder, The Geographical Pivot of History. Geographical Journal, April 1904, 431, 434.
3. E.A. Falk, Togo and the Rise of Japanese Sea Power. (London, Longmans, 1936), 296-7.

Under-Secretary of State for Foreign Affairs, stated in the Commons on February 18 that the Government adhered to the opinions of Lord Derby's Note of May 6 1877 in relation to the navigation of the Canal in wartime. Thereby the Foreign Office retreated beyond the Convention of 1888 to the unilateral anti-Russian declaration of 1877.

Virenius was ordered by his Government to return to the Baltic and began his return voyage from Jibuti up the Red Sea on February 18. On the way he stopped and searched merchant-vessels, detaining on February 19 three eastbound neutral ships as prizes. Thus Russia replied to the new Anglo-Egyptian coaling regulations because the three vessels were all colliers and two were British. Virenius did not escort his prizes through the Canal but brought them on February 25 to Ras Sudr, 20 miles south-east of Suez. He used that anchorage as a base from which to overhaul neutral ships in the Gulf of Suez where the navigable channel was no wider than eight miles. Thereby he controlled the passage of the Canal almost as effectively as if he had held the town and harbour of Suez and showed that the three-mile limit of protection for the Canal under the Convention of 1888 was too restricted for the essential interests of seaborne commerce.[1] His blockade of the route which carried 60% of the trade with the Far East began to divert many ships, especially English colliers, to the Cape route. Egypt protested against what it thought a gross and open violation of its neutrality and of its territorial waters. Earl Percy explained in reply to a question from Bowles in the Commons on February 25 that the Government had signed and ratified the Convention of 1888 subject to reservations and that the other signatory powers had therefore taken no steps to bring the Convention into active operation. The Foreign Office thus advanced within a week from the English position of 1877 to the European position of 1888. The Tsar then ordered the release of the colliers on the ground that coal had not been declared contraband of war at the time of their capture. Virenius released his cumbersome prizes after four days on February 28, entered the Suez roads and took his whole squadron through the Canal by March 6. His activity led the Government of Egypt to

1. T.J. Lawrence, War and Neutrality in the Far East. (London, Macmillan, 1904), 112-119. The Russians in the Red Sea.

authorise on March 2 new Rules regarding Belligerent Vessels in Egyptian Ports and Territorial Waters, which introduced a three-months' interval between supplies of coal to the same vessel within Egyptian waters, forbade the carriage of any prize into Egyptian territorial water or port and prohibited the recruitment of soldiers and sailors within Egypt.

The 'Dimitri Donskoi', one of Virenius' warships which had been allowed to remain at Suez for repairs until March 10, secured 500 tons of coal at Port Said for the stated purpose of steaming to Cadiz. It left Port Said on March 12 but used the coal to cruise off the approaches to the Canal for four days, (March 13-16), overhauling six neutral merchant-vessels and examining their papers. It continued the same practice off Alexandria a few days later and so extended the Russian offensive against contraband from the Red Sea to the Mediterranean. Its activity compelled cargo-manifests for British vessels bound for Japan to be placed on boardship before leaving England instead of at Suez as thitherto.[1] It also revealed the difficulties in the use of the Canal route by merchant-vessels in wartime as well as the advantages of a consular commission of supervision of the Canal which England had denied herself. It provoked indignant protests to Balfour and Percy in the Commons against the Russian use of Suez and Port Said for belligerent operations.[2] The maritime activity of Russia thus aroused hostility in the West while the Japanese victory on the Yalu River on May 1 enhanced sympathy for a brave little people whose concentrated power was concealed for the West behind Puccini's screen of geishas, gardens and roses.

Russia was debarred from using her Black Sea Fleet against Japan by the closure of the Straits. Lansdowne and Balfour decided on April 29 that even if that fleet passed the Straits it could not be permitted to pass through the Canal. The determination of the Foreign Office to bottle up the Russian Fleet even at the price of contravening the newly-operative Convention of Constantinople was circumvented by the use of the Russian Volunteer Fleet. Two vessels of that fleet

1. D.R. MacGregor, The China Bird. The History of Captain Killick (1961), 241.
2. Hansard, Commons Debates, March 7 1904, J.L. Walton; March 9, Renwick; March 17, B. Jones for Walton; March 18, Moon.

passed the Straits as merchantmen and then transformed themselves into the warships 'Petersburg' and 'Smolensk'. They coaled at Port Said on July 7 and passed through the Canal on July 8 and July 10. In the Red Sea they overhauled neutral vessels in accordance with their commission from the Tsar to search and seize foreign vessels. They first stopped on July 13 near the exit to the Red Sea the P. & O. 'Malacca' which was bound for China and Japan with 3,000 tons of general cargo and 40 tons of explosives for Hong Kong. The 'Malacca' was brought back 1250 miles to Suez on July 19 with a Russian prize crew under the Russian naval flag and taken through the Canal in defiance of the decision of the Cabinet in Cairo. Four other British and German vessels were stopped between July 15 and July 19 by the Russian warships in the Red Sea. Thus Russia renewed the indirect blockade of the Red Sea and of the Canal, captured mailboats as well as colliers and escorted prizes through the Canal for the first time in its history. She extended her belligerent rights at the expense of neutrals and restored her maritime prestige at the expense of England and Germany because her warships did not stop French vessels. Her activity stimulated German interest in the Canal and first drew attention to Negrelli as a Germanic precursor of Lesseps.[1] Britain could take no action against Russia lest she limit her own future freedom of action as a belligerent power. The Foreign Office nevertheless made a strong remonstrance to Russia on July 20 while the Admiralty ordered the Mediterranean Fleet to Alexandria. The Tsar then ordered on July 21 the release of the 'Malacca'. After the Mediterranean Fleet reached Alexandria on July 22 a cruiser was detached to Suez on July 23 and a gunboat to Port Said on July 24. The Tsar revoked on July 24 the commissions granted to the two warships, Balfour admitted to Bowles in the Commons on July 25 that legitimate prizes could be taken through the Canal, even if they included a British vessel and its crew. On July 27 the Russian prizes were released including the 'Malacca' at Algiers, where the British Consul certified that the military stores on board were the property of the British Government and that the rest of the cargo was not contraband.

1. M. Voss, Der Suezkanal und seine Stellung im Weltverkehr. (Wien, Lechner, 1904), 5.
G. Schanz, Der Künstliche Seeweg und seine Wirtschaftliche Bedeutung. (Berlin, Troschel, 1904).

The Mediterranean Fleet then left Alexandria and called at Port Said on July 29 while the 'Petersburg' and 'Smolensk' returned through the Canal. Ten of the 48 merchant-vessels seized or sunk during the war were captured between February 19 and July 27 1904[1] in the Red Sea, where nine others were stopped. Russia extended its surveillance of the routes to the East to the Cape, off which the 'Smolensk' cruised for a month and stopped Harrison's 'Comedian' 80 miles off East London on August 22 before it returned via Zanzibar and the Canal towards the end of September.

The war diverted both the Nippon Yushen Kaisha and the Russian Volunteer Fleet from their regular services via the Canal and reduced the total mail tonnage of the Canal by 6.5% during 1904. The number of Russian troops using the Canal remained the same in 1904 as in 1903 because the Trans-Siberian Railway was the main route used by the Russian Army. The massive concentration of Japanese power against Port Arthur reduced Japan's Canal tonnage much more than that of Russia. Russian tonnage declined by 56% in 1904 while Japanese tonnage sank by 90% and disappeared completely in 1905. The traffic of the Canal was also reduced by bad harvests in Western India and by the slackening of the regular trade with North China and Japan. The war however provided the Canal with compensatory traffic and so averted depression during 1904. In particular it stimulated southbound coal shipments which rose by 62.5% to 1,484,000 tons in 1904 while another 100,000 tons of coal for the war were shipped via the Cape. In the depression of 1905 coal shipments sank back by 48.5% to 764,000 tons. Samuel's help in coaling the Japanese fleet earned him the decoration of Commander of the Order of the Rising Sun in 1904[2] and his firm another fortune comparable to that made by the Hamburg American Line in coaling the Russian Baltic Fleet.

The Second Pacific Squadron under Admiral Rozhestvensky sailed from the Baltic via French ports of call. The Dogger Bank crisis in Anglo-Russian relations led Fisher to plan the withdrawal of the British Far Eastern Fleet so as to concentrate the fleet in home waters and to provide in the war orders of 1905 for the Channel Fleet to

1. The Times, August 29 1904, 10.
2. R. Henriques, Marcus Samuel, 483.

safeguard the military reinforcements for India as far as the Cape. Felkerzam left the main fleet at Tangier on November 5 with a squadron of thirteen smaller vessels which could navigate the Canal. The supply of coal to Felkerzam at Port Said provoked the complaint by H.W. Wrigley, the naval historian of the Spanish-American War and the assistant editor of 'The Daily Mail', that England had abandoned its precedent of 1898 in favour of Russia.[1] Felkerzam passed through the Canal on November 25-26 with his men standing by their guns and their torpedo-tubes in his fear of Japanese torpedo-boats in the confined waters of the Great Bitter Lake and the Gulf of Suez. He was escorted by two Egyptian coastguard cruisers from Suez to Shadwan at the exit from the Gulf. He reached Madagascar on December 28, thirteen days before Rozhestvensky arrived and learned of the fall of Port Arthur after a siege of seven months. The consequent increase in Japanese power necessitated the despatch of reinforcements which reached Rozhestvensky in two instalments through the Canal under Botrovsky on January 10-13 1905 and under Nebogatov on March 24-26. The passage of Nebogatov's Third Pacific Squadron of thirteen old Baltic hulks was aided by the Canal Company and by the Government, which detained homeward-bound merchant-vessels at Suez, gave priority to the warships over the merchantmen and so provoked a new complaint of favouritism towards the Russians as compared with the Spanish in 1898.[2] England recognised however that Russia was not Spain while Cromer concluded that the Convention of 1888 worked well during the war, needing revision only in points of detail.[3] Nebogatov's passage through the Canal stimulated the departure on March 16 of Rozhestvensky from Madagascar. His junction with Rozhestvensky off French Indo-China on May 9 enabled the 32 vessels to set forth on the last lap of their 11,000-mile voyage around the world. On May 27-28 the Russian fleets were annihilated off the Island of the Donkey's Ears in the Yellow Sea between Korea and Japan. Togo's thirty years of training in Western naval techniques were reinforced by the skill of British gunners.[4] The news of Tsushima reached London on the same day as

1. The Times, November 28 1904, 4iv.
2. Hansard, Commons Debates, April 17 1905, Weir.
3. Lord Cromer, Modern Egypt (1908), II, 387.
4. O.D. Rasmussen, The Reconquest of Asia. (London, Hamilton, 1934), 147-8.

Jawaharlal Nehru,[1] who had arrived at the age of 15½ to pursue his education at Harrow. Nehru's rejoicing was shared by the whole of Asia. The Admiralty recognised that Russia had been reduced from a first-class to a third-class naval power, concluded that Tsushima was the equivalent of Trafalgar and replaced Russia by Germany in their calculations of the two-power standard.

Peace was concluded on September 5 while munitions were still flowing to the theatre of war. On the night when the Treaty of Portsmouth was signed a collison took place in darkness in the Canal 12 miles south of Port Said. The 'Clan Cumming' was coming up too fast from the south[2] to avoid collison with the 'Chatham' of Watts & Co.'s Britain Steam Ship Co. Ltd. The collison caused the lamps in the forecastle of the 'Chatham' to fall and to set fire to the ship, whose cargo for Yokohama included 79 tons of dynamite, nitroglycerine and detonators as well as pig-iron, coke and super-phosphates. The Canal Company sought to avert the realization of the worst nightmare of amateur strategists and took charge of the vessel in order to extinguish the fire. The vessel sank on September 6 as the result of the Company's actions. Whether the Company intended to sink the vessel is debateable because such a power would have been without precedent for any canal company. Probably the Company flooded the fore-hold as a precautionary measure[3] and so unwittingly sank the seven-year old vessel, whose bows had been damaged and whose bulwarks were not water tight. The sinking of the 'Chatham' made the dynamite even more dangerous and partly closed the Canal from September 7 to traffic, which the Company sought to facilitate by widening (September 13-17) the channel between the ship and the western bank. A special representative of Nobel's Explosive Company, summoned from Glasgow to Port Said, reported that spontaneous decomposition of the dynamite was possible at any moment. The Canal was then entirely closed to traffic from September 20. Nobel's representative assessed any attempt at

1. J. Nehru, Toward Freedom. The Autobiography of Jawaharlal Nehru. (New York, Day, 1941), 30.
2. Aspinall's Reports of Maritime Cases. (London, Cox, 1908), X, 189-194. Admiralty Court, December 7 1905; Court of Appeal, March 11 1907, 436-438, 'The Clan Cumming'.
3. Ibidem, 190.

salvage as dangerous and recommended blowing up the wreck, although he could not predict the exact effect because such a vast quantity had never been exploded before. His recommendation alarmed the Company but was carried out with military precision under the controlled conditions of an experiment, without damage to the Sweet-Water Canal or to the railway, without the destruction of property and without the loss of life. From a distance of four miles the 'Chatham' was blown up on September 28[1] and was so removed from Lloyd's Register. The bay created by the explosion was twice as large as expected, the Canal was blocked for about 900 yards from the Asiatic bank and its depth at the centre of the explosion was reduced from 33 feet to 11 feet. After the dredging by night and day of 23,543 cubic yards the Canal was re-opened to day-time transit on the morning of October 8. Vessels had been compelled to wait in Port Said, enabling passengers to visit Cairo but raising food prices in the port. By October 11 109 ships, 53 southbound and 56 northbound, had passed through the waterway. Night-time transit was not resumed until October 25-26 when all fragments of the wreck and 400 tons of iron had been removed. The Company's shares did not decline during the blockage because tolls were still paid as the ships queued up at the terminal ports. They declined after the re-opening by 5.6% between October 11 and December 8 because the incident had interrupted transit for a month and revealed the terrifying vulnerability of the Canal and therefore of the whole Canal route. Although Arenberg claimed that the Canal could be cleared quickly even in the most unfavourable conditions, the incident suggested the need for a second channel and the possibility of the destruction of the Panama Canal. Belated questions in the Commons[2] revealed that the Canal Company had no regulations for ships carrying explosives and that Grey refused to take any action on behalf of the Government. The Company was left to take the necessary action and elaborated appropriate safety-regulations on the model of those for petroleum tanker steamers.

1. Le Canal de Suez, 2-3 Octobre 1905, 4653.
   Lord Edward Cecil, A Day on the Suez Canal. (1905). National Review, September 1921, 133-140, reprinted in The Leisure of an Egyptian Official. (London, Hodder, 1921), 199-211.
2. Hansard, Commons Debates, November 15 & 22 1906, March 7 1907, Dr. V.H. Rutherford.

The war stimulated the production of the first German treatise on the Canal since 1870[1] and the first study of its military significance,[2] especially of its role in the Russo-Japanese War.[3] The ratification of the peace-treaty permitted the return through the Canal of nine Russian warships, of Japanese prisoners from Russia via Hamburg and of Russian prisoners from Manchuria. During 1906 2,516 Japanese passed through in English ships while 127,533 Russians passed through in German ships. Thus passengers increased by 39.6% from 252,693 in 1905 to 353,881 in 1906 and first exceeded the 1896 record. Military passengers first exceeded 200,000 and rose from 43.6% of all passengers in 1905 to 62.5% in 1906. That large military contingent stimulated the Company to prove that the Canal had been a very important military route as well as an incomparable commercial highway and had been used between 1870 and 1907 by 3,133,000 troops, by 4,200 warships and by 1,600 troop-transports.[4] Military personnel had provided 49.6% of all the 6,305,535 passengers using the Canal between 1870 and 1907. England had contributed 34% of those troops; England, France and Turkey had together contributed 70% and, with Russia, 81% of the total. Troops had formed the largest single group of passengers in every year down to 1879 and in 18 out of the 38 years between 1870 and 1907. Troops were, however, exceeded by non-military passengers in 1879-84, in 1886, in 1888-94, in 1897, and in 1899. Their transport created useful employment for the vessels of the mail lines while their tolls provided a welcome supplement to the revenues of the Canal Company, especially in years of economic depression.

The war increased manganese shipments from India to fill the gap left by Russia and stimulated the rise of soya shipments from Manchuria through the Canal from 1909. Above all, it transformed the oil trade via the Canal by enabling the U.S.A. to recapture the oil markets of Asia from Russia and to increase its share of the world oil market. From December 1904 strikes broke out in Baku and U.S. case-oil began to flow to Asia, accelerating the collapse of Russian oil shipments

1. A.U.E. von Öthalom, Der Suezkanal, seine Geschichte, seine Bau- und Verkehrs-Verhältnisse und seine Militariche Bedentung. (Wien, Hartleben, 1905).
2. Öthalom, 74-82.
3. Öthalom, 82-104.
4. Le Canal de Suez, 12 Septembre 1908, 5143-5, Transit des Passagers.

through the Canal in 1905-6. Tanker transits reached their peak tonnage of 650,000 in 1904, a record which was not surpassed until 1920, and then fell by 54% to 300,000 tons in 1905. Shell which had carried over 90% of the oil shipped through the Canal since 1892 supplied no tonnage to the Canal in 1905-6. Samuel was compelled to choose between the source of oil for his tankers and his markets in Asia. He chose to sacrifice his source of supply to his markets and his Russian to his Japanese connexions so that he lost the opportunity of benefiting by the Anglo-Russian Entente of 1907. The U.S. increased its share in the value of India's oil imports from 19.2% in 1905 to 54% in 1906. Standard Oil concluded long-term sales contracts in order to debar Russian oil from a speedy return to Eastern markets and increased its exports at the expense of Royal Dutch as well as of Shell. Its shipments used the Cape route rather than the Canal. Russia's export trade was resumed when the 'Spondilus' loaded 10,000 tons of lamp-oil at Batum for the Far East on October 19 1905. Samuel was, however, so harassed by a reduction in the flow of oil in Texas and by a price-war waged by Standard Oil in the German market that he was compelled to accept the amalgamation of Shell with Royal Dutch in 1907 on the 60-40 terms of Royal Dutch and so suffered a major defeat.[1] That amalgamation brought together two rivals into a combination comparable to Standard Oil in so far as it was based on the export trade as Standard Oil was on the home market. The first great Anglo-Dutch combine was the first true international firm, created in a juridical vacuum and benefiting in its operations in British territory as well as in Egypt by the belief that Shell controlled and managed Royal Dutch rather than vice-versa.[2]

The admission of petrol tankers to the Canal in 1907 followed the rise of the automobile industry, the growth in demand for petrol and the expansion of its production.[3] Shell had been compelled to transport petrol to Europe from the Dutch East Indies via the Cape since 1902 and had discovered a rich field in Borneo in 1905. In March 1907 the 'Cardium' passed northwards through the Canal with

1. R. Henriques, Marcus Samuel (1960), 491-493.
2. F.C. Gerretson, History of the Royal Dutch (1957), III, 239.
3. F.C. Gerretson, III, 259-260.

6,700 tons of petrol with special permission.[1] It was the first petrol-tanker to use the waterway and like the 'Murex' in 1892 was operated by Samuel. On April 8 the Board of the Canal Company lifted the prohibition on petrol with a flash-point below 23°C and sanctioned the publication of Regulations for Navigation by Ships laden with Petroleum Oil in Bulk, under which petrol tankers had to be towed and could not navigate by night. That achievement crowned two years of effort by L.H. Ruyssenaers, who was the son of Lesseps' closest friend in Egypt, the Dutch Consul-General. Ruyssenaers had been a director of the Canal Company since 1905 and was elected a director of the Royal Dutch in 1907 as a token of appreciation,[2] although less pressure had been necessary on the Company than in 1891. The use of the Canal saved freight, fuel oil and so much time as to double the capacity of the tanker-fleet.[2] It opened up the market of Europe to the petrol of Sumatra, for which no market existed in Asia and increased the competition of petrol from the Dutch East Indies with that of Standard Oil in that market. It greatly stimulated the export trade of the Dutch East Indies, which supplied all the petrol shipped through the Canal until 1911. Thus it made possible the rise of the Royal Dutch to world-power and the reduction of the Dutch East Indies to one province of an oil empire of world-wide range. It also stimulated the development of the entrepot trade of Port Said in petrol. In 1908 Britain became the largest consumer of petrol in Europe and took the lead from Germany as the chief consumer of petrol from the Dutch East Indies. Shell Spirit became a household name and the fuel of the omnibuses and trams of London. The first shipment of fuel oil from Burma passed through the Canal in December 1908 en route to England. The Canal dues however prevented the manufacture of lamp-oil in the refineries of Sumatra for the markets of the Mediterranean and encouraged the transfer of shipments of petrol to the Cape route from June 1909 to delay their arrival in Europe, after the economic crisis of 1908.

The Anglo-Russian Entente of 1907 was a product of Russia's defeat and of the growth of common anti-German interests during the postwar

1. Le Canal de Suez, 2 Juin 1907, 4928.
2. F.C. Gerretson, III, 259-260.

surge of German power against France in Morocco and against England in the Persian Gulf, to which the Hamburg American Line began a service with the 'Canadia' on July 14 1906 in association with the plan for a Berlin-Bagdad-Basra railway. The entente sacrificed Persia in order to save India from Russia and provided for the pacific division of Persia and Northern China. It removed the threat of an attack on India from the north and increased the security of the British Empire. It made it un-necessary on the outbreak of war to block the Canal or to despatch heavy military reinforcements to India. It made possible the withdrawal of the bulk of the Indian Army to a front in France against Germany. Thus it conferred a positive strategic value on the Canal, restored the full security of the Mediterranean and made the 'Duncan'-class of 1903-4 the last warships with a reduced draught for the Canal. The entente recognised the eastward shift of British interest from the Near East of Turkey to the Middle East of Persia, where Germany remained the sole formidable rival. It entailed the final estrangement of Britain from the Ottoman Empire, completing the reversal of alliances begun in 1878, transforming Britain from the defender into the foe of Turkey and permitting England to consider the Russian acquisition of Constantinople and even a Russian seizure of the Canal.[1] It enabled Britain to move towards the support of the subject Arabs against their Turkish overlords as Russia had supported the subject Christians during the 19th century so that Kitchener from Egypt began to fulfil Blunt's great dream of Arab liberation. The entente between the two allies of France enhanced French security and ushered in the greatest age of the Republic and of the Canal Company.

The victory of a second-class constitutional Asiatic power over a first-class despotic-European power united the world of Asia in rejoicing. It created a new sense of the unity of Asia in opposition to Europe and detonated a widespread resurgence of the old cultures of the East[2] coincident with a sharp differential increase in the

1. J.E. Barker, The Future of Turkey. Fortnightly Review, October 1 1908, 561.
2. W.S. Blunt, My Diaries (1919) II, 121, March 12 1905.
   I. Spector, The First Russian Revolution. Its Impact on Asia. (Englewood Cliffs Hall, 1962), 29-30.
   Viator, Asia Contra Mundum. Fortnightly Review, February 1 1908, 185-200.

population of Asia and Africa in contrast to that of Europe. The defeat of Russia thus proved more important than the defeat of China and made the year 1905 rather than 1895 the true beginning of a new era in world history. As the Seven Years' War began the permanent revolution of modern Europe, the Russo-Japanese War began the permanent revolution of modern Asia, where six previous waves of indigenous unrest had established no permanent organisation save in India. The revolts of the nineteenth century culminating in those of 1896 had been conservative revolts seeking to restore an ancient pattern: the revival of 1904-6 sought for the first time to create a future on the Japanese model, Asia's new and effective pattern for imitation. The adoption of the boycott in 1905 against American goods in China and against British goods in Bengal extended the national revival to the economic field. The expansion of the economic ambitions of India in 1907 encouraged the floating of the Tata Iron and Steel Company with a wholly Indian capital, the foundation of the Indian Merchants' Chamber of Commerce in Bombay and the first shipment of 50,000 bales of cotton yarn from Bombay to Europe.[1]

Japan enjoyed a great postwar boom until the crisis of 1907. From 1905 new shipping services were begun to Japan by Brocklebanks of Liverpool, by the Messageries and the Chargeurs Réunis, by the Prince Line from the U.S.A. and by the North German Lloyd from Australia. The shipping tonnage to and from Japan via the Canal doubled from 1,168,000 tons in 1904 to 2,290,000 tons in 1905. The Nippon Yushen Kaisha resumed its use of the Canal from March 1906, seven months before the Russian Volunteer Fleet, and its mail service via the Canal from June 1906. The Canal tonnage under the Japanese flag remained mainly mail tonnage and rose from 1.7% of the total in 1907 to 2.3% in 1909. Japanese ships using the Canal came to exceed German ships in size by 1913 and so became the largest ships using the Canal, both naval and commercial. Japan rose from the seventh client of the Canal to the sixth in 1913. It continued to develop its agriculture and industry for export and increased its import of fertilisers. From 1905 Japan developed its export of raw silk to Europe and first exceeded the total volume of Chinese shipments in 1909, competing

1. The Times, December 11 1907, 16ii.

powerfully in the French market with the staple export of Syria. Thus it expanded towards the Suez entrance to the West[1] and proved "the Suez East"[2] to be more than a market for Western products.

The Japanese victory ended the conflict with Russia which had made the Pacific the storm-centre of the world since 1895. It diverted Russian interest back from Asia to Europe but alarmed Australia, New Zealand, Western Canade and the U.S.A. and encouraged Britain to accelerate its imperial communications. Kitchener undertook the reorganisation and redistribution of the Indian Army from 1905 while Fisher's withdrawal of the Far Eastern fleet in 1905 entrusted the defence of British interests in Asia to Japan and left the Indian Ocean without battleships or even first-class cruisers. Fisher derived another lesson from the war by making the summer manoeuvres of the Home Fleet in 1906 the first trade exercise which sought to protect merchant shipping against commerce-destroyers. The G.P.O. accelerated the mail service to Cape Town, Calcutta, Hong Kong and Sydney by concluding new contracts with the Union-Castle Line, the P. & O., the C.P.R. and the Orient Line. The U.S.A. was so alarmed by the growth of the "yellow peril" that it sought to build up its naval defences in the Pacific and even to organise a round-the-world railway service under American control.[3] It asked the Canal Company's permission in September 1905 to send a large floating dock through the Canal. The Company agreed rather than lose the dock to the Cape route. The 12,000-ton "Dewey" dock made the first transit by such a dock in the history of the waterway, passed through in 107 hours (April 27-May 1 1906)[4] and reached Manila in 6½ months from Chesapeake Bay. The U.S.A. divided its fleet in 1907 into separate Pacific and Atlantic Fleets to protect its exposed Pacific seaboard and accelerated the construction of the Panama Canal from 1907 to reunite its seapower. The U.S. White Fleet toured the world from 1907 to 1909, showed the flag in the Pacific and brought Sperry's fleet of sixteen warships northwards through the Canal on January 4-6 1909, the most powerful

1. C.M. Pepper, The West in the Orient. IV - The Westward Tide of Commerce through Suez. Scribner's Magazine, April 1908, 435.
2. Pepper, 443.
3. G. Kennan, E.H. Harriman. A Biography. (Boston, Houghton, 1922) II, 13, October 12 1905.
4. Pepper, facing page 444. W.J. Aylward, The Dry-Dock Dewey Aground in the Suez Canal.

naval squadron ever to use the waterway.

In Western Asia the indigenous revival of 1904-5 centred around Arabia and Persia. That revival facilitated the reconstitution of the Saudi domain but radiated a spirit of unrest outwards into the Yemen, Aden, Syria and Sinai and compelled Cromer in self-defence to extend the frontier-dykes of Egypt far beyond the Canal. The arrival of the Hejaz Railway at Ma'an in September 1904 encouraged a German idea for a Beirut-Ma'an-Akaba Railway in competition with the Canal and a Turkish plan for a Ma'an-Akaba branch line, with extensions eventually to Port Said and Suez. Such a branch railway to Suez would have followed the Sinai section of the Cairo-Medina pilgrim route and would have strengthened the pan-Islamic appeal of Turkey while a branch railway to Port Said would have joined the railways of Egypt and Syria across Egyptian territory. The increased English interest in Sinai provoked by Turkish enterprise was archaeological as well as strategic. An excursion by Petrie made possible the Exhibition of Sinai held in London in July 1905 but taught him the importance of the shipping agents of Suez. "To anyone in Sinai it may be said that Beyts is Suez and Suez is Beyts".[1] Cromer appointed an Inspector of Sinai with H.Q. at Nakhl and sent him in January 1906 to define the frontier at Akaba, so moving wholly outside the administrative frontier of Egypt which extended from Suez to El Arish, excluding East and South Sinai as part of the Hejaz province of the Ottoman Empire.[2] Cromer proposed to bestow on the Beduin of Sinai such benefits as irrigation and a mosque, barracks and police-station at Nakhl.[3] The Sultan complained on January 12 and ordered the occupation of Taba, nine miles from Akaba, and the fortification of Akaba. Egyptian troops were prevented from landing at Taba and disembarked on Faroun Island. When the Turkish Commandant at Akaba demanded their withdrawal Cromer sent a gunboat in reply on February 14.

1. W.M.F. Petrie, Researches in Sinai. (London, Murray, 1906), 4.
2. H.F. Frischwasser-Ra'anan, The Frontier of a Nation. A re-examination of the Forces which Created the Palestine Mandate and determined its Shape. (London, Batchworth, 1955), 35-40. Economic Partition 1906-14.
3. Egypt No 1. (1906). Reports by H.M.'s Agent and Consul-General on the Finances, Administration and Condition of Egypt and the Soudan in 1905, March 8 1906 (Cd 2817 of 1906), 13-15.

The first question in the Commons about the dispute with Turkey was put to Grey on March 8.[1] After the Turkish ambassador claimed Taba as a dependency of Akaba on March 21, Grey in the Commons on March 27 first claimed the Sinai Peninsula, including Taba, as under the administration of Egypt. Grey refused on April 4 to publish any papers on the territorial limits of the Khedive's authority east of the Canal. Turkey's claim of April 11 to Sinai south of the Suez-Akaba line was supported by Egyptian opinion as well as by tradition and would have preserved most of the peninsula under Turkish administration. It would have left the Gulf of Akaba as a Turkish sea and a possible base for torpedo-boats on the flank of the Suez route. It would have pointed a huge Turkish salient at Suez and was regarded by Cromer as a serious menace to the liberties of Egypt and the Khedivial dynasty and to freedom of transit through the Canal.[2] Grey favoured strong action like Cromer, whose Private Secretary he had been in 1884. He was opposed in the Cabinet of April 25 by the Lord Chancellor, Lord Loreburn, who as R.T. Reid had pleaded in 1883 for the equitable treatment of Lesseps. Campbell-Bannerman recognised that the British case was "pretty fluid" "thin and technical"[3] and refused Cromer's request for the landing of British troops in Sinai but nevertheless decided to defend "the independence of Egypt and the international interests of the Canal".[3] The Turkish reaction extended from the south to the north of Sinai where a Turkish detachment pulled down the boundary pillars at Rafa on April 25 and prevented the commander of a gunboat from Port Said from landing.[4] Grey then announced in the Commons on April 26 an increase in the Egyptian garrison. A special Cabinet on April 27 sanctioned an ultimatum to Turkey demanding the evacuation of Sinai and Taba within ten days. That ultimatum was delivered to the Porte on May 3 and was supported by the arrival of the

1. Hansard, Commons Debates, March 8 1906, 631, W.W. Ashley.
2. Correspondence on the Turco-Egyptian Frontier in the Sinai Peninsula (Cd.3006 of 1906), 26. Cromer to Grey, May 21 1906. W.S. Blunt, My Diaries, 1888-1914 (1919), II, 138-175. The Beginning of Grey's Blunders - Akabah. II, 457-460. The Akabah Quarrel.
3. J.A. Spender, The life of the Right Hon. Sir Henry Campbell-Bannerman. (London, Hodder, 1923). II, 266-7. Campbell-Bannerman to Grey, April 25 & 28 1906.
4. Hansard, Lords Debates, May 1 1906, 375. Lord Fitzmaurice in reply to Lord Monkswell.

Mediterranean Fleet under Beresford at the Piraeus on May 4.

The Navy undertook to defend the Canal against any possible Turkish raid in a considerable extension of the blue-water school of thought which saved the Liberal Government from military expenditure. Military Intelligence estimated that 5,000 men and 2,000 camels would have difficulty in crossing Sinai under normal conditions because of the shortage of water and that the Canal itself was the obvious line of actual defence for the eastern frontier of Egypt. Thus Sinai was regarded as a barrier rather than as a highway because of its mountains and its waterless uninhabited desert. A powerful squadron arrived at the Canal in readiness for an appeal for help from the Government of Egypt and carefully respected for the first time the provisions of the Convention of 1888.[1] On May 7 Fitzmaurice in the Lords and Grey in the Commons affirmed that the British stand was in defence of the freedom of the Canal, Egypt and the Khedivial dynasty. Fitzmaurice explained that intervention in 1882 had been necessary to protect the Canal from danger from the west and that the British stand in 1906 was necessary to protect the Canal from a similar danger from the east. Grey affirmed on May 10 in reply to a penetrating eight-pronged question "We cannot refer the safety of the Canal and of Egypt to arbitration".[2] The Admiralty completed the necessary arrangements to occupy six Aegean islands and Rhodes and to stop all Turkish ships in the Mediterranean outside the limits of the Canal.[3] On Sunday May 13 the ten days of the ultimatum expired and a naval demonstration was made in the Bosphorus. Confined to the Foreign Office in London, Grey was deprived of his customary visit to the beech trees of Hampshire, which were in full leaf on the second Sunday in May, a loss which he never forgot and for which he never seems to have forgiven Turkey. After six days of prevarication the Porte ordered on May 14 the evacuation of Sinai and Taba because it lacked the support of Germany against England, backed by France, Russia and the Khedive.

1. Correspondence on the Turco-Egyptian Frontier in the Sinai Peninsula, 28-29.
2. Hansard, Commons Debates, May 10 1906, 1472. Grey in reply to Lupton.
3. G.P. Gooch and H. Temperley, British Documents on the Origins of the War 1898-1914. (H.M.S.O., 1928) V, 191 G.H. Fitzmaurice, The Sinai Boundary Dispute, May 11 1906.

The humiliation of Turkey contributed to the Denshawai incident in Egypt and to the Young Turk Revolution at Salonika in 1908.

The Akaba crisis proved the baptism of fire for the new Liberal Cabinet. The frontier of Sinai was demarcated by a commission and by concrete pillars from Akaba to El Arish, with the approval of Turkey on September 11 and of England on October 1. Thereby the administrative frontier of Egypt was extended eastwards from El Arish to Rafa and eastwards from Suez to Taba and to within three miles of Akaba. Kossaima was left to the west of the new frontier but El Auja, with the intersection of all the main routes into Sinai, remained on the Turkish side. Turkey abandoned its plan to build a branch line to Akaba and completed one in 1906 from Deraa to Haifa. The extension of Egyptian administration to the Beduin was facilitated by the terrible drought of 1906. From 1906 the Survey of Egypt was extended to the peninsula, which Cromer protected from economic exploitation[1] and brought under the administration of the War Department.[2] The Akaba crisis fostered the rise of pan-Islamic sentiment in the Egyptian press and necessitated a permanent increase in the Egyptian garrison two years after Cromer had aspired to govern without any army of occupation. The attack on the British officers who had gone pigeon-shooting at Denshawai near Tantah on June 13 1906 marked a stage in the elevation of the Egyptian peasantry to full humanity. The attack was regarded in England as entirely unprovoked and as a small-scale Moslem revolt stimulated by the mischievous action of the Turks on the Egyptian frontier and by the incitements of their emissaries in Egypt.[3] For the death of one British officer the lives of four Egyptians were claimed in sentences which Cromer described in 1906 as "just and necessary"[4] but in 1915 as "unduly severe".[5] The erection of the scaffolding for the executions before the conviction of the accused villagers[6] revealed the extent to which British rule in Egypt

1. W.S. Blunt, My Diaries (1919) II, 80. November 12 1903.
2. Annual Report on Egypt for 1906. (Cd.3394 of 1907), 3.
3. The Times, June 28 1906, 9iv.
4. Correspondence Respecting the Attack on British Officers at Denshawai (Cd.3086 of 1906), 20 Cromer's Memorandum of July 12 1906.
5. Earl of Cromer, Abbas II. (London, Macmillan 1915), X.
6. W.S. Blunt, Atrocities of Justice under British Rule in Egypt. (August 1 1906), 23.

had become militarized. Blunt strove to publicise the Egyptian case through questions asked in the Commons by Dillon,[1] through a pamphlet written by himself[2] and through a preface composed by G.B. Shaw.[3] "The Denshawai Horror" stimulated the rise of Egyptian nationalism as no other event had done for 25 years against a background of rising real income.

The new nationalism compelled Cromer to appoint as Minister of Public Instruction Saad Zaglul, who had been imprisoned in 1883 as an Arabist. Fourteen years after Cromer's humiliation of Abbas in 1893 a new generation had emerged to whom the Turks were a memory and the British a reality. Its greatest representative was the Francophile Mustapha Kamil, who was thoroughly impregnated with French culture and held the basic political unit to be the nation rather than the Islamic community. He regarded Arabism as a delusion and coined the phrase "Cromerism" to divert attention from Pan-Islamism. He benefited by the deep hold of French culture on the elites of Egyptian society and won the loyalty of the professional classes, the journalists and the Khedive. The retirement of Cromer gave a further stimulus to the new national movement. Cromer held Abbas responsible for the nationalist agitation, sought in vain to secure his deposition by his fellow-ruler, Edward VII,[4] and then told Grey on March 28 1907 of his intention to retire. Grey's announcement of the news in the Commons on April 11 quite demoralised the financial and commercial markets of Cairo on April 12, depriving the Levantine communities of their great protector and ending the cotton boom of 1907 by a sharp crisis. The Principal Agent of the Canal Company in Egypt helped to launch on April 15 a project for a Cromer Memorial. At his farewell speech on May 4 at the Cairo Opera House, which was attended by the foreign communities and

1. Hansard, Commons Debates, June 18 1906, 1366-7; June 21 1906, 361 J. Dillon.
2. W.S. Blunt, Atrocities of Justice under British Rule in Egypt. (August 1 1906), 23.
   Manchester Guardian, September 12 1906.
   The Times, September 13 1906, 6iv.
3. G.B. Shaw, John Bull's Other Island. (London, Constable, 1907), xliv-lix, The Denshawai Horror, the proofs of which Blunt read on January 24 1907.
4. W.S. Blunt, My Diaries (1919), II, 1615. August 13 1907.
   S. Lee, King Edward VII. A Biography. (London, Macmillan, 1927), II, 534-5.

by three Egyptians[1] the great Pharaoh of modern Egypt declared that the British occupation would continue for an indefinite period. On his departure on May 6 he drove through deserted streets.[2] His achievement had been to balance the budget and to maintain the United Egyptian Debt at par from 1893 to 1907. He had failed however to establish an administrative dynasty in Egypt like those of the British in India or those of the French in the Isthmus of Suez. He had failed to reconcile Egypt to British rule and was condemned by one of the oldest advocates of a British protectorate over Egypt for his attempted 'Anglification' of Egypt by British officials.[3] He was not immortalized in a Cromer Memorial and was not consulted ever again by the Foreign Office on Egyptian affairs.

Cromer's successor Gorst was chosen to introduce a policy of conciliation. He could speak Arabic and gave the Khedive more freedom of action. He could not, however, check the national movement which encouraged the strikes by the Arab coal-heavers at Port Said in 1907-1908 and survived the death of Kamil in 1908, when leadership passed to Mohammed Farid. Gorst then imitated Minto's policy in India and appointed the Copt Boutros Ghali Pasha, Foreign Minister since 1894, as Prime Minister on November 13 1908, so ending the entente between Moslem and Copt which Kamil had sought to promote. The nationalist movement gave a great stimulus to education in Arabic, especially through the foundation of the "Popular University" of Cairo in 1908. It achieved its greatest immediate success with the rejection of the Government's plan to prolong the concession of the Canal Company beyond 1968.[4] Sixty years before 1968 the Company sought once more to achieve what it had failed to accomplish in 1883. It was encouraged to hope for such a renewal of its concession without substantial alteration by the rising tide of foreign investment in Egypt which followed the Anglo-French Entente. In May 1909 it was rumoured that the Company also hoped to purchase the Khedive's right to a 15% share in the profits,[5] which had been allotted until 1968 to the Civil Society created in 1880. Thereupon John M. Robertson, the historian of

1. W.S. Blunt, My Diaries, (1919), II, 177, 198 May 6 & December 24 1907.
2. P.G. Elgood, Egypt and the Army (1924), 24.
3. E. Dicey, The Egypt of the Future, (London, Heinemann, 1907), 5
4. A.T. Wilson, The Suez Canal (1933), 95-107.
5. L'Economiste Européen, 14 Mai 1909, 635. Egypte, 4 Mai 1909.

free-thought and Liberal M.P. for Tyneside since 1906, asked in the Commons on May 20 what the Government's intentions were, enabling Grey to deny that negotiations were then in progress between the Company and the Government of Egypt.

Negotiations were however favoured by the Government of Egypt in its need for ready cash to finance public works. Its Financial Adviser carried on long and laborious discussions with the Company, involving the British official directors, the Foreign Office, the Treasury and the Board of Trade but not apparently the seven unofficial British directors. The Company's shares rose in price by 4% (October 1-8), a fortnight before the Financial Adviser's Memorandum of October 21 outlined possible heads of agreement for a 45-year extension of the concession. Bontros Ghali approved the idea of a new Convention with the Company but favoured its submission to a specially-convoked General Assembly after Farid had published details of the project. Grey was forced to admit in the Commons on November 4 that negotiations were proceeding but refused on November 25 to say that the Commons would be consulted. In Egypt Gorst hoped that the Assembly would respect the wishes of the Khedive and his Ministers while the Company relied on the support of Prince Hussein, who was the uncle of Abbas, had acted as chamberlain to Eugenie in 1869 and had founded the Khedivial Agricultural Society in 1898 in the tradition of his father Ismail. Hussein was appointed president of the Assembly and gave his name to the Hussein Basin which the Company opened in 1909 to the south-east of the Abbas Hilmi Basin at Port Said.

Egypt had no direct interest in the navigation of the Canal, through which only three Egyptian vessels passed in 1907 and two in 1909. She nevertheless had an overriding interest in the terms of the Canal Company's concession and bitter experience of the price of public works undertaken by Europeans in Egypt: the new Aswan Dam so disturbed the old regime of the Nile that the cotton crop of 1909 was completely ruined by the high and early flood. The Egyptian Cabinet therefore sought to improve the terms of the proposed Convention against the opposition of the Canal Company.[1] On January 27 1910 it

1. Manchester Guardian, November 5 1909, 6vi; November 9, 7iv.

decided on essential amendments, especially the reduction of the extension of the concession by five years and the elimination of the Company's right to a minimum income of £E 2,000,000 from 1969. The Assembly referred the proposed Convention to a Committee on February 9. The Convention proposed to extend the Company's concession for 40 years from December 31 1968 to December 31 2008. In return the Company would pay £E 4,000,000 in cash between 1910 and 1914 as the discounted benefits due to the Government after 1968. The Company also proposed to pay a share of its net revenue to the Government beginning at 4% in 1921-30 and rising by four decennial increases of 2% to 12% in 1961-68 and to 50% in 1969-2008. The Government would thus divide the net profits with the Company for the period of the extension and would also gain the right to nominate three directors to the board from 1968 onward but would surrender its statutory right to a 15% share in the Company's profits.*

The scheme was not ungenerous towards the Company and was approved by the British official directors, especially by H.T. Anstruther who had succeeded Fremantle in 1903. It was also approved by Hartley Withers, the City editor of 'The Times',[1] and by Cromer, who recommended it to the Foreign Office on the one occasion after retirement when he volunteered his advice. It was not submitted to the Company's shareholders but it was supported in France where the Company was accepted as a proof of the enterprise of French investors and a refutation of the tradition of their timidity.[2] Little opposition was raised in Germany.[3] The scheme alarmed English shipowners lest it should prevent a reduction in Canal tolls which were considered to be too high by small shipowners[4] and were criticised by Edward Hain in his presidential address to the Chamber of Shipping of the United

* A.T. Wilson, The Suez Canal (1933), 105-107. Projet de Convention.

1. The Times Financial and Commercial Supplement, February 18 1910, 13iii.
2. A. Neymarck, Le Canal de Suez, 1869-1909. Journal de la Société Statistique de Paris, 1910, 70
   R. Pueux, Le Canal de Suez. Revue Economique Internationale, 1910, 365-385.
3. P. Neubaur, Der Suez-Kanal. Meereskunde, 1910, 1-35.
   W. Hess, Der Suezkanal. Archiv für Post and Telegraphie, 1910, 321-335.
   F. Magnus, Aegypten. (Tübingen, Laupp, 1913), 117
4. The Times, June 21 1909, 8vi.

Kingdom on February 25 1910. In Egypt it was feared that the £4,000,000 compensation would be used for the Sudan and for new barracks in Egypt because no control existed over the Government's expenditure. The scheme was therefore strongly opposed by the press, by public opinion and by the Assembly on its sole appearance on the forefront of the political stage. On February 20 the Anglophile Boutros Ghali, who had signed the Condominium Agreement of 1899 with Cromer, ordered the Denshawai Trial as Minister of Justice in 1906 and attended the inauguration of Port Sudan in 1909 in his official capacity as Prime Minister of Egypt, was assassinated by a member of the Mutual Brotherhood, which had been formed to rid Egypt of the British occupation. The first bloodshed by an Egyptian nationalist occurred eight months after the assassination by a Punjabi student of Curzon Wyllie, a leading Anglo-Indian Political Agent. It was justified by the assassin as necessary to save his country from the danger represented by a prolongation of the Company's concession.

Prince Hussein, the principal advocate of the Convention, despaired of instilling order and moderation into the deliberations of the Assembly and resigned as its president shortly before its Committee submitted its report on March 12. In that report the scheme was described as premature and one-sided in relation to the enormous profits in prospect for the Company while its "supporting" data were thought to lack any rational foundation or even any high degree of probability. The stability of the coefficient of operation was contrasted with the elasticity of receipts. "Statistics prove that all crises and conflagrations have contributed to the enhancement of its regular receipts".[1] The Committee concluded that the scheme would entail a loss to Egypt of £130,598,000 in capital and interest combined and would dispossess all future generations of their patrimony in return for an immediate and insignificant compensation. In short its report revealed an "entire lack of confidence in the intentions and good faith of the Government".[2] Zaglul Pasha was the only Minister

1. T. Rothstein, Egypt's Ruin: a Financial and Administrative Record. (London, Fifield, 1910), 396.
2. Egypt. No. 1. (1910). Reports by H.M. Agent and Consul-General on the Finance, Administration and Condition of Egypt and the Soudan in 1909 (Cd 5121 of 1910), 3-4.

to defend the scheme in the Assembly. He had been one of the three Egyptians present at Cromer's farewell speech and was the spokesman for the landowning pashas of the Anglophile People's Party, which he had founded in opposition to Kamil's National Party. In vain he argued in favour of the Convention on March 16 that Egypt would probably have to make the passage of the Canal free when the concession expired. The new Ministry announced on April 5 amid loud cheers that it would abide by the decision of the Assembly.[1] On April 7 the Assembly, after restricting discussion as far as possible, rejected the project by 66 votes to one vote, which was cast with explicit reservations. Thereby it manifested the hostility of public opinion towards Britain and evoked great popular enthusiasm for the first victory of Egyptian nationalism since 1882.[2] Egypt anticipated that the occupation would end before the expiry of the Company's concession in 1968 and avoided establishing a precedent for further renewals which would have made the Company permanent in Egypt. The Company's shares weakened on the Paris market until the publication of the receipts for the first ten days of April on April 12 sent share-prices higher than ever on a Bourse preoccupied with the short-term rather than with the long-term. The Company had nevertheless been denied the supreme privilege of the corporation and, recognising its mortality, sharply reduced the quantity of sand dredged from the Canal. Shipowners were warned not to expect the redemption or extinction of the Canal tolls while large shipowners gained the reassurance that their freights would not thereby be reduced through competition. The British Government was given notice that the expiry of the concession would also end its annual dividends of £1,000,000.

The snub to British prestige in Egypt provoked Gorst to recommend in his Annual Report in April 1910 evacuation as the sole alternative to rule by force. Bitter attacks began to be made on Egypt in the English press and Parliament, especially on the Egyptian Assembly and on the incapacity for self-government of Egypt and indeed of all Oriental countries.[3] The five successive requests made by Radical and

1. The Times, April 6 1910, 5iii.
2. The Times, April 8 1910, 5iv; April 11, 5v.
3. A.P. Thornton, The Imperial Idea and its Enemies. (London, Macmillan, 1959), 357 quoting A.J. Balfour in the Commons on June 13 1910.

Irish M.P.s to secure the submission to Parliament of the Government's correspondence on the renewal of the concession were all rejected by Grey.[1] Even a shareholder of the Canal Company who exercised his statutory rights and raised the question at the annual meeting on June 6 1910 was ruled out of order by Arenberg.[2] Unknown reasons seem to have prevented the publication in Cairo of the second part of an extensive statistical analysis of the Company's financial performance.[3] Farid declared in Paris on June 13 that "Egypt would sacrifice all her benefits from the Canal in exchange for her liberty and independence" but would maintain a minimum right of administration and control of transit after the expiry of the concession. In the Commons on June 13 Grey solemnly recanted amidst rapturous Conservative applause his whole policy of conciliation in Egypt inaugurated in 1907.[4] Dillon's attack on July 21 on the "organised conspiracy of abuse" by "the ignorant Jingo Press" against the Egyptian Assembly and his attribution of all the troubles of Egypt to "the horrid incident" "the atrocity of Denshawai"[5] provoked Grey to great anger and was as ill-received by the Radicals as by the Conservatives.[6] Grey's policy of evasion and repression was, however, lamented by Captain G.J. Sandys, Conservative M.P. for Wells, because of "the supreme importance of the Suez Canal, both to this country and the British Empire generally".[7] In his reply Grey thought it essential to leave no uncertainty in people's minds that the British Government intended to remain in occupation of Egypt.[8] Blunt's address of September 13 1910 to the Egyptian National Congress encouraged it to hope for support from the Mediterranean powers of Austria, Italy and even France to wrest from England "the Eastern key of their dwelling, their door of direct communication with the Indian seas". Blunt also

1. Hansard, Commons Debates, February 23 1910, Wedgwood; March 17, Mooney; April 7, Hazleton; April 14, Hall; July 5, Dillon.
2. The Times, June 7 1910, 71-11
3. I.G. Lévi, Tableaux Statistiques sur les Résultats de l'Exploitation du Canal Maritime de Suez depuis son Ouverture au Trafic. Egypte Contemporaine, Janvier 1910, 170.
4. W.S. Blunt, My Diaries (1919) II, 324, June 14 1910.
5. Hansard, Commons Debates, July 21 1910, 1554-5, Dillon.
6. W.S. Blunt, II, 328.
7. Hansard, Commons Debates, July 21 1910, 1569, G.J. Sandys.
8. W.S. Blunt, II, 328.

financed the publication on October 24 of Rothstein's "Egypt's Ruin" which included an English translation of the Committee's report on the proposed Convention and denied that the Egyptians were xenophobes who would "seize and close against all the world the Suez Canal".[1] Abbas consolidated the Assembly's victory by creating in 1911 the Port Said Municipality with its elected majority and boasted to Blunt that he had caused the rejection of the Convention by the Assembly.[2] Thus Abbas was recaptured for the nationalist movement. When George V arrived at Port Said in the P. & O. 'Medina' on November 20 1911 he received State visits from Abbas as well as from Kitchener on board the vessel moored in the place of honour by the Canal Company offices but did not land on the soil of Egypt which the nationalist agitation had dishonoured in his eyes. The 'Medina' was then escorted through the Canal on November 22 by four cruisers as it carried the King-Emperor en route to the Coronation Durbar in the new capital of Delhi. Such was the first transit of the Canal by a reigning British monarch, although he had passed through in 1882 as a midshipman, in 1901 as the Duke of Cornwall and in 1906 as the Prince of Wales.

1. T. Rothstein, Egypt's Ruin: a Financial and Administrative Record. (London, Fifield, 1910), 365, 371-408, reviewed in The Spectator, November 12 1910, 799 and mentioned by W.S. Blunt, My Diaries (1919), II, 334.
2. W.S. Blunt, My Diaries (1919) II, 369, July 18 1911.

THE WAR IN THE SINAI DESERT, 1914-1918

After the assassination of the heir to the Habsburg Monarchy the shares of the Canal Company shrank in market-value by 14% from 5,000 francs on June 27 to 4,300 on July 29. On July 30 the 'Helgoland' of the North German Lloyd en route from Singapore to Bremen became the first German vessel to remain in harbour at Port Said, in the hope of asylum, and was soon joined by other large German vessels. On August 3 the Canal Company became most reluctant to accept payment of Canal dues in London rather than in Paris because of the disruption of the exchange market[1] but confirmed that the Canal was open at all times to ships of all nationalities without distinction. The Egyptian Foreign Minister at the same time reaffirmed the Convention of 1888 while bringing into force the coaling regulations of February 10 and 12 1904. The Company and Egypt thereby revealed their wish to insulate the Canal from the influence of the war. The English declaration of war on Germany on August 4 did not destroy the German hope that Egypt would remain neutral because Egypt did not declare war. Port Said remained in law until November 5 a neutral Ottoman port in which only warships were forbidden by the Convention of 1888 to stay for more than 24 hours. The Government of Egypt then decreed on August 5 that commercial vessels were free to pass through the Canal without risk of capture or detention whatever their naticnality. The same decree empowered British forces to exercise the rights of war in Egyptian ports and to bring ships and cargo captured there before a British prize-court but granted days of grace until sunset on August 14 to ships of not more than 5,000 tons gross.[2] On the same day the British deprived the German vessels of their wireless sets to prevent the communication of British naval movements in the Canal to the two German warships in the Mediterranean. The British did not occupy the German and Austrian buildings in Port Said and they sited their military posts behind the stations of the Canal Company. On August 17

1. Hansard, Commons Debates, August 6 1914, C. Cory.
2. G. Douin, Un Episode de la Guerre Mondiale. L'Attaque du Canal de Suez. (3 Février 1915). (Paris, Delagrave, 1922), 15.

the Government of Egypt forbade the 'Barenfels' of the Hansa Line en route to Calcutta to pass through the Canal lest it should block it.[1] The 'Sudmark' of the Hamburg American Line, which had been seized as prize in the Red Sea and kept in the Suez roadstead from August 17 for 32 hours rather than for the 24 hours prescribed in the Convention of 1888, was taken through the Canal on August 19 with a prize crew to Alexandria.

The German advance into France compelled the Cabinet to order on August 18 the diversion of the two Indian divisions intended for the defence of Egypt to Marseilles. Britain also withdrew the last imperial troops from Cape Town on August 27, evacuated Sinai and concentrated the Egyptian Camel Corps on the western bank of the Canal on August 31. Thus Cromer's great territorial gain of 1906 was surrendered to its 25,000 Beduin while the Canal was converted into a defence-barrier for the Delta. The uncertainty over whether Egypt or the Canal was being defended revealed the degree to which British policy had become Egyptianized.[2] In effect the main line of British communication with the East ceased to be an object of defence and was hastily degraded into a moat in front of a fire-trench. Such was the panic-reaction to the threat from Turkey, where Enver Pasha had ordered the preparation of a scheme for an attack on the Canal two days after the secret Turco-German Alliance of August 1. The sinking by a German submarine on September 4 of the 'Natal Transport' off Crete, two days out from Port Said, marked the advent of an even graver threat to the security of the whole Mediterranean route.

The first Indian troops reached Suez on September 8 in 18 days from Bombay and passed through the Canal en route to Marseilles and Flanders. The movement of the bulk of the Indian Army to France fulfilled the promise of the symbolic troop-movement of 1878 and restrained Egypt from any pro-Turkish demonstration. Territorial divisions replaced the regular troops in both Egypt and India. The Canal Company seems to have been reluctant to believe in the possibility of an attack on the Canal but was forced to interrupt night-time transit for the first time on October 4-5 after a report

1. G. Douin, 16.
2. P.G. Elgood, Egypt and the Army. (London, Oxford University Press, 1924), 120-121.

of eight Beduin and eighteen camels approaching the Canal.[1] On October 13 the Government of Egypt first sent Egyptian troops on board the German ships in the Canal ports and then placed crews on board. The German vessels were ordered on October 15 to put to sea, where they were seized as prize by waiting warships and taken to Alexandria by October 20.[2] Altogether fifteen vessels were captured in the region of the Canal, 5 of the Hansa Line, 3 of the North German Lloyd, 3 of the German Australian Line, 3 of the Austrian Lloyd and one of the German Levant Line. The Canal Company refused to associate itself with those captures. The British Note of October 23 informed the representatives of the maritime powers in London that the Government of Egypt had detained the enemy ships either for their hostile acts or for their hostile intentions or for their refusal to leave the ports of the Canal and denied the right to make use of the Canal to escape capture. Thus Britain assimilated the ports of the Canal to Alexandria, eroded their privileged position under the Convention of Constantinople and placed that Convention under its first great trial, ten years after it had come effectively into operation.

Turkey maintained its neutrality for three months after its secret alliance with Germany with masterly Oriental diplomacy. On November 2 Abbas Hilmi from Constantinople asked Egyptians to oppose the British armies and martial law was proclaimed in Egypt. The British declaration of war on Turkey on November 5 enabled Britain on the same day to annex Cyprus, to bombard Akaba and to occupy Abadan Island so as to protect the oil refineries, the tanks and the pipelines of the Anglo-Persian Oil Company. On November 11 Britain also destroyed the fortifications of Sheikh Said opposite Perim. The beginning of the blockade of the Turkish coast completed the triumph of the Canal over the Syrian desert route. The Turco-Egyptian frontier became, however, a frontier of hostilities, arousing fears for the safety of the Canal and producing a temporary restriction in chartering. The Canal Company cabled its Principal Agent in Egypt on November 9 to cooperate without restriction with the Defence Forces. Four months of non-cooperation thereupon ended as the Company began to help

1. G. Douin, 31-32.
2. G. Douin, 33-34.

England and France to defend the Canal against the suzerain power. The Company made available its telegraph, telephone and wireless services for communication and agreed to make no profit on its war services provided that it suffered no loss: it did not dismiss the Austrian pilots in its employment. Asquith's doom of the Ottoman Empire in Asia pronounced at Guildhall on November 9 raised Allied expectations of political gains so high as seriously to complicate the task of waging the war to an end.[1] Zionist hopes were transformed into practical politics for the first time since the Boer War.[2] Russia demanded Constantinople on November 18 in return for her approval of a British protectorate in Egypt while France despatched a naval squadron to Port Said in support of her claims to Syria[3] and Indian troops occupied Basra on November 21 to stake the British claim to Mesopotamia.

An Indian patrol met a force of 200 Turks and Beduin 20 miles east of Kantara on November 20 and withdrew after a sharp fight. Kitchener immediately ordered the Australian and New Zealand troops which had left Albany on November 1 to disembark and train in Egypt because of the Turkish threat. The first contingent of the Australian Expeditionary Force reached Egypt on December 1 after a voyage of 6,700 miles and saw the first signs of actual warfare as they passed through the Canal en route to Alexandria. Lloyd George, who had been introduced to the Zionist leader Weizmann by C.P. Scott, in vain urged the defence of Egypt and the Canal by the landing of 100,000 troops on the coast of Syria to cut off the Turks in Sinai. Resources were so limited as to deprive the defenders of the Canal of any strategic or even tactical freedom. They had to undertake a passive rather than an active defence and to hold the line of the Canal in strength throughout. They were thus deprived of the power of counter-attack against an enemy which could conceal its points of attack to the last. The length of the front to be watched was reduced by twenty miles by flooding four areas east of the Canal as far south as Ballah with sea-water. The great dredgers of the Canal Company began to flood the

1. P.G. Elgood, 222.
2. A. Hyamson, The Future of Palestine. New Statesman, November 21 1914, 163-4.
   C. Sykes, Two Studies in Virtue. (London, Collins, 1953), 171.
3. P.G. Elgood, 178.

Plain of Tineh on November 25 in order to protect Port Said itself. Along the remaining front of 60-70 miles defence posts were established on the east bank covering the ferries while trenches were dug on the west bank in the intervals between those posts. A flotilla of armed launches was manned by the Navy to patrol the Canal. A military aerodrome was established at Ismailia in November for an R.F.C. detachment from India while Port Said became a base for the French seaplanes despatched on December 1 from France. The "Canal Zone" as it became thenceforward was isolated from the rest of Egypt in December 1914 as a further precaution against the impending attack by Turkey.[1] The proclamation of a protectorate over Egypt on December 18 was a unilateral act by Britain and not the result of a joint agreement between Britain and Egypt. The deposition of Abbas Hilmi on December 19 gave Egypt in the person of Hussein a Sultan for the first time since 1517, to rival the Sultan of Turkey.

The war was the first since the Russo-Turkish War which injured the Canal's traffic rather than benefited it. Commercial tonnage fell by nearly 40% between August 1 and December 31 1914. The flags of Germany, Austria and Turkey which had ranked as the second, fifth and ninth largest users of the Canal and had together supplied 26.2% of its tonnage in 1913 were eliminated. Germany suffered the greatest losses by the end of its trade with Asia and with Egypt, by the cutting-off of its supplies of rice, oil-seeds, jute, copra, soya-bean, cotton, manganese and hides, by the enforced liquidation of its merchant-houses in the ports of Asia, by the closing-down of the Deutsches Kohlen Depot Gesellschaft in Port Said on the first day of war and by the capture of twelve of its large merchant vessels. The vessels were condemned as prize by due process of H.M. Supreme Court for Egypt in Prize.[2] Mr. Justice Cator ruled on February 5 1915 that

1. P.G. Elgood, 246.
   V. Chirol, Fifty Years in a Changing World. (London, Cape, 1927), 64
2. The Times Law Reports, 32, 1915-16, 433-435, April 7 1916. Gutenfels, Barenfeld, Derfflinger.
   Law Reports, Appeal Cases, 1916, 2 112-121 April 7 1916, Gutenfels; 186-193, April 13 1916, Marquis Bacquehem; 193-197, April 13 1916, Pindos, Helgoland, Rostock.
   The Law Times Reports, 114, 953-6, April 7 1916, Gutenfels, Barenfels, Derfflinger; 956, April 13 1916, Marquis Bacquehem; 960-962, April 13 1916, Pindos, Helgoland, Rostock.
   The Law Times Reports, 116, 804-5, August 3 1917, Sudmark; 120, 102-6, December 13 1918 Deutsches Kohlen Depot Gesellschaft.

it was not the Court's duty to enforce the Convention of 1888 or to release the 'Sudmark' because of its breach. The flag of Russia which had ranked seventh in 1913 also disappeared from the traffic of the Canal because the Baltic was closed by Germany and the Straits by Turkey. The southbound shipment of oil from Russia and Rumania ended to the benefit of American oil exporters to India. The end of wheat exports from the Black Sea increased the importance of cereal shipments from India, including barley as well as wheat. The end of beet-sugar exports from Germany and Austria stimulated the export of cane-sugar from Java and Mauritius. The Canal began to shift over from a peacetime to a wartime function. The neutral flags of the Netherlands and Norway increased their tonnage, Norwegian Canal tonnage first exceeding Swedish between 1914 and 1919. The Canal became an Allied highway although the Brindisi overland route ended when British shipping was diverted from Brindisi first to Taranto, the base of the main Italian Fleet, and then to Marseilles, which so regained the Indian mail it had lost in 1871. Military traffic increased at the expense of commercial traffic. Although Canal tonnage declined by 3.1% in 1914 British tonnage rose by 7.1% and raised the British share of the total from 60% to 66.5%. The flag of France which had been in the fourth place since 1910 replaced that of Germany in the second place with the Netherlands in the third and Japan in the fourth place. Passengers increased in number by 39% and troops by 158%, ending the civilian ascendancy of 1902-1913. Shipments of rice, oil-seeds, mineral ores and jute declined because one of their great markets had been Germany. Northbound cargo however declined less than southbound cargo, in which manufactures fell off much more than either coal or salt. Coal prices rose at Port Said which even imported coal from Bengal from August 1914. The Company's expenditure rose while transits and receipts fell. Improvement expenditure under the 1912 programme was curtailed and was concentrated for wartime purposes upon the harbour of Port Said, despite the increase in 1914-15 in the average size of vessels. For the year 1914 receipts declined by 3.7% but dividends were reduced by 30% by the transfer of £148,000 to reserves. Dividends thereby fell below the level of the preceding year for the first time since 1897 and below 50% of the year's receipts for the

first time since 1887.

The Eighth Ottoman Army Corps of three Arab divisions under Turkish officers left Beersheba on the night of January 14-15 1915[1] and crossed Sinai in night-marches by the difficult central route via Kossaima and Hassana rather than by the northerly caravan route from Gaza or by the southerly pilgrim route from Akaba. The 25,000 troops were led by Achmet Jemal Pasha, who had been hailed as the "Saviour of Egypt" on his departure from Constantinople. Their transportation, supplies and services were superbly organised by the Bavarian lieutenant-colonel of artillery, Freiherr Kress von Kressenstein. They achieved their greatest success in enlisting the support of every Beduin sheikh in Sinai except one and in crossing the 187 miles in numbers fivefold those estimated possible by the War Office in 1906 and 1910, so proving that the desert was no barrier and no ally of England. On the morning of January 23 the troops could see the British on the Canal from a distance of 25 miles. Kressenstein made a reconnaissance to the Canal on January 27, ending night traffic, halving transit facilities at a single blow and causing uneasiness in Charkia. Everyone in the Moslem world believed that the attack would succeed and would usher in a new epoch for Islam. The Turkish forces were however inadequate to realise their aims. Their greatest aim was to restore the province of the Nile to the rule of Constantinople, their least to close the Canal by a dam of sand-bags which dredgers would be unable to extract, so as to compel England to use the 21-day route via the Cape to India. On February 3 12-15,000 Turkish soldiers launched their main attack on the section between Toussoum and Serapeum, with feint attacks on Kantara and Kubri. Three pontoons made a surprise crossing before the British opened fire. Twelve Allied warships berthed as floating batteries in the Canal inflicted no damage, unlike the Turkish artillery. The 30,000 troops in defence, especially the 24 Indian battalions, nevertheless repelled the attack and inflicted the heavy casualties of 1,000 killed , 1500 wounded and 700 taken prisoner. The Egyptians failed to rise in a holy war. Even Port Said remained apathetic,[2] although it was the stronghold of

1. T. Wiegand, Sinai, (Berlin, Gruyter, 1920), 12, Kress von Kressenstein, Die Kriegführung in der Wüste.
2. P.G. Elgood, 140.

fanaticism and its garrison was reduced to one weak battalion. Jemal's failure left him so uncertain of the temper of his Arab troops that he retired with his guns in fairly good order. The simultaneous Arab attack on the pipelines of the Anglo-Persian Oil Company on February 5 was far more successful, interrupted production at Abadan for five months[1] and necessitated the reinforcement of Basra from the Canal. The battle of Ismailia has been assessed as "an event of first-class importance in the history of the war, since it averted once and for all the danger of a permanent interruption of the sea-route to the East".[2] Traffic through the waterway was resumed on February 5. The battle was nevertheless a successful defence of Egypt rather than of the Canal. The Turks remained in complete command of Sinai, prevented the re-establishment of the security of the Canal and compelled Britain to maintain large forces in Egypt to counter the threat of another attack. Kressenstein organised flying columns to make harassing pin-prick demonstrations against the waterway and made such a reconnaissance to Kubri on March 22. Shipping in transit was exposed to snipers from the water's edge so that neutral maritime nations became alarmed. The military authorities therefore established control over the passage of commercial shipping against the opposition of the Company: they forbade navigation after dark as well as entry without a military permit and insisted on the protection of the bridge of steamers by sandbags.[3] The Turks carried their first mine, manufactured in France, through the inundated area along a footpath revealed by the Beduin and anchored it on April 8 in the fairway between El Cap and El Kantara, with the technical advice of a former Canal pilot.[4] The mine was discovered on April 10, presenting a new threat to the Canal which caused infinite annoyance to the defence and to the Company.[5] Turkey had not attempted publicly to justify its attack of February 3 because it was debateable whether it was in violation of the Convention of Constantinople. It issued on May 28 an

1. A.T. Wilson, Loyalties. Mesopotamia 1914-1917. A Personal and Historical Record. (London, Oxford University Press, 1930), 24.
2. C.E. Fayle, History of the Great War. Seaborne Trade. (London, Murray, 1923) II, 33.
3. P.G. Elgood, 150-151.
4. P.G. Elgood, 155.
5. P.G. Elgood, 152.

explanatory circular to neutral governments, proclaiming the Canal a war zone.[1] The laying of mines raised insurance premiums and compelled the British greatly to increase their patrols, especially night patrols on the east bank, which was thoroughly searched at daylight each morning.

The Turkish attack proved the futility of trying to defend the Canal from the African bank and encouraged proposals for the partition of the Empire among Russia, France and Britain. The Russian claim to Constantinople was accompanied by a Russian suggestion that the Canal should become British property instead of an international enterprise.[2] The French claim to Syria alarmed T.E. Lawrence, because it would expose the Canal to attack by 100,000 within twelve days from the declaration of war,[3] as well as the Zionists, because it would give Palestine to France rather than to Britain. The entry of Italy into the war on the Allied side was secured by the offer of territorial compensation in Asia Minor and Africa as well as in Europe. The Dardanelles expedition which thereby became possible was based on Egypt and was partly intended to lighten the defence of the Canal. From April 7 troops were drawn increasingly out of Egypt for the landings on April 25. Those forces included Rupert Brooke who caught at Port Said on April 2 the infection from which he died three weeks later at Scyros. In reply to the landings on Gallipoli the Turks increased their pressure on the Senussi to invade Egypt. They also tried to capture Perim from Sheikh Said on June 14-15 and occupied Sheikh Othman on July 5. They thereby established control over the water-supply of Aden and compelled the despatch from the Canal of an infantry brigade for the offensive of July 21 which recaptured that village. They also organised a Beduin Irregular Force in Sinai and increased their efforts to disrupt the use of the Canal. On June 30 the Holt liner 'Teiresias' struck a mine near the south end of the Little Bitter Lake, revealing the ineffectiveness of the naval patrol and blocking the channel for 14 hours until the ship could be towed

1. U.S. Naval War College, International Law Documents. (Washington, Government Printing Office, 1918), 1917, 221-222. Circular relating to Hostilities in Egypt and the Suez Canal, May 1915.
2. Manchester Guardian, March 3 1915, 9iii.
3. D. Garnett, Selected Letters of T.E. Lawrence. (London, Cape, 1938), 85, Lawrence to D.G. Hogarth, March 18 1915.

away to Alexandria for repair. Air attacks were also made on Suez on July 21 and on Port Said on September 1 for the first time in their history. Those attacks sank no ships but presented a new threat to the security of the Canal, which lacked locks and was therefore less vulnerable than the newly-opened Panama Canal. Dynamite cartridges were planted on August 13 on the railway north of Kantara West, so compelling the defence to watch both banks of the Canal. Jemal Pasha was encouraged to contemplate a strong diversionary assault on the Canal, which was approved in September by Enver and gave the sons of Sharif Hussain an excuse tc raise troops in the Hejaz. German submarines were attracted by the Gallipoli expedition to the East Mediterranean by mid-summer. They intensified their campaign from September and destroyed the security of the inland sea all the more easily because Britain lacked cruisers and destroyers for commerce-protection after Fisher's reforms. Their campaign necessitated security precautions in Port Said and the prohibition on September 21 of passengers from landing at Port Said or Suez unless they were of British or allied nationality.[1]

The junction of the German, Austrian and Bulgarian troops on November 5 1915 followed the destruction of the Serbian barrier to through-communication between Germany and Turkey and revived the Berlin-Bagdad dream, which was also encouraged by the failure of the Dardanelles and Salonika ventures. German interest was also stimulated in the Canal by the death of Prussian officers in Sinai and by the removal of Heineken, the sole German director of the Company, from the board by the decision of the shareholders' meeting on June 14 1915. German literature on the Canal began with military history[2] and carried further the revision of the Canal's history in the German interest which had begun in 1912. Hostility to the Anglo-French tradition enabled Negrelli's first biographer, Birk, to claim him in 1915 for Germany as an Austrian. Lesseps was portrayed by contrast as the representative and the betrayer of the international Study Society of 1846.[3] England was depicted as the steadfast opponent of the

1. P.G. Elgood, 208.
2. E. Serman, Mit den Turken an der Front. (Berlin, Scherl, 1915).
3. A. Demiani, Deutschlands Anrecht an den Suezkanal. Süddeutsche Monatshefte, September 1916, 736.

construction of the Canal and as the supreme opportunist which bought the Khedive's shares, identified the Canal Company with the British Government, then infringed the neutrality of the Canal in order to occupy Egypt and so made control of the Canal the pre-condition for the control of Egypt.[1] German scholars inherited the bias of Edwardian England, over-emphasized British dependence on "the door and hinge" of their Cape-Cairo-Calcutta empire[2] and thought that its closure would cut off British imports, immobilise its shipping and shatter its prestige in Asia. They blamed the high Canal tolls for the limited trade of Trieste and Fiume with Asia[3] and deplored the confiscation of German vessels in the harbours of the Canal but did not propose to close the waterway to warships. They cherished high hopes of a more equitable redistribution of interests in the Company and claimed some shares for Germany on the basis of the documents published by Birk and Georgi and on the claims made by Maria Grois-Negrelli.[4] Thus the transfer of founders' shares would be reparation for the injustice of the 1850s. The shares held in France might, it was hoped, be included in the war-indemnity to be imposed on France so as to give Germany equal status with Britain in the Company. In equity Germany should also be given five seats on the Company's board and Austria seven seats.[5] The Egyptian administration in Sinai should be abolished to make the Canal itself the frontier between Egypt and Turkey[6] and to anticipate the brilliant economic future in store for the peninsula. Some of the French and Italian possessions on the Red Sea and Somali coast should be transferred to the Central Powers.[7] Thus an Adriatic-Suez dream emerged to complement the Berlin-Bagdad dream. The German agitation of 1915-1916 was not as violent as the British agitation of

1. A. Gottlob, Das Eindringen Englands in Ägypten. Die Grenzboten, April 1915, 24
2. A. Dix, Die Verkehrspolitische Bedeutung des Suezkanals. Geographische Zeitschrift, 18 Februar 1916, 90.
3. D. Von Wannisch, Der Suezkanal und dessen Beziehungen zur Europäischen Mächtegruppierung. Deutsche Revue, März 1916, 273-275.
4. Demiani, 738.
5. Demiani, 732.
6. G. Steindorff, Die Ostgrenze Ägyptens und der Suezkanal. Zeitschrift für Politik, 1917, 194.
7. Von Wannisch, 275.

1883. It was directed not at the Canal Company but at the German and Austrian public whom it intended to re-educate in a more national approach to the Canal. Neither England nor France found it necessary to defend their interest other than by force of arms. Effectively defended by England rather than by France the Canal remained a symbol of the French genius for civilisation[1] and "a great work which is one of the factors in the progress of the world and in the economic emancipation of the nations".[2] The needs of wartime propaganda were served by the diffusion of the Disraeli-myth of the share-purchase from the stage in England[3] and from the screen in America.[4] The sympathetic understanding in the U.S.A. of England's defence of "the weakest link in the Empire"[5] was restrained by the hostility of its large German-American population, by its affection for Turkey[6] and by its colonial distrust of the old country's imperial tradition.[7]

The failure of the Dardanelles expedition encouraged Kitchener to propose to Asquith on November 11 1915 to defend Egypt and the Canal at Alexandretta with troops withdrawn from Gallipoli. Kitchener deplored the administrative surrender to the west bank's monopoly of transport facilities and the use of the Canal as a means to its own defence. On November 16 he ordered the defence of the Canal seriously and in depth on an active rather than a passive basis.[8] The shift towards the idea of defence in depth encouraged Herbert Sidebotham, military critic of the 'Manchester Guardian' since 1895, to suggest the creation of a Jewish Palestine as a bridle on French aspirations to a Greater Syria, as a buffer-state against the Ottoman Empire and as a bastion for the protection of the most vital and vulnerable spot

1. G.E. Bonnet, Le Canal de Suez. La Science et la Vie, Fevrier 1916, 204.
2. Le Canal de Suez, 9 Juin 1916, 6095. C. Jonnart, June 5 1916.
3. L.N. Parker, Disraeli (Royalty Theatre, London, April 4 1916) E.A. Parry, Disraeli (Gaiety Theatre, Manchester, October 9 1916). Manchester Guardian, October 10 1916, 6ii.
4. Percy Nash, Disraeli (February 23, 1917).
5. W.A. Anderson, Soldiers, Sand and Sentiment. Harper's Magazine, August 1916, 352.
   C. Johnston, The Problem at Suez. North American Review, February 1916, 227-234.
6. A.H. Lybyer, The Ottoman Turks and the Routes of Oriental Trade. English Historical Review, October 1915, 577-588.
7. H.M. Allen, How England Got the Suez. Sewanee Review, April 1917, 139-143.
8. G.C.A. Arthur, Life of Lord Kitchener. (London, Macmillan, 1920) III, 206 Note, November 22 1915.

in the whole imperial system. "A Suez Canal which is a battlefront between two armies is of no use for any other purpose... In the long run there can be no satisfactory defence of Egypt or the Suez Canal so long as Palestine is in the occupation of a hostile or possibly hostile Power".[1]

The retreat from the Dardanelles precluded the possibility of similar landings in Syria, lowered British prestige and exposed the Levant and the Canal to a new surge of Turkish power. During December 1915 six of the giant troopships of the Cunard, White Star and Shaw Savill Lines avoided German submarines after returning from the Dardanelles by using the Canal. Egypt became an armed camp and a gigantic hospital for the sick and wounded, for whom a new English Hospital was inaugurated at Port Said on November 8 1915. General Maxwell professed to fear a Gallipoli in reverse in the Canal Zone and asked for thirteen divisions to defend Egypt against the possible onslaught on Egypt of 250,000 Turks. The defences of the Canal began to be organised in accordance with Kitchener's decree. Orders were issued on November 25 for the doubling of the Zagazig-Ismailia Railway to facilitate the movement of vast numbers of troops from Alexandria to the Canal Zone. A meeting of the chief officials of the Ministry of Public Works on December 1 marked the beginning of the engineer's war[2] and was followed by the establishment on December 4 of a works organisation with H.Q. in Ismailia. Major-General H.S. Horne chose a front line of defence 6¼ miles to the east of the Canal, to free it from long-range artillery fire and cabled his decision to Kitchener on December 10. Thus the trench warfare of the Western Front was introduced to Sinai, with supporting communications which were extended seven miles into the desert from the west bank. The Canal Zone became a war area in which military needs overshadowed all others.[3]

The Rotterdam Lloyd diverted its service from the Canal to the Cape route in December 1915 because the British denied coal supplies to vessels refusing to submit to restrictions regarding trade with

1. Manchester Guardian, November 22 1915, 6ii. The Defence of Egypt. H. Sidebotham, Great Britain and Palestine. (London, Macmillan, 1937), 22, 38.
2. E.H. Lloyd, Work in Connection with the Suez Canal Defences in 1916. Proceedings of the Institution of Civil Engineers, CCVII, 1918-19 Part I, 349-350.
3. Lord Lloyd, Egypt Since Cromer. (London, Macmillan, 1933) I, 223-4.

Germany and because the price of coal at Port-Said had quadrupled, coal freights to Port Said having risen to tenfold their peacetime level.[1] The Dutch line preferred to maintain its high wartime profits deriving from the neutral status of the Netherlands and set the example followed by the Netherland Steamship Company in March 1916. Allied shipping was adversely affected by the intensified German submarine warfare. The submarine U-38 first sank the 'Yasaka Maru' in the Mediterranean on December 21, compelling the Nippon Yusen Kaisha to divert its service from the Canal to the Cape route, and then sank five British steamers within eight days. Lloyds declined to insure ships between Port Said and Aden from December 25, the day when the harbour of Port Said was closed[2] and the landing of women without authority was forbidden.[3] Thus the competitive advantages of the Cape route were greatly enhanced.[4] The tonnage of the Canal and the receipts of the Canal Company declined by the unprecedented proportions of 21% during 1915 when military traffic supplied 20% of the total tonnage. Dividends for the year suffered hardly any reduction after the massive decrease for 1914. The intensive bombing of the Canal region from the air in January-March 1916 increased the insecurity of the waterway. The greatest threat to the Canal route came neither from the land nor from the air but from the submarine, which after nineteen months of war compelled the diversion to the Cape route from March 7 1916 of the British cargo-boats and the mail-boats of the P. & O. and Orient Lines en route to Australia.[5] That diversion coincided with the introduction of defensive armament on merchant-ships carrying war-stores and troops to the Mediterranean. Guns were mounted by the workshops of the Canal Company and transferred at Port Said from eastbound to westbound liners. Passengers from England for India wore life-belts throughout the day, slept in their clothes at night and attended frequent religious services as far as Port Said. The German submarines operated in a sea where only Austria, Turkey and

1. Hansard, Commons Debates, December 20 1915, Alden.
2. R. Hennig, Die Bedeutung des Suezkanals fur das Englische Wirtschaftsleben. Deutsche Kolonialzeitung, 1916, 5 Note.
3. P.G. Elgood, 227.
4. The Field, January 15 1916, 118-119. The Cape Route v. the Suez Canal.
5. A.J. Marder, From the Dreadnought to Scapa Flow. The Royal Navy in the Fisher Era, 1904-1919. (London, Oxford University Press, 1965), II, 336.

Bulgaria were hostile while France and Italy were the allies of Britain. They served at an immense distance from their home bases and operated from Cattaro and Pola high up in the Adriatic, despite the barrier of trawlnets across the 45-70 miles of the Straits of Otranto from 1915. Those submarines employed Germany's best commanders and inflicted heavy losses out of all proportion to their small numbers. Their activity inspired Japan to send eight destroyers to the Mediterranean to win support for her claim to all the German possessions in the Far East.

The diversion of ships to Australia from the Canal route decreased the average size of vessels using the Canal from 1916. That rerouting of traffic increased costs, coal-consumption and cargo-space required, eliminating all the economies made available by the opening of the short Suez route in 1869 and raising shipping freights because of the longer route, the fewer ships and the reduced cargo-space. The Canal Company was compelled to raise money through 5% bonds rather than 3% bonds from 1915/and to impose its first wartime surtax from April 1 1916 in order to raise more revenue from the diminished traffic, in which the British share rose to 79.4%, a proportion unequalled since 1882. The Company thereby made its tolls less competitive with those of the Panama Canal and destroyed the balance carefully established in 1913. During 1916 its receipts sank by 9% while its dividends sank by 29%. The Cape route gained what the Suez route lost. Overseas steam tonnage entering the harbours of South Africa rose by 81% during 1916.[1] That massive afflux of tonnage created serious bunkering difficulties because of the lack of adequate coaling facilities and of rolling-stock to carry coal to the ports. The resulting long delays to shipping further increased the strain on the limited amount of tonnage available. The restriction of trade between Europe and Asia reduced the competition of European manufactures in the East and facilitated the wartime industrialization of India, South Africa, Australia, Japan and the treaty-ports of China. Japanese trade expanded in Asia and in South America through the new westbound lines begun via the Cape by the Osaka Shoshen Kaisha in 1916 and the Nippon

1. Official Year Book of the Union of South Africa (Pretoria, 1918) No 1 - 1917, 558.

Yusen Kaisha in 1917. Japan reaped an especially rich harvest in the Egyptian market, dumping flour, matches and tobacco of inferior quality in the Canal Zone in the absence of competition from Europe.[1] The end of shipments of phosphates from Oceania in 1916 encouraged the beginning of phosphate exports from Kosseir through the Canal in 1917. The U.S.A. as a neutral power increased its use of the Canal during 1916 and 1917 after the U.S. Hydrographic Office published in 1916 the first edition of 'The Red Sea and Gulf of Aden Pilot' and the U.S. Steel Products Company sent its first vessel through the Canal in April 1916. The submarine menace reduced shipments of rubber through the Canal from their peak in 1915 and compelled the U.S. to accumulate stocks.

On December 29 1915 Lieutenant-General Sir Archibald Murray, the C.I.G.S., was appointed G.O.C.-in-C. of the Mediterranean Expeditionary Force which was to defend the Canal and to serve as a general strategic reserve for the Empire. He assumed command on January 10 1916 and carried forward the preparations which had been begun in December in fulfilment of Kitchener's decree. The railway to Ismailia was doubled over 49 miles in a month (December 1 - January 6) and brought the first contingent of the Egyptian Labour Corps to the Canal Zone on January 7, a Camel Transport Corps on January 13 and the Egyptian Army Reserve on January 20, so placing all the resources of the Government of Egypt at British disposal. On January 13 Murray ordered three Army Corps to the Canal to take up their positions according to the revised scheme of defence in three lines of depth along a front divided into three sections. On January 22 Murray established his G.H.Q. at Ismailia, where the French Club became swamped by British officers and the shopkeepers came into unprecedented prosperity. Thenceforward the Canal Zone became a war area as never before in its history. In the desert seven miles east of the Canal a deep line of trenches and redoubts was built for eighty miles from Kantara to the Wells of Moses and protected by matting hurdles manufactured in Port Said as well as by thirty million sandbags. These defences were manned by massed troops but were never put to the test of battle. They nevertheless prevented Turkish patrols from

1. P.G. Elgood, 288.

approaching the Canal itself after February 1916 and especially from bombarding it as Kressenstein had planned since 1915. Ancillary services were developed to supply the needs of the defence forces. Water was carried from the Sweet-Water Canal across the maritime Canal in syphon-pipes to six points. Eight short light railways were begun to defence-points east of the Canal, to free the roads for troops and guns. The Canal itself was spanned by three floating heavy-load bridges and by six light pontoon boat-bridges. Two armoured trains with mountain-guns and Maxims patrolled the railway along the west bank. To relieve the strain on the railways the first main roads were built in the Canal Zone from Tel el Kebir to Ismailia and Port Said as well as from Suez to Kubri and Chalouf. Thenceforward it became possible for the first time to travel by car from Port Said to Cairo.

Murray decided that the defence of Egypt by a strong position built close to the Canal would be wasteful in men and material over 80-90 miles and therefore proposed on February 15 the 45 miles between El Arish and Kossaima on the eastern fringe of Sinai as the true strategic base for the defence of Egypt.[1] He recommended an initial advance to a suitable position east of the water-bearing basin of Katia, 23 miles from the Canal, the construction of a railway to Katia and the maintenance there of a force of 50,000. He began to advance on February 20 and secured permission on February 27 to advance to Katia. He benefited by the Russian entry into Erzerum on February 16, which interrupted Turkish plans for attacking the Canal and led to the gradual reduction of the garrisons in Syria from 250,000 to 60,000. During March the strategic reserve of the Empire in the Delta and Canal was reduced from thirteen to seven divisions after the German onslaught on Verdun. From March 10 the Sinai Military Railway was pushed forward from Kantara over 16 miles into the desert in four weeks. That railway was accompanied by a pipe-line carrying water from the Nile and supplemented by the extension of the Salhia Railway built in 1869 to Kantara West. It advanced north-eastwards from Kantara East to follow the caravan-route along the coast under the protection of the Navy. It was built on the expensive standard gauge of 4'8½" rather than

1. G. Macmunn and C. Falls, Military Operations. Egypt and Palestine. Official History of the War. (London, H.M.S.O., 1928) I, 170-174

on the economic metre gauge. Thus Murray sought to emulate Kitchener's successful use of the railway in warfare in the Sudan and South Africa while Britain sought to lay the material foundation of a new empire. Jemal Pasha's reply was to accelerate the building of his own light "Egyptian Railway" which he intended to extend to the Canal at Ismailia so as to conquer Sinai by rail.

Murray took over command of all troops in Egypt on March 19 and ordered on April 7 a mounted yeomanry brigade of gentry and farmers to Romani, 25 miles east of the Canal, and so opened the Sinai campaign of one master-race against another. The advance of the railway encouraged the German aircraft, newly-arrived at El Arish, to bomb Katia on April 20 and Romani on April 21. Then a reconnaissance in strength of 1600 troops under Kressenstein launched surprise attacks on April 23 on the hazardous forward positions held by the British at Oghratina and Katia. Those attacks were unmatched throughout the campaign for their combined speed, skill, daring and success.[1] The whole force of yeomanry was killed or captured, compelling the War Office to conceal the details for many months. The progress of the railway was delayed while the earthworks of the Turkish railway from Beersheba reached El Auja in May. Murray immediately sent the Anzacs across the Canal on April 24 to Romani and asked the War Office on May 3 for at least three divisions, or 50,000 men, for operations east of the Canal. German aircraft first bombed Port Said on May 8 and intimidated the civilian labourers. The British in reply bombarded the German air-base at El Arish from the sea and air on May 18 and rigorously restricted entry into the Canal Zone by the military proclamation of May 18, which closed Port Said once and for all to the general public of Egypt.[2] Thenceforward Port Said was governed by English officials, save for the Governor and his deputy, and by the British Army and Navy in close cooperation. The trade in drink was controlled by the military proclamation of January 3 1916 and the trade in hashish forbidden by that of July 7 1916.

The most effective British reply was to encourage the Arab revolt through the Arab Bureau established in Cairo in January 1916 and

1. G. Macmunn, I, 162.
2. P.G. Elgood, 249-250.

through emissaries which left from Suez for Arabia as they had under Mehemet Ali and Ismail. The Hejaz had suffered more than any other land in Arabia from the effects of the war, the blockade of its seaports, and the end of the pilgrim traffic to Jedda in 1915. Sharif Hussain had served the Imperial Government since 1908 but declared that he could not participate in Jemal's projected onslaught on the Canal, fired the first shot in the revolt from his palace in Mecca on June 2 and proclaimed Arab independence outside Medina on June 5. His aspirations to dominion over fertile Syria and Palestine were doomed by the Sykes-Picot agreement of May 16 which recognized a French zone of influence from Cilicia to Mosul and an English zone of influence from Sinai to Persia, so linking Egypt to India. To support Hussain's revolt Murray was, however, instructed on June 29 seriously to prepare for the occupation of El Arish which could be held with fewer troops than the Canal, since Murray had sent away 200,000 troops for the summer offensive on the Western Front and retained only four weak T.A. divisions. The Arab revolt denied Germany the use of the Red Sea coast as a submarine base[1] and protected the British in Sinai from an attack on their right flank. It severed Turkish communications with the Yemen, diverted the interest of Jemal from the Canal to the Hejaz and locked up 65,000 Turkish troops. Above all, it undermined the loyalty to Turkey of the Arabs of Southern Syria through their sympathy with the cause of Hussain. To retain their loyalty Jemal was forced to launch another offensive in Sinai under unfavourable conditions. That advance by a Turkish Expeditionary Force of 16,000 under Kressenstein was also intended to celebrate Kressenstein's appointment to the command of a field army[2] and to drive the British back across the Canal.[3]

The advance began from El Arish on July 16 in the full heat of summer and remained unobserved by the R.F.C. until July 19. The Turks transported six-inch howitzers along an artillery-road built of brushwood trenches and reached Katia on August 3, when German aircraft attacked G.H.Q. at Ismailia. On August 4 they launched a surprise

1. H.S. Gullett, The Australian Imperial Forces in Sinai and Palestine 1914-1918. (Sydney, Angus, 1923), 80. 2. P.G. Elgood, 278.
3. Kress von Kressenstein, Die Kriegführung in der Wüste (1920), 32.

attack on Romani, the railhead since May 15, against two very raw divisions.[1] The Anzac Mounted Division paid the price for the incapacity of a British general under Murray's command and suffered the bulk of the British losses of 1130, including 202 killed and 882 wounded. Their magnificent battle-discipline nevertheless enabled them to repel the attack and to inflict 5,500 casualties, including 4,000 prisoners. The battle of Romani proved more important than that of Ismailia but has been eclipsed from history because no French fought there to defend the Canal. That decisive defeat enforced Turkish recognition of British superiority, ended the two-year siege of the Canal and even encouraged a proposal to prohibit the use of the waterway to German and Austrian vessels for ten years after the end of the war.[2] It changed the desert campaign from a defensive into an offensive operation. "The Battle of Romani was the decisive engagement of the whole Sinai and Palestine campaign".[3] The Turks evacuated their forward positions in good order and returned to El Arish. Work on the railway was resumed on August 10 and accelerated, coincident with the sabotage in 1916-17 of the Hejaz Railway which Turkey used for communication with Arabia since the outbreak of the war had denied her the use of the Canal. Murray decided to establish closer relations with the civil authority and reported on August 17 his intention to transfer G.H.Q. to Cairo. He was informed on October 4 that policy in Egypt was to be mainly defensive, though preparations would be made for an advance on El Arish. G.H.Q. was transferred on October 23 to Cairo from Ismailia, where Moascar the nearby "camp" remained a brigade-concentration point for France and Sinai.

The advance across Sinai by railway, water pipe-line and cavalry patrol took longer than any other in history. The completion of a locomotive cable-ferry at Kantara between July 16 and October 27 encouraged the revival of the idea of a Cape-to-Cairo Railway, which would be extended to link up with an Asiatic Railway.[4] The advance on El Arish was ordered on November 11 and completed on December 21, after its evacuation by the Turks. Two days after Lloyd George became

1. H.S. Gullett, 142-193
2. Manchester Guardian, September 11 1916, 4v.
3. H.S. Gullett, 189.
4. A.M. Hyamson, Egypt and Palestine. Quarterly Review, October 1916, 428-9.

Prime Minister a War Office telegram of December 9 asked Murray what additional troops he would need to act beyond El Arish. Thus Lloyd George hoped to liberate the Holy Land from the south. The Sinai Railway reached El Arish on January 4 1917. The battle of Rafa on January 9 captured the last village of Sinai from the Turk and effectively freed Egypt of the Turk. The end of the Sinai campaign permitted a reduction in the number of troops allotted to the direct defence of the Canal but reduced Egyptian interest in the prosecution of the war beyond her frontiers. The War Office ordered Murray on January 11 to release one or two divisions for France and to postpone operations in Palestine until the autumn. After the capture of Bagdad the Turks reinforced Gaza, which Murray failed to take by surprise assault on March 26. The War Cabinet then decided on March 30 on the occupation of Jerusalem but without reinforcements.[1] Murray's second defeat before Gaza on April 17-19 became inevitable after the British failed to send reinforcements and the Turks strengthened their defences. The 10,000 casualties in the unsuccessful battles of Gaza were the price paid for the advance across Sinai which had progressively extended the British lines of communication and shortened the Turkish so that in the summer of 1917 the two armies repeated with roles reversed the situation of 1915 on the Canal.

The German submarine campaign in the Mediterranean compelled the increasing diversion of traffic to the Cape route, which itself became insecure after the beginning of unrestricted submarine warfare. The Corfu Conference which began on April 27 decided to divert shipping to the Far East from the Mediterranean to the Cape route and to introduce a fast convoy-system in the Mediterranean. The first long-distance convoy started from the Mediterranean on May 10 and reached England without loss on May 20. The first eastbound convoy of four ships left Malta for Alexandria on May 22.[2] Port Said became a centre for the transhipment of cargo to fast vessels especially after ships bound for Bombay were diverted to the Cape route by June. Its harbour became so crowded with shipping that vessels were moored for 15-20

1. G. Macmunn, I, 322.
2. R.H. Gibson and M. Prendergast, The German Submarine War 1914-1918 (London, Constable, 1931), 256.

miles up the Canal.[1] Its quays became so filled with cargo that acres of fresh and distant ground were covered with goods. Its merchants established the Port Said Chamber of Commerce in 1918 as coal reached nearly tenfold its pre-war price. The needs of the war restricted international trade via the Canal to the minimum during 1917 when cargo sank to 26%, net register tonnage to 42% and civilian passengers to 10% of the 1913 level. Four successive increases in toll raised dues 36% above the level of 1913 or to the pre-Panama level of 1903-5. Dividends declined to 33% of their 1913 level in the fourth successive reduction, a sequence thitherto unknown to the Company. The market value of the British Government's shares only declined by March 31 1917 to 70.4% of their value on March 31 1913.

Murray was recalled on June 11 1917[2] and returned to London infuriated at his supersession because he had obeyed every demand by the War Office to yield up troops for France. On June 11-12 Jonnart, the President of the Canal Company and the envoy of France and the Allies, presented an ultimatum in Athens and so secured the abdication of the King of Greece, the accession of Venizelos to power and the entry of Greece into the war on the side of the Allies, so raising Greek shipping using the Canal from 55,000 tons in 1916 to 358,000 tons in 1917. Allenby's assumption of command of the Egyptian Expeditionary Force impressed Turkey with the imminence of a large-scale offensive against Palestine. For that offensive Allenby was given the troops denied to Murray and built up a vast base at Kantara, which gained ocean wharves and became an alternative seaport to Alexandria as well as an immense garrison town extending for four miles along the Canal and for four miles into the desert. Oswald Sanderson, who had been a director of the Canal Company since 1910, organised Mediterranean shipping so as to increase its capacity and arranged for the construction of a railway swing bridge at Kantara. The first Through Mediterranean Convoy sailed from Liverpool on October 3 for Port Said, losing only two of its eleven large ships between Crete and Alexandria. After the first United Kingdom Convoy left Port Said on November 16 priority cargo from India and the Far East could be carried by a fleet of 90 instead of 130 steamers, freeing 40 for the North Atlantic route.

1. P.G. Elgood, 66-67.
2. G. Macmunn, I, 368.

The submarine campaign proved a far graver menace than the hussar-raids on the Canal itself. 5,000,000 tons or 38.5% of the 13,000,000 tons of Allied and neutral shipping sunk by submarine was lost between Gibraltar and Port Said.

Allenby's advance with the largest army ever to enter Palestine began on October 27 1917 and frustrated Enver's plan to launch a great offensive in Sinai. Gaza fell on November 7 but did not become a Cannae as Allenby had intended. The Balfour Declaration of November 2 committed the British Government to the support of a Jewish National Home, by which the Zionists understood the Jewish State of Herzl. Jerusalem was captured on December 8 by Christian soldiers for the first time since 1187 and provisioned from Egypt. Allenby's campaign encouraged the revival of Brugsch's theory of 1874 which had chosen the northern route for the Exodus of Israel from Egypt, the location of the "crossing" of the Pelusiac branch of the Nile in the Salhia-Kantara region, the location of the destruction of Pharaoh's Army in the Serbonian triangle of land flooded in 1914 and the identification of Israel's route across North Sinai with that followed by the Desert Column in 1916.[1] Russia's surrender of the heartland of Eastern Europe at Brest-Litovsk made possible the German occupation of the Ukraine and the Crimea. Thus Mitteleuropa threatened to outflank both the Canal and the Euphrates Valley Railway,[2] which had been revived in 1917[3] together with the idea of a Hindu Kush Railway between London and Delhi. Germany could either open a new route to India via Batum, Baku, Bokhara or follow the westward advance of Persian, Macedonian, Roman and Turk along that fertile crescent between the Mediterranean and the desert which formed an intercontinental bridge "strategically like a four-hundred-mile prolongation of the Isthmus of Suez northward".[4] To preclude such a danger Britain was urged to establish a protectorate over Palestine, Syria and Armenia as well as to fortify the Taurus and Amanus tunnels above Alexandretta as an Asiatic Gibraltar protecting

1. W. Willcocks, From the Garden of Eden to the Crossing of the Jordan. (London, Spon, 1919).
2. J.A.R. Marriott, The Eastern Question. An Historical Study in European Diplomacy. (Oxford, Clarendon Press, 1918 2nd edition), 491, 510.
3. H.C. Woods, The Bagdad Railway and its Tributaries. Geographical Journal, July 1917, 32-57.
4. J.H. Breasted, The Bridgehead of Asia Minor. The Nation, June 8 1918, 676.

Quarterly Review, October 1917, The Bagdad Railway Negotiations.

Suez, the key of the Pacific[1] and "the crossways of the world".[2]

The collapse of the Ottoman Empire made possible the last and greatest expansion by the Christian West at the expense of Islamic power. It enabled Britain to move into a power-vacuum and partially to fulfil the dreams of Disraeli and Salisbury of 1878, although in the southern rather than in the northern provinces of the Empire.[3] Arabia gave England its war-hero. Sinai, Palestine and Mesopotamia gave England territorial compensation for the tremendous loss of life on the Western Front. The extension of British power eastward from Egypt was symbolized by the completion of the railway swing-bridge across the Canal three miles north of Kantara between November 22 1917 and April 29 1918. That bridge restricted the fairway to 138 feet and was built against the opposition of the Canal Company. It replaced the time-consuming locomotive-ferry and encouraged the Ministry of Shipping to consider in May 1918 building a port at Kantara It was used for the first through-train from Jerusalem to Cairo on June 15 1918 and functioned so well as to encourage the idea of replacing it by a permanent bridge.[4] The Sinai Military Railway became the first railway link between Africa and Asia and was extended to the port of Haifa in December 1918. The British occupation of Palestine as a strategical buffer was justified by Curzon to the War Cabinet in December 1918 as necessary for the most effective and economic defence of Egypt and the Canal. The Sinai and Palestine campaign converted Australian hostility toward the Canal into fealty, gave Australians an intimacy which they had never known before with the Canal region as distinct from the Canal towns[5] and brought them into touch with their non-Australian past, although they were embarrassed to be called the new Crusaders.[6] Thus British interests in the Canal were reinforced by the interest of the two white dominions east of Suez, to which 56,000 troops were repatriated via the Canal in 1919.

1. J.H. Breasted, 677-8.
2. H.J. Mackinder, Democratic Ideals and Reality. A Study in the Politics of Reconstruction. (London, Constable, 1919), 143.
3. L. Bashford, Allenby's Victories and Britain's Opportunity. Nineteenth Century, December 1919, 1017-25.
4. The Engineer, August 22 1919, 176. Temporary Swing Bridge over the Suez Canal.
5. J. Pichon, Sur la Route des Indes. Un Siècle après Bonaparte. (Paris, Société d'Editions Géographiques, 1932), 18.
6. R.E.C. Adams, The Modern Crusaders. (London, Routledge, 1920).

The protection afforded to the Canal by the Convention of Constantinople had suffered erosion during the war. Britain began by respecting the Convention as far as possible but found it necessary to fortify the waterway and to mount coastal-defence artillery at its ports of access. She stationed warships in its interior waters and forbade the nocturnal transit of merchant-shipping. Search-stations were established and ships were searched with their consent within the three-mile limit after 1915. In effect Britain blockaded the Canal against hostile shipping and restricted the freedom of navigation to freedom of passage alone. The purpose was to prevent enemy ships from blocking the Canal by sabotage, the result was to exclude enemy ships from the Canal and to preserve its exclusive use to the Allies and to Britain in particular. Britain increased her share of the tonnage to the peak of 79.5% in 1918. She made the Canal Zone[1] a theatre of war but did not detach it from Egypt as Panama had been from Colombia. She disembarked and assembled troops along the Canal, developed communications in the zone and built 200 miles of metalled roads. She created at Kantara a base for the invasion of Palestine. In effect Britain treated the Canal at least from 1916 as a British territorial possession with the compliance and cooperation of the Canal Company. Thereby she proved that the Convention of Constantinople could not be maintained in any respect which was contrary to the policy of the territorial power and could become if necessary "a scrap of paper". Britain infringed almost every article of the Convention, systematically restricting the rights thereunder of neutrals and even of signatory powers. British lawyers provided the legal formulae which justified such an exercise of British belligerent rights. Their judgments interpreted the Convention restrictively and refused to impose penalties for its violation because the Convention itself made no such provision. They nevertheless paid homage to the Convention by classifying the prizes taken in 1914 as seizures on the high seas rather than as seizures in port[2] and by holding the seizure in 1916 of the unseaworthy fleet of lighters and tugs of the Deutsches Kohlen Depot Gesellschaft

1. P.G. Elgood, 246. "Canal Zone" was used by Murray on June 1 1916 and may have been used as early as December 1914.
2. Lloyd's Reports of Prize Cases, VIII, 465-467, June 5 1919, Derfflinger, Lord Phillimore.

to have taken place on Egyptian soil outside the waters of the Canal.[1] In the peace treaties of 1919-20 Britain assumed the rights of the Porte over the Canal, ending the juridical links between Turkey and the Canal as well as the special position of Turkey under the Convention. Thereby the formal structure of British preponderance over the Canal was completed and her wartime policies in defence of the Canal were given retro-active justification. The Convention remained in force, although Britain retained a privileged territorial position in relation to the Canal in defiance of the self-denying twelfth article. Britain even sought to extend the absolute freedom of navigation through the Canal to the Kiel Canal and, in the abortive Treaty of Sevres in 1920, to the Dardanelles.[2]

1. The Law Times Reports, 120, 103-106, December 13 1918, Deutsches Kahlen Depot Gesellschaft, Lord Sumner.
2. E.A. Whittuck, International Canals. (London, H.M.S.O., 1920. Peace Handbook No.150.)

THE BRITISH EMPIRE OF THE MIDDLE EAST AND THE PERSIAN OIL TRADE, 1920-1930.

The collapse of the Ottoman Empire enabled Britain to extend its influence over the land-bridge between the Mediterranean and the Persian Gulf, to establish its power in the Euphrates Valley in fulfilment of the aspirations of generations of Anglo-Indians and to realise the imperial dream of a Southern Asia British from Suez to Singapore, with vassal-states from Palestine to the Pamirs. In Persia a British protectorate seemed essential to control the gateway to India against the new revolutionary threat from the north. "The Persian revolution may become the key to the revolution of the whole Orient, just as Egypt and the Suez Canal are the key to English domination in the Orient. Persia is the 'Suez Canal' of the revolution. By shifting the political centre of gravity of the revolution to Persia, the entire strategic value of the Suez Canal is lost".[1] The renaissance of indigenous Asia in 1919-20 frustrated the full realisation of Britain's ambitions. The war which impressed Asia as a civil war within Christendom began the deglorification of Europe in Asia. The postwar renaissance of Asia depressed northbound cargo shipments between November 1919 and August 1921 and attracted Indian enterprise into the field of shipping through the Scindia Steam Navigation Company, Limited, which was founded on March 27 1919. The 'Empress of India', laid up by the C.P.R. in 1914, was renamed the 'Loyalty' and left Bombay on April 5 1919 with seven rulers of Indian states on board, so beginning the first steamship service between Bombay and London beneath the Hindu swastika flag.[2] Japan benefited from the wartime suspension of the services of the German lines and from the wartime needs of the Allies for shipping to expand its tonnage using the Canal markedly in 1918-20. In 1919 the Osaka Shoshen Kaisha launched the 'Suez Maru' and the Kokusai Kisen Kaisha the 'Portsaid Maru'. Japan which had ranked sixth in 1913 and fourth in 1915 rose

1. I. Spector, The Soviet Union and the Muslim World 1917-1958. (University of Washington Press, Seattle, 1959), 84-85, quoting K. Troyanovsky, Vostok i Revolutsiya, 1918.
2. T.S.S. Rao, A Short History of Modern Indian Shipping. (Bombay, Popular Prakashan, 1965), 81-82.

to assume the second place in 1919 and 1920 with 9.1% of the Canal's tonnage. Thus its Canal tonnage expanded outside the trade with Japan and far beyond the limited base of subsidised mail tonnage. Its tonnage failed however to maintain the second place to Britain after the peak year of 1920.

The renewed expansion of European enterprise in Asia and Africa was reflected in the sharp increase in the shipments to Britain of sugar from Mauritius in 1919, and in the beginning of the shipments of soda from Lake Magadi in Kenya in April 1920, chrome from India and Africa in 1920, bauxite from India in 1921 and wattle-bark residue from Durban in June 1921. The wartime growth of industry in Asia made possible the increasing shipment of jute sacks from Calcutta, which exceeded from 1919-20 the weight of raw jute exported. Coconut oil was also shipped in tankers from Batavia and Manila from 1919 in competition with soya oil. Cast iron was first shipped through the Canal from Bengal to the U.S.A. in April 1923. Eggs were first shipped from China in 1922: the first bulk shipment of preserved eggs from Hankow to Liverpool passed through on September 20 1923.

Egypt like other primary producers had benefited from the wartime inflation of prices and especially from the boom in cotton. Its delegation or Wafd of twelve was led by Saad Zaglul, the secret adviser of Sultan Fuad since 1917, to ask the British High Commissioner for independence for Egypt and the Sudan and the end of the protectorate proclaimed in 1914. The request was refused and Zaglul was deported with three other leaders to Malta. The resulting rebellion surprised the remaining nationalist leaders by its scale, its speed and its force, showing that Egypt had gained a new national symbol in the Wafd and a new leader in Zaglul. Determined efforts in the Canal Zone to enlist the support of the Egyptian Labour Corps[1] compelled the Government to order the Anzacs on March 17 1919 from Rafa to the Canal. Sir William Garstin, who had been greeted with enthusiasm by the fellahin on a farewell tour of the Delta when he retired as Director of Public Works in 1908, felt compelled to resign the position he had held for twelve years as an official director of the Canal Company, provoking a question in the Commons which remained

1. P.G. Elgood, Egypt and the Army (1924), 241.

unanswered. Jonnart explained that his resignation at the age of seventy was due to the rigid age-limit fixed by the Government,[1] which then appointed as Garstin's successor Lord Downham, who was 76. The revolt encouraged Colonel Meinertzhagen, a sympathiser with Zionism since 1917 and a member of the British Delegation at the Peace Conference, to recommend to Lloyd George on March 24 the annexation of Sinai beyond the Canal as an insurance against the rise of Jewish and Arab nationalism and as a prelude to the construction of an Akaba Canal.[2] That proposal was in accordance with Zionist aspirations to include Sinai within the boundaries of historic Palestine in the belief that the area east of the Canal was indefensible by Egypt. After Zaglul and his companions were released a strike of the Canal Company's employees broke out on May 13. The stoppage of work in Port Said spread to Suez and Ismailia to become the first general strike in the history of the Company since 1882. It reduced share prices by 9% between May 2 and May 23. It compelled the Company and the Government to maintain transit through the Canal in its fiftieth year of operation with naval and military help, including that of the Egyptian Labour Corps in coaling.[3]

The unrest in Egypt led the Government to appoint Allenby as High Commissioner and Balfour to affirm in the Commons Britain's refusal to surrender any of its responsibilities in Egypt and the Sudan. "In our view the question of Egypt, the question of the Sudan and the question of the Canal, form an organic and indissoluble whole.... British supremacy exists, British supremacy is going to be maintained, and let nobody either in Egypt or out of Egypt make any mistake upon that cardinal principle of His Majesty's Government".[4] Balfour's statement bound together in an indivisible trinity the three regions which Cromer had maintained in discreet separation and was as unequivocal as the succeeding boycott of the Milner mission by the whole of unofficial Egypt. Meinertzhagen as Chief Political Officer

1. Hansard, Commons Debates, March 20 1919, Earl Winterton. Le Canal de Suez, 20 juin 1919, 6135. C. Jonnart, June 16.
2. R. Meinertzhagen, Middle East Diary, 1917-1956. (London, Cresset, 1959) 17-19, March 24 & 25 1919.
3. Hansard, Commons Debates, May 22 1919, G. Hirst; June 4, T. Griffiths & F. Roberts.
4. Hansard, Commons Debates, November 17 1919, 771, Balfour.

in Palestine, again urged the annexation of Sinai on Allenby so as to give Britain "a stranglehold on the Canal".[1] The use of Sinai as a base and the evacuation of British troops to Kantara was also urged by Zaglul when he was persuaded to visit London on June 7. Milner rejected that demand because the permanent occupation of the Canal Zone by British troops might be challenged as a breach of its neutrality and because Egypt had become a nodal point for imperial communications by land and air as well as by sea.[2] After further strikes in 1920 had convulsed the great family of the Suez Canal the Company raised the wages of its 2500 workmen substantially, increased sick-pay, introduced an eight-hour day and a six-day working week, granted holiday-pay to workmen with two years service and admitted workmen to an indirect share in the 2% of the profits reserved for the staff.[3] Those concessions compelled the Company to build up its pension funds from 1920.

The new empire of Western Asia was built upon the Cairo-Bagdad axis because Mesopotamia became more important than Arabia after Hussain's regular army was destroyed in 1919 by the Wahhabis of Saudi Nejd. Churchill transferred the administration of Palestine, Transjordan and Mesopotamia from an interdepartmental conference of the Foreign Office, the India Office and the Colonial Office to a Middle East Department created on March 1 1921 within the Colonial Office. The 'Middle East' which had been created in 1902 to designate the region of India and the Persian Gulf was thereby extended to Western Asia while 'Near East' was restricted from 1920 to the Balkans.[4] The unity of the region became strategic rather than ethnic or religious and enhanced the pivotal role of the Canal Zone. Churchill was converted to a land-based loyalty to the Canal which he could not give to the Canal as a maritime artery: he provided for the construction of aerodromes in the Canal Zone in anticipation of the beginning of the desert air route over the 860 miles from Cairo to Bagdad.[5] That service was first opened by the R.A.F. on June 23 1921 and first

1. R. Meinertzhagen, 68, 115, January 5 1920.
2. A. Milner, Report of the Special Mission to Egypt, December 9 1920, 28-29. The Defence of Imperial Communications.
3. I. Malcolm, The Suez Canal. National Review, May 1921, 366.
4. R.H. Davison, Where is the Middle East? Foreign Affairs, July 1960, 668.
5. The Times, March 8 1921, 13iv.

carried the public air mail to the East from London on October 13 1921. It became the core of the projected imperial air route to India as a Suez Canal of the air and made Palestine as well as the Canal Zone into links in the imperial system of communications. Above all, it enabled Mesopotamia to be reinforced in 24 hours from Egypt or Palestine, permitted the reduction of local forces to a minimum and facilitated the use of the R.A.F. as an air-police. The rail route between Egypt and Palestine encouraged the projection of a Calais-Constantinople-Kantara Railway, which would link up with a Cape-to-Cairo Railway across the barrier of the Canal. "Africa is not an island to be cut off from Eastern Europe or Asia by a ribbon of water one hundred odd feet wide!".[1] The Canal Company however sought to restore the prewar function of the waterway as a highway between East and West and as an unbridgeable barrier between Africa and Asia. The railway bridge completed in 1918 across the waterway was therefore condemned on November 9 1920 by the International Works Commission of the Company and was removed in March 1921 after a prolonged visit paid by Jonnart to Egypt. The premises of the Canal Company in the Canal Zone were also evacuated by British troops in 1921 after a definite date had been fixed for the beginning of the payment of rent. The disintegration of Kantara as a military metropolis in 1922 destroyed the hope that it might become a port on the trade-route between Egypt and Palestine. The Canal remained the customs- and quarantine-frontier of Egypt while the Sinai Military Railway was taken over by the Palestine Administration.

Renewed disturbances in Alexandria on May 23 1921 accelerated the end of the protectorate. Britain's intention to replace the protectorate by a treaty of alliance encouraged the Canal Company to propose the prolongation of its concession for a further 40 years on the model of the Convention of 1909 as an appropriate clause for inclusion in such a treaty.[2] Thus the Company sought to provide security for its sixth improvement programme for a general deepening of the channel to 42' 7". The negotiations of 1921 failed because

1. L. Weinthal, The Story of the Cape to Cairo Railway and River Route from 1877 to 1922. (London, Pioneer Publishing Company, 1923), II, 510.
2. I. Malcolm, The Suez Canal. The National Review, May 1921, 366-367
G. Douin, Le Canal de Suez. La Revue Maritime, Décembre 1920, 491.
P.G. Elgood, The Transit of Egypt. (London, Arnold, 1928), 282 Note.

Curzon could not accept the restriction of British troops to the Canal Zone but insisted on freedom of movement for them throughout Egypt. "Egypt lies upon the main line of communications between Great Britain and the King's dominions to the east. The whole territory of Egypt is indeed essential to those communications, since the fortunes of Egypt are inseparable from the security of the Suez Canal zone".[1] Zaglul's deportation via Suez on December 29 to the Seychelles inspired Egypt to imitate the passive resistance of India in Port Said and Suez as well as in Cairo and Alexandria. Allenby then visited London on February 9 1922 to compel Lloyd George to make concessions to Egyptian opinion, reducing the value of the Canal Company's shares by 7% between February 6 and February 20. The Declaration presented to Sultan Fuad on February 28 was a unilateral act by Britain and a poor substitute for an Anglo-Egyptian Treaty. It recognised Egypt as a sovereign and independent State, ended the employment of British officials in the internal administration of Egypt and terminated England's mission to bring civilisation to the land of the Pharaohs. It insisted however that the Government should preserve internal order and security, i.e. repress the nationalist agitation, whilst it reserved to the absolute discretion of the British Government four great rocks of offence to the nationalists in imperial communications, defence, foreign minorities and the Sudan. The reservation of imperial communications first implicitly assumed that the Canal was a major imperial highway and that its free use was a permanent and vital interest of the British Empire. The Declaration did not explicitly mention the Canal and seemed to neglect the securities already provided by the Convention of 1888. In effect imperial communications had expanded from the Canal, the mail-lines and the cable to include the air-service from Cairo to Bagdad and those air-services projected from Cairo to Karachi, Khartoum and Cape Town as well as the Sinai Railway with its projected extensions from Cape Town to Cairo and from Haifa to Bagdad. The Canal undoubtedly appealed far more to the imagination of Britain than the other means of communication. "We talk about the Suez Canal with as much emotion as we do about the Strand".[2] The whole of Egypt however as the

1. The Times, December 5 1921, 14iv. Curzon's letter of December 3 to Sultan Fuad.
2. The Times, April 24 1922, 13-14. Lord Northcliffe, The Main Artery. Suez Canal Today. Some Facts and Reflections.

central junction of the Empire seemed best fitted to become "a barracks for the Empire".[1] Thus imperial communications were elevated above the interests of Egypt, above the interests of the Powers and above all other considerations of the international function of the Canal.

The end of Cromerism in Egypt compelled Jonnart to explain to his shareholders on June 4 1923 that the rights and organisation of the Company rested on concessions and statutes independent of the Egyptian regime.[2] The emergence of Egypt as a new nation-state inspired Meinertzhagen to recommend on July 6 that the Canal should be made an International Waterway under the control of an international commission.[3] His renewed suggestion for a British base in Sinai was however rejected on July 12 by the Committee of Imperial Defence. Transit through the Canal was in effect protected against the new nation-state by the International Court of the Hague in its decision in the 'Wimbledon' case. The majority of judges ruled on August 17 1923 that transit through the Canal was free without distinction of time, flag, destination or cargo and that the free use of the Canal by belligerents was not incompatible with the neutrality of Egypt. Judges Anzilotti and Huber in their dissenting judgment argued that freedom of transit was absolute only in peacetime. The Egyptian delegation led by Zaglul to Lausanne had demanded on November 21 1922 the consecration of the neutrality of the Canal in accordance with the principles of 1888 and of the independence of Egypt as the surest protection for that neutrality. The Treaty of Lausanne of 1923 restored Turkey and Russia to their historic position in the Eastern Mediterranean by establishing freedom of passage through the Dardanelles and eroding the quarantine-belt established around Soviet Russia by Clemenceau and Churchill. The flag of Imperial Russia which had continued to use the Canal between 1920 and 1922 gave way to the flag of Soviet Russia which was first carried through the waterway by the 'Dekabrist' on June 19 1923 en route with salt from Eupatoria to Vladivostock and by the 'Lenin' in November 1923 en route from Vladivostock to Petrograd.[4] Thenceforward Russian oil began to oust

1. D.H. Cole, Imperial Military Geography. (London, Praed, 1924), 39, 192.
2. Le Canal de Suez, 5 Juin 1923, 6542.
3. R. Meinertzhagen, 132.
4. Le Canal de Suez, 15 Janvier 1924, 6634. Le Role de la Russie dans le Trafic du Canal de Suez.

American oil from the markets of Asia, where it had reigned unchallenged from 1915 to 1923.

The defeat of British policy in Turkey and Persia made Mesopotamia more important than ever. Bagdad was linked to Damascus by a motor-car service pioneered across the 513 miles of Syrian desert by two ex-New Zealand officers, N. & G. Nairn.[1] That service linked up with the P. & O. and the Haifa Railway and carried the weekly mails from Port Said to Bagdad in the contract time of 60 hours and from London to Bagdad in 9 days against the 24 days taken by the sea-route, the first leaving London on November 22 1923. Thus Bagdad came to enjoy the benefits of rapid communication which Khartoum had known since 1907. The Kantara-Haifa Railway became a vital link in the imperial communications between London and Bagdad. The new service did not however become a new mail-route ot India, because the service was extended to Tehran not by the Nairns but by Lebanese enterprise. The new British empire of the Middle East failed to form a continuous territorial bloc between Egypt and India. It was nevertheless a land-empire rather than a sea-empire of islands and had to be defended from the land rather than from the sea. Its basis remained strategic more than economic because the region failed to develop a staple export. Its structure magnified the function of the region as a transit-route at the expense of local interests. Its creation entailed the frustration of Arab aspirations to an Arab empire, the suppression of Arab revolts in Syria and Mesopotamia, the division of the Moslem Arab world into artificial units with no moral basis in the eyes of their inhabitants and the exclusion of the Moslem Arabs from the political community of their own historic domain. The sole homage paid by that empire to Arab unity was the Arab Legion created in 1920, when the Arab Bureau was dissolved. That empire was imposed by force in defiance of wartime promises of independence and maintained by indirect rule through the mandate and the treaty of alliance. Local rulers and local elites were supported by British power, the R.A.F. and a network of strategic communications. Arabia, especially Wahhabi Nejd and Zaidi Yemen, alone remained in possession of their full independence. The frontiers imposed on the other states failed to recognise that the

1. C.P. Grant, The Syrian Desert. (London, Black, 1937), 270-289. The Establishment of Motor Transport.

Arab was, above all, a believer. The reappearance of the first pilgrims in the Canal in July 1922 under the Syrian flag marked the return of the Arab world to its fundamental allegiance at the same time that a romantic vision of an Arabia of the sheikhs was built up in the mind of the West through history, novel, play, song, film and opera. The "Middle East" was detached from Asia in the Western mind as effectively as "Mesopotamia" from Iraq. The Shiah masses of Iraq were offended by the support extended to the Sunni notables while the Sunni Arabs of Palestine were offended by the amputation of "Transjordan" and by the creation of a Jewish National Home to provide security for the eastern flank of the British base in Egypt and a staging-post between Cairo and Bagdad. That Home never enjoyed the active support of any British Government after the fall of Lloyd George in 1922 or of any British officials habituated to the imperial tradition of Moslem India. The Arabs feared that such a Home would become the basis of Jewish territorial expansion. France was embittered by the failure of her previous struggles against England for empire in India and the Levant. She regarded the whole of historic Syria as her heritage but was compelled to accept inferior status in the Levant so that Tripoli became the bitter rival of Haifa. France no longer required British support against Germany in Europe while England no longer required France as a counterpoise against Russia in Western Asia. France became overpowered by envy of the British Empire and of the British "masters of the sea, the coal and the oil".[1] French resentment restored to the Egyptian nation the support of a Great Power and undermined the security of the Mediterranean route through the Franco-Italian rapprochement, whose creator Camille Barrère, French ambassador at Rome from 1897 to 1924, succeeded Courcel on the board of the Canal Company in 1923. Within the new structure of power the Canal and the Canal towns ceased to be eccentric and became a potential central base of operations by virtue of their pivotal location. The vulnerability of the Canal to attack from the land was increased[2] while the position of the Canal Company was threatened more by the overwhelming victory of the Wafd in Egypt's first

1. J. Aubemar, Les Maîtres de la Mer, de la Houille et du Pétrole. L'Impérialisme Anglo-Saxon. (Paris, Nouvelle Librairie Nationale, 1923).
2. D.H. Cole, 205-7.

parliamentary elections in 1923 than by the threat of the Egyptian Communist Party to nationalize it. Inchcape was elected chairman of the London Committee on January 9 1922 and a vice-president of the Company on February 6 after the death of Sutherland at the age of 88. He advised against a proposal by the Foreign Office in September 1922 that the Company should be asked to increase the number of British directors on the board. Thus he maintained Sutherland's Francophile policy.

Negotiations were renewed between England and Egypt after Ramsay Macdonald and Zaglul gained supreme office. Zaglul's claim that the British Government should abandon their claim to share in any way in protecting the Canal reduced the value of Suez shares by 34% from 14,900 francs on March 7 to 9,900 on March 27 1924. England's first Labour Premier explicitly based imperial defence on the Canal as no Liberal or Conservative Premier had done and affirmed that the free use of the Canal in peace and war was "the foundation on which the entire defensive strategy of the British Empire rests".[1] Zaglul suggested that the defence of the Canal could be undertaken from Palestine or entrusted to the League of Nations as an international route under the Convention of Constantinople. Britain could not accept "a piece of paper" as a sufficient material and positive guarantee of her imperial communications[2] because security of passage through the isthmus was such "a matter of life and death to the Empire",[3] that the loss of the Canal could only be outranked in gravity by the destruction of the Fleet or of the Army. After Zaglul broke off negotiations over the Sudan and returned from London empty-handed Egyptian nationalists assassinated on November 19 Sir Lee Stack, Sirdar of the Egyptian Army and Governor of the Sudan. The resulting crisis in Anglo-Egyptian relations enabled Fuad to dismiss Zaglul and dissolve the Chamber. Britain annexed the Sudan, Sudanized its administration, army and trade and so discarded Cromer's dogma that the Nile was Egypt's river. At the same time French hostility destroyed the security of the Mediterranean through the development of the submarine and the aircraft. Percipient military observers concluded that the

1. J.R. Macdonald, Despatch to H.M. High Commissioner for Egypt and the Sudan, October 7 1924 (Cmd. 2269 of 1924), 3.
2. The Times, October 21 1924, 13v.
3. P.G. Elgood, Egypt and the Army (1924), 79, 223.

Canal could not be the "vital artery of the British Empire"[1] and that the Mediterranean had become the Achilles' heel of England.[2]

The Canal nevertheless remained a corner-stone of the Empire and an "English stream".[3] The Canal Zone became increasingly integrated from 1926 into imperial communications by road, rail and air[4] while the Canal Company became a reluctant and unofficial servant of the Empire. Port Fuad was inaugurated on December 21 1926,[5] to provide houses for the 1300 employees in the workshops of the Canal Company on the Asiatic bank, to avoid a daily ferry service for them across the harbour and to create a model township like Ismailia but insulated from postwar Port Said.[6] It was also intended to replace Kantara as the railhead of the Palestine Railway and to attract traffic from Syria and Mesopotamia. The Company hoped Port Fuad would be linked by rail to Kantara and then to Akaba and was prepared to lay a short link line over thirty miles to Romani. Experimental shipments from Palestine had been made via Port Said at higher prices than those made via Jaffa and were followed by the re-export of Jaffa oranges as well as by the import of goods for Palestine. From 1927 Port Said was also linked to Cairo by a Pullman service which connected at Kantara with the Palestine Railway to Haifa and at Cairo with the Star of Egypt Express begun in 1926 to Luxor. The resumption of negoiations between England and Egypt in 1927 encouraged Egypt to hope for the withdrawal of British troops from Cairo to the Canal Zone and for the transfer of the Canal to the League of Nations while Palestine hoped to incorporate Sinai as part of the same bargain. A Zionist Radical recommended the occupation or lease of Sinai with a six-mile

1. F. Maurice, British Policy in the Mediterranean. Foreign Affairs, October 1926, 111-112.
2. B.H. Liddell Hart, Paris or the Future of War. (London, Paul, 1925), 66-68.
   D.H. Cole, Imperial Military Geography (1924), 44-47.
3. P. Crabites, The Suez Canal as an International Waterway. Current History, May 1926, 221.
4. M.B. Stratton, British Communications in the Middle East 1885-1939. The Development of Imperial Railways, Motor Roads and Air Lines. (Ph.D. Thesis, University of Pennsylvania, Philadelphia, 1942).
5. The Times, December 21 1926, 13-14. Port Fuad.
6. H. Lorin, L'Egypte d'Aujourd'hui. Le Pays et les Hommes (Le Caire, 1926) 114-115, 175.
   J. Cattaui, L'Egypte. Aperçu Historique et Géographique. (Le Caire, 1926), 320-350, G. Douin, Les Ports et la Navigation Maritime.

strip to the west of the Canal in exchange for Egypt[1] and, after negotiations broke down over the Sudan, the withdrawal of the Army to the Canal and the protection of the Canal by the Fleet.[2] Hoare's flight from Croydon to Delhi which carried him over Kantara on January 1 1927 inaugurated a civilian service by Imperial Airways from Cairo to Basra in place of the military service. The establishment of a direct-beam radio service to Australia, South Africa and India in 1927-28 ended the great age of cable communication and encouraged the Canal Company to introduce radio-telegraphy and radio-telephony in 1927.

The Company replaced eight of its directors in 1925-28 as well as its President. Jonnart who died in 1927 after 15 years as President was succeeded by Vogüé. The Marquis Louis de Vogüé (1868-1948) was a grand seigneur, like his father-in-law, Arenberg, and a scion of one of the oldest families of France. He was a landowner at Oizon in Arenberg's department of Le Cher and became the third landowner from Berri to preside over the Company. His grandfather had been a Legitimist who had retired to his estates in 1830. His father had been an archaeologist and diplomat, the ambassador of France at Constantinople (1871-75) and at Vienna (1875-79) as well as the French representative at the Conference of Constantinople of 1873. Vogüé became president of the Société des Agriculteurs de France founded by his grandfather and presided over by his father. He also became president of the Union Centrale des Syndicats Agricoles and a member of the Academy of Agriculture. Elected to the board of the Canal Company in 1919 he was chosen as President on April 4 1927 at the age of 59, the same age as Arenberg had been on his election to the presidency in 1896. Vogüé was a traditionalist who aspired to a conscious emulation of the presidency of Arenberg and of the Company's golden age. Immediately his election was welcomed by the Bourse, where the value of the Company's shares rose by 6% between April 4 and April 28. Vogüé developed a special affection for the "great family of the Suez Canal". He sought to maintain the entente cordiale and

1. J.C. Wedgwood, The Occupation of Egypt. Contemporary Review, February 1927, 155.
   Manchester Guardian, February 23 1927, 8v.
2. Manchester Guardian, June 4 1927, 7ii.
   J.C. Wedgwood, The Seventh Dominion. (London, Labour Publishing Company, 1928), 3.

became president of the Association France-Grande Bretagne established in 1916. He was also honoured by the visit paid by King Fuad to the Company offices in Paris on October 21 1927, the first visit by a ruler of Egypt since that by Ismail in 1867. Like Arenberg, Vogüé became a director of the P.L.M. and the Anzin Mining Company. He also joined the board of the Péchiney Company, the leading chemical firm. He represented the agricultural interest as regent of the Bank of France from 1928 and became one of the three directors of the Bank for International Settlements established in 1929. The excellent administration of the Company under his regime strengthened its resistance to any suggestion for the transfer of the Canal to an international commission.[1] His reign nevertheless saw a serious weakening in the moral foundations of the Company in Europe.

The division of the postwar world between the satisfied and the unsatisfied powers was reflected in a new interpretation of the history of the Canal sharply opposed to the accepted tradition of the victor-powers reiterated by Vogüé, who recognised the Canal as an "instrument of progress and peace put in your hands by the genius of a Lesseps".[2] The established Francophile tradition was given new vitality by the exaltation of the Allied victory and was crystallized in the form of literary history,[3] diplomatic history[4] and economic history. The prewar biographical framework of its history gave way to a more impersonal approach which stressed the economic function of the Canal and the financial success of the Canal Company.[5] Thus the scholars of the London School of Economics helped to embed the Canal in the impersonal structure of the shipping routes of the Empire[6]

1. J. Benno, La Situation Internationale du Canal de Suez. (Lyon, Bosc, 1929), 170.
2. Le Canal de Suez, 15 Juin 1927, 7169
3. R. Sencourt, India in English Literature. (London, Simpkin, 1925), 434, 449, 450, 452, 456.
4. J.A.R. Marriott, The Egyptian Factor in European Diplomacy (1798-1898). Edinburgh Review, July 1924, 41-42.
5. P. Dupont-Ferrier, Le Marché Financier de Paris sous le Second Empire. (Paris, Alcan, 1925), 13-14.
6. A.J. Sargent, Seaways of the Empire. Notes on the Geography of Transport. (London, Macmillan, 1918), 45-86.
   A.W. Kirkaldy, The Trade, Commerce and Shipping of the Empire. Hugh Gunn (ed) The British Empire A Survey. (London, Collins, 1924), VII, 77-84.
   A.C. Hardy, Seaways and Sea Trade. (London, Routledge, 1927), 59-79 Ship Canals.

and the economic history of England, India and China.[1] The older biographical approach shifted its focus when Voisin Bey's grandson first gave his grandfather the credit he had been denied under Lesseps for the construction of the Canal.[2] Lesseps was also attacked from the U.S.A.[3] but was reincarnated as a type of the Latin genius in contrast to Rhodes the type of the Anglo-Saxon genius.[4] "Ferdinand de Lesseps had built one canal; another destroyed him. Here is a theme for Shakespeare".[4] The postwar friction between England and France encouraged emphasis on the French achievement in the wartime defence of "the main artery through which circulates the life-blood of the world and particularly that of the British Empire".[5] French scholars also investigated the origins of the deep-seated English opposition to the opening of the Suez route.[6] Such shifts of emphasis however all took place within the prewar frame.

A fundamentally alien tradition of historical interpretation was born from the Asian renaissance and was fostered rather than stifled by the intellectuals of the West who in their postwar insecurity accepted as inevitable Asia's recapture of the Eurasian and its menace to the expatriate European,[7] pleaded for a human rather than a

1. A. Marshall, Money, Credit and Commerce. (London, Macmillan, 1923), 126.
   L.C.A. Knowles, The Industrial and Commercial Revolutions in Great Britain during the Nineteenth Century. (London, Routledge, 1921), 142, 194.
   L.C.A. Knowles, The Economic Development of the British Overseas Empire. (London, Routledge, 1924), I, 316-319.
   V. Anstey, The Trade of the Indian Ocean. (London, Longmans, 1929), 39-53.
   C.F. Remer, The Foreign Trade of China. (Shanghai, Commercial Press, 1926), 38-41.
2. E. Micard, Le Canal de Suez et le Génie Francais. (Paris, Société Mutuelle d'Edition, 1922: Roger, 1930).
3. P. Crabitès, Ferdinand de Lesseps and the Suez Canal. Nineteenth Century, October 1926, 586-593.
4. J. Cournos, A Modern Plutarch. Being an Account of Some Great Lives in the Nineteenth Century, together with Some Comparisons between the Latin and the Anglo-Saxon Genius. (London, Thornton, 1928), 336.
5. G. Douin, Un Episode de la Guerre Mondiale. L'Attaque du Canal de Suez (3 Février 1915). (Paris, Delagrave, 1922).
   P. Chack, L'Attaque et la Défense du Canal de Suez (février 1915). Revue des Deux Mondes, 15 Janvier 1926, 418.
6. F. Charles-Roux, Autour d'une Route. L'Angleterre, l'Isthme de Suez et l'Egypte au XVIIIe Siecle. (Paris, Plon, 1922).
   F. Charles-Roux, L'Angleterre et l'Expédition Francaise en Egypte. (Paris, Plon, 1925).
   Auriant, L'Angleterre et le Canal de Suez (1854-1855). Mercure de France, 1 Novembre 1924, 646-667
7. Somerset Maugham, East of Suez. (London, Heinemann, 1922).

political basis to relations between England and India[1] or shifted the precise dividing-line between East and West from the Canal to the Gulf of Suez. "Here, here and nowhere else, is the vestibule between the Levant and the Tropics".[2] The new tradition of history denied the creative role of the Canal, emphasised the politics behind its economics, interpreted its opening as harmful rather than beneficial to the economic interests of Egypt, Syria,[3] India[4] and China and regarded the share-purchase as the first event in the chain which led directly to the Great War.[5] Egypt was inspired to make its own contribution by Fuad's zeal for history after the birth of his son Farouk in 1920 and the discovery of the tomb of Tutankhamen in 1922. The history of the Canal was thereby brought into safe association with Egyptology[6] and zoology[7] more than with Wafdist Egypt. The first university theses by Egyptians became the first distinctively Egyptian histories of the Canal.[8] Muhammad Kassim emphasised the influence of Lesseps upon the historiography of the subject, recorded the contemporary hostility of the elites of Egypt to the concession of 1854 and used unpublished documents to defend the Egyptian case against the Company and Britain.

The hostility of Egypt and France to Britain was reinforced by that of Germany and the U.S.A. Thus the German biographer of Negrelli and the publicist of the Bagdad Railway joined forces to attack England and France in their resentment at England's addition of the Bagdad Railway to the Suez Canal and in their desire to reveal "the grossest

1. E.M. Forster, A Passage to India (1924).
2. E.M. Forster, Pharos and Pharillon. (Richmond, Hogarth Press, 1923), 55-56.
   H.M. Tomlinson, Through the Eastern Gate. Harper's Magazine, March 1924, 450.
3. P.K. Hitti, The Syrians in America. (New York, Doran, 1924), 49.
4. D.R. Gadgil, The Industrial Evolution of India in Recent Times. (Madras, Oxford University Press, 1924), 65.
5. W.S. Blunt, My Diaries, 1888-1914 (1919), II, 479, Appendix VIII.
6. C. Bourdon, Anciens Canaux, Anciens Sites et Ports de Suez. (Le Caire, 1925).
7. H.M. Fox, Zoological Results of the Cambridge Expedition to the Suez Canal, 1924. Transactions of the Zoological Society of London, XXII, 1926-29.
8. H. Husny, Le Canal de Suez et la Politique Egyptienne (Montpellier, L'Economiste Méridional, 1923).
   M. Kassim, The History of the Suez Canal Concession, 1854-1866. (M.A. Thesis , University of London, 1924).
   F. Yeghen, Le Canal de Suez et la Réglementation internationale des Canaux Interocéaniques. (Dijon, Bernigaud, 1927).

international financial misconduct of the nineteenth century".[1] The German scholars Heymann and Schönwaldt however made a great contribution to history rather than to polemics when they raised the historical analysis of the Canal's economic function to a new level,[2] with the support of more traditionalist accounts.[3] Max Schönwaldt became the first scholar to study the cyclical fluctuation of traffic. He related the variations in northbound traffic to the harvests of Asia and those in southbound traffic to the industrial production of Europe. He also detected in the variation in Europe's imports through the Canal and in the related tonnage of southbound shipping in ballast an important diagnostic, and even prognostic, tool for the measurement of the European conjuncture, except in years of bad harvests. His work fanned no national passions and was largely ignored.

American scholars wished to warn the U.S.A. against the sins of economic imperialism and gave powerful support to the anti-British interpretation of the Canal's history, under the influence of the anti-British reaction of the 1920s and the ready postwar interpretation of history in terms of economics and geopolitics. Thus Earle ranked the Canal as a source of conflict as well as of civilisation together with the Bagdad Railway and the Trans-Siberian Railway.[4] The Irish-American scholar Moon broke the Edwardian bond between the Canal and the British occupation of Egypt, which he attributed to the influence of Ireland and the bond-holders as well as to that of the Canal.[5] Jenks closed his superb study of the migration of British capital with

1. A. Birk & K.H. Müller-Hamburg, Der Suezkanal, seine Geschichte und seine wirtschaftspolitische Bedeutung für Europa, Indien und Ägypten. (Hamburg, Boysen 1925), v.
2. E. Heymann, Der Verkehr im Suezkanal 1912-1914 und 1919-1926. Weltwirtschaftliches Archiv, Januar 1927, 86-104.
   M. Schoenwaldt, Die Konjunkturschwankungen im Verkehr der grossen Seeschiffahrts Kanäle: ein Beitrag zur Erkenntnis internationaler Konjunkturen: Der Suezkanal. Weltwirtschaftliches Archiv, April 1927, 185-229.
3. W. Gluecks, Die Handels - und Verkehrsbedeutung des Suezkanals für die deutsche Volkswirtschaft nach dem Weltkriege (Muenchen-Gladbach, Rixen, 1929).
   H. Spangenberg, Die Veränderzungen des Seeverkehrs im Indischen ozean seit dem Weltkriege (Stuttgart, Fink, 1930).
4. E.M. Earle, Turkey, The Great Powers and the Bagdad Railway. A Study in Imperialism. (London, Macmillan 1923), 4.
5. P.T. Moon, Imperialism and World Politics. (New York, Macmillan, 1926), 228.

the share-purchase,[1] which he regarded with Delane as the first step to empire in Egypt. He carried the revisionist spirit of the decade to its height and first drew attention to the Stock-Exchange manipulations associated with the purchase to refute the gratuitous assertion[2] that "no one in the secret used his knowledge for personal gain". The influence of geo-political thought stimulated by successive wars encouraged historians to stress the value of communications in terms of distance and bases and to view systems of communications as a whole as the Saint-Simonians had done.[3] Hoskins first related the history of the Canal to the whole context of its function as one of many alternative routes to India and based British policy in Egypt since the 1870s on the need to keep open the Canal.[4] The Swiss Reinhard focussed attention not on the Canal itself but on the British Empire in the Middle East and in Asia of which Suez was the "central fortress" and the "hinge of world policy".[5] Thus the revisionist historiography of the 1920s carried further the trends initiated in Germany in 1912 and 1915 and shattered the comforting certainties of Edwardian history. It revealed a widespread dissatisfaction with the accepted assumptionsof the Anglo-French tradition, with the predominance of Britain within "independent" Egypt and with the British interpretation of the Convention of Constantinople. Its materialist assumptions reduced peoples from moral communities to statistical aggregates and began to erode the idealist tradition. Its greatest contributions were in Elgood's history of the Canal during the Great War,[6] Schoenwaldt's study of the Canal's traffic as an economic barometer and Hoskins' study of the Suez route as a geo-political base of the British Empire. Its greatest achievement was to reinforce the

1. J.W. Jenks, The Migration of British Capital to 1875. (New York, Knopf, 1927), 325, 409-410.
2. Cambridge History of British Foreign Policy 1783-1919. (Cambridge University Press, 1923), III, 158 W.H. Dawson, Forward Policy and Reaction 1874-1885.
3. Lajard de Puyjalon, L'Influence des Saint-Simoniens sur la Réalisation de l'Isthme de Suez et des Chemins de Fer. (Paris, Chauny, 1926).
4. H.L. Hoskins, British Routes to India. (New York, Longmans, 1928)
5. E. Reinhard, Kampf um Suez. (Dresden, Kaden, 1930), 72, 325.
6. P.G. Elgood, Egypt and the Army. (London, Oxford University Press, 1924).

interest of East and West in "the greatest cross-road in the world"[1] but also to associate the Canal with power rather than with civilisation.

After the return of the Labour Government to office under Macdonald conversations were renewed between the Prime Minister of Egypt and the Foreign Secretary. Those talks announced on July 10 encouraged a Liberal supporter of the League of Nations to ask in the Commons whether the Canal was to be placed under the control of the League[2] and compelled Lord Lloyd, the British High Commissioner in Egypt, to resign rather than accept the transfer of British troops in Egypt to the Canal Zone.[3] The official notes which were exchanged on August 3 and published on August 6 outlined a draft agreement terminating the military occupation of Egypt by British forces in name and in outward appearance.[4] To protect the Canal Britain was authorised to maintain forces in Egypt to the east of longitude 32° East, but those forces would not constitute in any way an occupation and would in no way prejudice the sovereign rights of Egypt. The draft agreement thus sought to make the almost impossible shift from an occupation to an alliance. It made a great advance on the draft agreements of 1921, 1924 and 1927 in so far as it isolated British troops completely from the Delta[5] and first recognised the Canal as an integral part of Egypt. The prospect alarmed Australia for the safety of "the Achilles heel of the Empire".[6] I.Z. Malcolm, who had been Private Secretary to Salisbury and Balfour and official director on the board of the Canal Company since 1919, thought that Britain could never surrender her strategic highway to India.[7] Churchill who had first expressed his doubts in public at Toronto on August 16 returned home to renew his attack on the Labour Government's policy by which the British garrison was "to dig itself in along the Suez

1. P. Morand, Earth Girdled. (London, Knopf, 1928), 167.
2. Hansard, Commons Debates, July 17 1929, Mander.
3. The Times, July 27 1929, 12ii.
4. The Times, August 7 1929, 9i-ii, 11ii.
5. D.H. Cole, Changing Conditions of Imperial Defence. Essays on Military Geography. (London, Praed, 1930), 120.
6. The Times, July 31 1929, 13iii quoting 'Melbourne Argus' of July 30
7. I.Z. Malcolm, The Suez Canal. When East Met West. Sixty Years of a Sea Link. The Times, November 15 1929, 15vi.
   I.Z. Malcolm, The Suez Canal, 1859-1929. Quarterly Review, January 1930, 97-112.

Canal" and leave Egypt to confusion, retrogression and foreign intrigue.[1] He was supported in the Lords on December 11 by Lord Salisbury and Lord Lloyd, who thought that the Canal could only be defended economically and adequately against Egyptian disorder from Cairo. Churchill renewed his attack at a Conservative meeting at the Hotel Cecil on December 16 under the presidency of J.F. Flannery, the designer of the Murex in 1891. "Our soldiers are to leave the scene of their patient, peaceful duties and drink distilled water in desert fortifications 'east of Line 32' ".[2] In the Commons debate on the Adjournment on Egypt on December 23 Churchill added that the separation of the British from the Egyptian Army consequent upon an evacuation to the Canal Zone would be "simply manufacturing explosive in a retort"[3] and would make a clash inevitable between the two armies. Captain Eden argued that the Canal Zone was only twenty miles deep and could not therefore be defended in the depth necessary to its significance. "If the Suez Canal is our back door to the East, it is the front door to Europe of Australia, New Zealand and India. If you like to mix your metaphors, it is, in fact, the swing-door of the British Empire, which has got to keep continually revolving if our communications are to be what they should".[3]

The draft agreement of 1929 was doomed by the electoral victory of the Wafd which had opposed it. New talks between Nahas Pasha and the Foreign Secretary began on March 31 1930 but almost broke down on April 14 when the Egyptian negotiators insisted on the concentration of the British garrison in the Canal Zone not in Ismailia but on the Asiatic bank of the Canal, either in Port Fuad or in Kantara.[4] The Egyptians then conceded Moascar but broke off discussions over the Sudan. Australia was alarmed by the attempt to restrict British rights to garrison even the Canal. "The Egyptians must be clearly given to understand that the Canal is vital to Australia's existence. That fact transcends all other considerations".[5] Military opinion was

1. W. Churchill, The Peril in India. Daily Mail, November 16 1929, 10iii.
2. The Times, December 17 1929, 11iv.
3. Hansard, Commons Debates, December 23 1929, 1998 Churchill; 2047, Eden.
4. The Times, April 17 1930, 14vi.
5. The Times, April 17 1930, 14vi quoting 'Melbourne Argus' of April 16.
   J.M. Holmes, Egypt, the Sudan and the Suez. Australian Geographer, May 1931, 62.

prepared to accept control of the Canal from its entrances[1] while naval opinion thought it could be defended by the Navy even if the Canal Zone were evacuated.[2] Both were firmly opposed to international control through the League of Nations.[3] Resumed negotiations by Nahas produced the agreement of May 7 1930 on the defence of the Canal and the transfer of the R.A.F. base from Abukir to Port Fuad but also broke down over the Sudan. Thus England failed to secure a Treaty of Alliance with Egypt comparable to the Anglo-Irequi Treaty of 1930. Ismail Sidky Pasha succeeded Nahas Pasha as a royalist Prime Minister and provoked the worst riots since 1921 directed especially against the police at Suez on July 21 and Port Said on July 22 1930. Under his administration 75,000 feddans of the public domain were allotted in 1932 for a British base in the Canal Zone.

British rights in the Canal were defended by the Liberal Norman Angell as in the economic interests of Manchester and Liverpool against the unreal claims of "a small Arabian tribe". "What the Chinese Eastern Railway is to Russia, the Suez Canal may well be to Britain".[4] The Allied defence of the Canal was commemorated in the War Memorials unveiled by the Canal Company on February 3 1930 and by the Anzacs on November 23 1932 at Port Said.[5] The construction of a British base in the Canal Zone enhanced British interest in the Canal. "The half-way halt where the future meets the past"[6] attracted Evelyn Waugh on a Mediterranean cruise in the winter of 1929-30, enabled him to visit his first Oriental town and inspired him to compile the first travel-book on the port.[7] Egyptian Ismailia rather than cosmopolitan Port Said made the most fundamental response to the expansion of European civilization and destroyed whatever support existed amid the local

1. D.H. Cole, Changing Conditions of Imperial Defence (1930), 78-131.
2. J.M. Kenworthy, The British Empire and the Suez Canal. Saturday Review, May 3 1930, 546-7.
3. A. Schiarabati, De la Condition Juridique du Canal de Suez avant et après la Grande Guerre. (Lyon, Bascou, 1930), 137-145. Earl Winterton, England and Egypt. Nineteenth Century, June 1930.
4. N. Angell, The Unseen Assassins. (London, Hamilton, 1932), 200, 201, 202 quoted by A.P. Thornton, The Imperial Idea and its Enemies. (London, Macmillan, 1959), 300.
5. The Times, November 24 1932, 11iii; December 6, 18.
6. H. Brown, Both Sides of Suez. Some Collected Verse 1923-1928. (London, Douglas, 1930), Half-Way House.
7. E. Waugh, Labels. A Mediterranean Journal. (London, Duckworth, 1930), 67-97.

population for such a British base. European Ismailia had enjoyed a great expansion, developing a holiday-resort by the sandy beach of Lake Timsah and becoming "a paradise in the midst of the desert".[1] Egyptian Ismailia, however, ceased to recognise the claims of that "virtual miniature Versailles"[2] to dominion. Hasan al-Banna, a teacher in the Government Preparatory School from 1927 to 1933, was deeply disturbed by the subjection of entrance and exit to "a truly Egyptian city" to the approval of the Canal Company, by the street-nomenclature "in the language of the economic occupation" even in the Arab quarter with its Rue de la Mosque, by the contrast between the magnificent houses of the European officials of the Company and the small cheap houses of the Arab employees and by the hierarchy of status ranking Arabs and Moslems below even the servants employed by the foreign community.[3] He could oppose to the economic and military power of the West only the community of the faithful, which he sought to recreate as a living reality on a secret, popular, proletarian and revolutionary basis. The Association of Moslem Brethren which he founded in Ismailia in March 1928 was inspired by the Wahhabi renaissance "South of Suez".[4] The Association captured the lower orders of society which were unimpressed by the ideology of liberal nationalism or by the pharaonic renaissance of the 1920s. It was created officially on April 11 1929 and established branches in 1930 at Abu Sueir, Port Said and El-Ballah and in 1931 at Suez. Those branches among the workers were linked by the bond of fraternity to the house of the Brethren in Ismailia. Thus a secret counter-organisation was created within the isthmian kingdom of the Canal Company at the very time that the construction of a permanent British base in the Canal Zone began.

The empire of the Middle East with a military base in Egypt, a mandate in Palestine and a treaty of alliance with Iraq was extended by an economic empire in South-West Persia as the oil resources of the

1. G. Douin, Le Canal de Suez. Revue Economique Internationale, 1929, 603.
2. P. Benoit, Lunegarde, (Paris, Michel, 1942), 41.
3. I.M. Husaini, The Moslem Brethren. The Greatest of Modern Islamic Movements. (Beirut, Khayat, 1956), 11-12.
   C.P. Harris, Nationalism and Revolution in Egypt. The Role of the Muslim Brotherhood. (Hague, Mouton, 1964), 148-149.
4. A. Rihani, Around the Coasts of Arabia. (London, Constable, 1930), I South of Suez.
   W.J. Makin, South of Suez. (London, Jarrolds, 1930).

geo-syncline of the Persian Gulf discovered in 1908 were exploited to give the region its staple export. The war had stimulated northbound shipments of oil to supply the needs of the Allied fleets especially for fuel oil which had begun to use the Canal in 1912-13. During 1914 northbound shipmnets of oil surpassed southbound shipments for the first time in the history of the Canal and so reversed the balance established by the shipment of lamp-oil to the markets of Asia. The wartime shortage of tonnage necessitated the convoying of petrol tankers through the Canal from 1915 instead of the towing prescribed in 1907 and compelled the Anglo-Persian Oil Company to form the British Tanker Company in 1915. The economy of transporting refined rather than crude oil encouraged the refinery at Suez to double its capacity and that at Abadan to quintuple its capacity between 1915 and 1919.[1] While southbound oil shipments dwindled away in 1917-18 fuel oil exceeded the petrol of the Dutch East Indies in northbound shipments of oil in 1916-18. Oil shipments from Persia rose from 2% of northbound oil shipments in 1913 to 50% in 1919 while oil shipments from the Dutch East Indies sank from 74% to 24% of the total. Oil exports reduced to comparative insignificance the Gulf's exports of dates, barley rice and liquorice-root[2] and stimulated its import of capital equipment and building materials. Persia replaced Iraq as the leading exporter from the Gulf through the Canal. British shipping became dominant in the Gulf through the wartime elimination of German, Austrian and Russian vessels and raised the British share in the Canal's tonnage with the Gulf from 54% in 1913 to 90% in 1922. The growth of oil exports from Abadan encouraged the inclusion of oil-rich Mosul within Mesopotamia and the attempted establishment of a protectorate over Persia in 1919. The refusal of Persia under Reza Khan to ratify the treaty of 1919 compelled Anglo-Persian to form the National Oil Refineries Limited in 1921, to construct refineries in Britain instead of at Abadan so as to carry on the most profitable process of production in the security of a British port.

1. A.T. Wilson, Mesopotamia 1917-1920. A Clash of Loyalties. (London, Oxford University Press, 1931), 49.
2. Le Canal de Suez, 25 Mai 1921, 6219. Les relations avec le Golfe Persique par le Canal de Suez.
   Le Canal de Suez, 25 Mai 1924, 6686-7. La Mésopotamie et le Canal de Suez.

The growth of the oil trade produced a rapid rise in the northbound traffic of the Canal to the prewar level by 1923. After the war the demand for fuel oil was maintained by the demand of the Navy at Malta and by the rise of the motor-vessel using the improved Diesel engine of 1921. The passage of the first Danish motor-vessel through the Canal in 1912 had been followed by that of the first Dutch motor-vessel in 1913, the first English in 1914, the first Italian in 1916 and the first Swedish in 1919. The Danish East Asiatic Company converted its whole Canal fleet of fourteen ships into motor-vessels. The motor-vessel had more space for cargo than the steamship, spread the Canal tolls over more cargo and became more important in Canal traffic than in world shipping. The oil-fired engine used oil in place of coal as the fuel of the steamship and became more important than the Diesel engine and far more important than the turbine-engine in the traffic of the Canal, although less important than it was in that of the Panama Canal. Conversion from coal to oil fuel was encouraged by the militancy of the Miners' Federation, which demanded in 1919 the nationalization of the coal industry. British exports of coal through the Canal had been reduced to one-third of their prewar level in 1915-17 by the wartime rise in freights and by the increased import of coal from India to Port Said as well as from Durban to Aden. The miners' strike of 1921 reduced coal shipments through the Canal to a trickle in May-July 1921 and increased the southbound shipments of non-English coal as well as the northbound shipments of oil. It also encouraged the Admiralty to decide on May 25 1921 to make oil the exclusive fuel of all new warships and more British shipping lines to acquire their first motor-vessel. The first motor-vessels under the flags of Japan, Norway and the U.S.A. passed through the Canal in 1921, followed by the first German motor-vessel in 1922.[1] Southbound coal shipments nevertheless rose to tenfold their 1920 volume in 1921 and reached the all-time record in 1922 of 1,663,000 tons, which however represented only 2.6% of the total coal exports of Britain. British coal never regained its prewar monopoly of the markets of Asia and thenceforward faced the competition of the low-cost coal producers east of Suez which enjoyed the increasing protection afforded by the Canal

1. Le Canal de Suez, 25 Juillet 1926, 7030 Progrès de la Navigation à Moteurs sur la route de Suez.

tolls as the collier sailing-ship declined.

The demand for oil west of Suez was met by the producers east of the Canal, although Trinidad shipped fuel oil through the waterway in 1919. Suez itself began new port works in July 1918 and gained its first oil basin in 1919, 27 years after Port Said. It became a base for oil companies founded in 1920-1923 and benefited by the exploration of the Gulf of Suez, whose trade was extended by the export of phosphates from Kosseir from 1917, of manganese from Abu Zenima from October 1918 and of phosphates from Safaga from February 1922. A State Refinery was established at Suez in 1922 to refine the oil received as a royalty from Hurghada and gave Egypt its first State industrial enterprise since the time of Mehemet Ali and Ismail. Thus Suez began to develop at the expense of Port Said as oil replaced coal. It even aspired to replace its northern rival as the great bunkering-station on the Canal route as the protective influence of the Canal dues which had fostered the coal trade of the northern port was transferred to the oil trade of the southern port.

Tanker tonnage using the Canal surpassed the record volume of 1904 by 1920. Persia became the major source of oil in northbound cargo from 1919 because of the high productivity of its wells, their long life and the high quality of their crude oil. The Gulf's share of the tanker tonnage of the Canal rose from 6% in 1913 to 70% in 1920 and 88% in 1922. Persian oil rose to 66.6% of the northbound oil shipments in 1921 and to 74.4% in 1922, reducing the share of the Dutch East Indies in proportion. Oil shipments from the Dutch East Indies reached their peak in 1923 and declined thenceforward. They even included less petrol than that supplied by Persia from 1923. The Gulf's cargo tonnage became predominantly export cargo, reducing the export bias of the other export-economies of Asia to comparative insignificance. Its contribution to the traffic of the Canal became mainly tankers, which from 1921 were no longer obliged to pass through in convoy. From 1922 the tankers established new records for the volume of cargo per ship carried through the Canal, although they remained below the average size of vessels using the waterway. In 1923 the 120 tankers of 700,000 gross tons employed in the bulk transport of oil through the Canal represented 14% of world tanker tonnage but 34% of that of Shell and 89% of that of the British Tanker -

On March 13 and March 26 1921 28,216 tons of crude oil passed through the Canal to the refinery at Llandarcy which was officially opened in June 1922 by British Petroleum, Anglo-Persian's marketing company in England. Thus Swansea gained a return cargo for the coal which it had shipped through the Canal since the 1880s and which never exceeded its peak volume of 1922 in southbound shipments. Britain acquired its first important refinery and a new industry additional to the shale-oil industry of Scotland. Crude oil outweighed petrol in northbound oil cargo for the first time in 1922 and maintained that superiority until 1929. The British Tanker Company became the intermediary which ferried crude oil from Abadan to Swansea for refining The transfer of refininf from Abadan to Britain was carried further by the opening of a second refinery at Grangemouth in 1924. The British Tanker Company rose rapidly from the eleventh client-line of the Canal in 1919 to the seventh in 1921, the fourth in 1922 and the third in 1923, with 11% of British Canal tonnage; thus it replaced Holt's in the third place after the P. & O. and the Ellerman Groups. It increased its share of British tanker tonnage using the Canal to 50% in 1922 and its share of the total tanker tonnage from 42% in 1922 to 65% in 1923. Its tankers so increased the speed of their turn-round that some made 9-10 transits each through the Canal during 1923 or double the average number of transits per tanker and treble the average number of transits of an ordinary vessel. Anglo-Persian's domination of the oil traffic of the Canal was reinforced from 1922 by the tankers of the Association Petroliere, the tanker subsidiary of its French representatives, the Société Générale des Huiles de Pétrole. Shell declined from the 6th client-line of the Canal in 1918 and the 11th in 1922 to the 37th in 1926 as it developed its interests in Venezuela and the U.S.A. The British Tanker Company dominated the tanker traffic of the Canal from 1923 and carried the British name as well as the British flag on every transit. Its first motor tank-ship the 'British Aviator' passed through the waterway in August 1924. During 1924 its Canal tonnage reached 1,844,000 or 12.3% of British tonnage and surpassed that of the Ellerman Group to take second place after the P. & O.

In 1924-26 Asia was convulsed by a wave of indigenous unrest which diverted the energies of the continent from economic to [illegible]

activity and reduced the northbound cargo of the Canal by 12% and its shipping tonnage by 3% during 1926. Reza Khan enforced the submission of the Sheikh of Muhammerah in 1924 and terminated the British protectorate of Arabistan established by A.T. Wilson in 1909. Iraq became more important than ever to Britain and permitted the dredging of a canal, which between December 1924 and May 1926 made Abadan accessible to gunboats as well as to ocean-going tankers and eliminated the use of lighters for loading. Anglo-Persian became a leading shareholder in the reorganised Nairn Eastern Transport Company (September 20 1926) and benefited by the regular air mail service to Basra introduced from Cairo on December 27 1926.

The miners' strike of 1926 lasted seven months, reduced British coal shipments through the Canal from April and eliminated them in August-September 1926. It reduced the volume of coal shipments through the Canal by 57% during 1926 and cut British exports of coal through the Canal in greater proportion than the total British exports of coal. It stimulated the southbound shipment of German coal and the northbound shipment of coal from Bengal and Natal. Above all, it gave a great impetus to the oil market and to oil shipments during 1926. It produced a sharp increase in the transits by southbound tankers in ballast, in the proportion of the oil production of Persia shipped through the Canal, in the share of Persian oil in the total exports of the Gulf and in the total oil cargo of the Canal. It encouraged Norway to develop its tanker traffic via the Canal and Aden to open its third oiling berth. It stimulated the shipment of oil to Port Said to orders from 1926. The northbound oil cargo of the Canal in 1926 reached a volume tenfold that of 1913 and surpassed the volume of cereals to become the largest single item in northbound cargo with 19.35% of the total tonnage, while the tonnage of crude oil surpassed that of wheat. Burma made its last shipments of oil through the Canal. The shipping tonnage contributed by the Gulf to the Canal successively surpassed that of East Africa in 1921, Australia in 1924, the Dutch East Indies in 1925 and Western India in 1926. Thereby the Gulf rose from the sixth client-region of the Canal in 1921 to the third in 1926, with 13% of the Canal's total tonnage and 18% of its total northbound cargo, a share exceeded only by those of the Far East and Eastern India. Of the 2,796,000 tons of

exports from the Gulf through the Canal in 1926 oil formed the peak proportion of 96.57%.[1]

The conversion of the Canal into "one of the principal gateways to Europe for oil"[2] was recognised in the election to the board of the Canal Company of the first representative of the industry in Sir John Cadman, who had been Professor of Mining at Birmingham University from 1908 to 1920 and the signatory of the San Remo Oil Agreement of 1920 which secured Mosul for Mesopotamia. He became a technical adviser to Anglo-Persian in 1921, a director in 1923, a vice-chairman in 1925 and chairman in 1927. He was then elected a commercial director of the Canal Company by the London Committee under Inchcape, who had resigned as an official director of Anglo-Persian in 1925. He increased the unofficial representation of the British Government on the board of the Canal Company. During 1927 shipments of crude oil reached a peak tonnage of 1,665,000, which remained unsurpassed for twenty years. Western Europe a net exporter of energy until 1927 became a net importer from 1928 as oil replaced coal. Its imports also fuelled increasingly the vessels which carried the oil as motor vessels grew at the expense of steam tankers. The British Tanker Company became the leading supplier of motor tonnage to the Canal, although its motor vessels remained a minority of its fleet. Thus the rise of the oil trade confirmed the British domination of the traffic of the Canal and extended that supremacy to the motor-vessel developed in Germany.

The discovery of oil at Baba Gurgur on October 14 1927 first revealed the immense Kirkuk field of North Iraq. That field lay so far inland that its economic exploitation was only possible by the construction of a pipeline to the Mediterranean coast to avoid the construction of a pipeline to the Gulf, the circuitous route around Arabia and the heavy Canal dues on oil tankers. The discovery of the oil of Iraq also encouraged exploration by American oil interests and the formation in 1928 of the Near East Development Corporation by Standard Oil (New Jersey) and Socony-Vacuum Oil Company. That corporation held one of the four major shares in the Turkish Petroleum

1. Le Canal de Suez, 25 Juin 1927, 7181-3 Les Pétroles de la Perse.
2. A.C. Hardy, Seaways and Sea Trade (1927), 110.

Company, the others being held by Anglo-Persian, Royal Dutch-Shell and the Compagnie Française des Pétroles established in 1923. Four of the world's seven great oil companies thus joined together in what was renamed from 1929 the Iraq Petroleum Company Limited. The Red Line Agreement of 1928 established the complete monopoly of those four partners throughout the area of the Ottoman Empire as it had been in 1914, (i.e. excluding Persia, Kuwait and Egypt), tended to promote a buyer's monopoly in the purchase of concessions as well as of oil and made the British and the French automatic partners in any American oil venture in Iraq or Saudi Arabia. Royal Dutch-Shell, Anglo-Persian and Jersey Standard adopted by the price-agreement of Achnacarry in 1928 the Gulf of Mexico prices for high-cost Texas crude oil as the base-point for world oil prices, so restraining the rise of the low-cost oil production of the Middle East. That agreement crowned twelve years of diplomacy by Standard Oil which turned the British capture of Bagdad to its own ultimate advantage. It contributed to the reduction in Persian oil output in 1928 but did not affect shipments through the Canal, which amounted to less than 1% of world production in 1928. The tanker cargo carried through the Canal in 1929 nevertheless represented 6.25% of the total tanker cargo carried by the world fleet in external trade.

The oil trade through the Canal had begun as a southbound traffic from New York and Batum. Southbound shipments revived after the war. Oil became Russia's most important export through the Canal in 1927, supplied 61% of Russia's southbound exports through the waterway in 1928 and exceeded the volume of American oil for the first time since 1905.[1] The crude oil of Persia supplied however a growing volume of northbound cargo to the Canal and reinforced the dominance of northbound over southbound cargo. The creation of an Anglo-Persian oil empire compensated for the nationalization of the oil industry of Russia in 1920 and for the decline of coal exports from Britain. Oil thus created an economic empire in the sphere of influence long coveted by Anglo-Indians. It became the basis of a great corporation, a source of imperial prestige and a buffer against excessive dependence on the U.S.A. It also became the source of the foreign trade and government

1. Le Canal de Suez, 15 Juillet 1934, 8316. Le Trafic Nord-Sud des Pétroles via Suez (1913-1933).

revenues of Persia, where Abadan became an alien capital of economic empire on the pattern of the colonial ports of Asia. Thus the oil producing regions inherited the social problems of the coal-mining areas as oil advanced at the expense of coal.

The new trade increased the role of the tanker, the motor-vessel and the Persian Gulf in the traffic of the Canal. It increased the proportion of tanker tonnage from 6% of the total in 1920 to 16.5% in 1930. It increased the tonnage in ballast, the number of short hauls and the frequency of transit, raising the receipts of the Canal Company in proportion to the increased efficiency of the tanker companies in turning their vessels around. It converted the Mediterranean into an oil highway and made the Cape route more uneconomic than ever in terms of time and money. Egypt gained no direct profit from the emergence of the first great export staple of the Middle East. Suez however benefited more than Port Said and survived the end of oil production at Gemsa in 1927. It shipped the first asphalt from its refinery through the Canal in December 1927 and gained a new oil basin and harbour, which was opened on September 29 1930 by King Fuad.

The growth of the Persian oil trade gave the traffic of the Canal a new and firmer basis. The dominance of crude oil in northbound shipments from 1922 to 1928 ended as refining techniques improved at Abadan and the spread of the internal-combustion engine increased the demand for petrol. Petrol shipments increased, mainly from Persia, until they exceeded shipments of crude oil in October-November 1928. From 1929 to 1936 petrol shipments held first place in northbound oil cargo as they had from 1907 to 1921. Oil had no harvest season so that its shipment became a pure response to demand unaffected by the fluctuations in supply peculiar to the agricultural produce of Asia. The oil trade displayed a remarkable capacity for expansion and became a main factor in the postwar growth of traffic, increasing between 1922 and 1929 at an annual average rate of about 250,000 tons, which represented a third of the general increase in northbound cargo and a quarter of the general increase in total cargo. Its dynamic growth helped to insulate the Canal against depression. In the 28 years between 1907 and 1934 northbound shipments of oil fell below the

level of the preceding year only three times under the influence of war in 1916 and of economic depression in 1909 and 1931. Thus the economic security of the Canal Company was immensely reinforced as the Canal became an Anglo-Persian as well as an Anglo-Indian highway.

THE WORLD DEPRESSION, 1929-1932, AND THE BRITISH CAMPAIGN AGAINST THE CANAL COMPANY.

The boom of the 1920s marked the culmination of the economic expansion of Europe in Asia which had begun in the 1830s and assumed a new intensity from the 1890s. That expansion had transferred to the Canal the bulk of the world trade in jute, tea, tin, rubber, copra, soya and silk but only a small proportion of the world trade in manufactures. Canal traffic had increased in proportion as trade developed between Europe and Asia: in only fifteen of the 61 years between 1869 and 1929 did its shipping tonnage fail to rise above the level of the preceding year. It enjoyed freedom from the pressures of economic depression, whether secular or cyclical, until the world depression of 1929-1932. It had thitherto suffered depression of its traffic either after bad harvests in Asia or during the seasonal lull in summer between the spring shipments of cotton, rice, wheat, oil-seeds and sugar and the autumn shipments of jute and wool. The cyclical depression of 1929-32 was the first great crisis with which the new president of the Canal Company had to cope.

During the 1920s the traffic of the Canal recovered from its severe wartime depression and expanded without interruption except in 1926, although northbound cargo increased more slowly than southbound cargo throughout the years 1918-22 and in 1924. The Canal drew Australia, East Africa and the Red Sea more fully within its orbit and successfully adapted itself to the competition of the Panama Canal. In 1922 shipping tonnage first surpassed the record of 1912 while British tonnage first exceeded its level of 1914. In 1924 northbound cargo first surpassed its record colume of 1912. The record cargo figure of 1913 was first exceeded in 1925 when Europe regained its pre-war level of industrial production, justifying Jonnart's view of the Canal as "the barometer of world trade".[1] Southbound cargo first surpassed the record volume of 1913 in 1928. The memory of the dividend-reductions of 1914-1917 was obliterated by successive increases in dividend from 1918 to 1929. Dividends for 1925 reached the level of those distributed for 1913 while dividends for 1926 formed more than

1. Le Canal de Suez, 15 Juin 1922. 6386; 5 Juin 1923. [illegible]

80% of the Company's annual receipts for the first time. The war had eliminated German and Austrian shipping from the Canal. The Allied victory secured the transfer of much German and Austrian shipping to Allied flags so that the Austrian Lloyd was converted into the Lloyd Triestino. New flags first appeared in the traffic of the Canal from India in 1919, Czechoslovakia in 1920, Monaco and Yugoslavia in 1921, Finland, Soviet Russia and Panama in 1923 and Danzig in 1924. The great maritime powers, nevertheless, continued to dominate the traffic of the waterway. Germany's postwar recovery proved remarkably rapid. After the 'Albany' of the German Australian Line steamed northwards on August 3 1914 no German vessel appeared in the Canal for 86 months until October 23 1920 when the German Australian Line's 'Hamburg' passed through en route to Java. In December 1920 the 'Frauenfels' of the Hansa Line passed through en route to India. Thus the use of the Canal was resumed first by the cargo lines before the mail lines. In January 1922 the Hamburg American Line re-established its service to the Far East and began the first overseas motor-vessel service under the German flag. On February 5 1922 the North German Lloyd resumed its service to China and Japan. In May 1922 Rickmers re-established their line to China and Vladivostock. In January 1923 the 'Pfalz' resumed the mail service of the North German Lloyd to the Far East. The transit of the 'Usambara' of the German East Africa Line on June 26 1923 re-established the round-Africa service. The transit of the 'Hohenfels' of the Hansa Line on March 19 1924 began a service to the Persian Gulf which had been maintained by the Hamburg American Line from 1906 until 1914.[1] Thus Germany steadily regained her pre-war position, rising from the sixth client of the Canal in 1922 to the fourth in 1923, thereby overhauling Italy, while Japan fell back to sixth place from 1923. In 1924 Germany displaced France from the third place after Britain and the Netherlands. The value of German trade to the lands east of Suez first surpassed its level of 1913 in 1925[2] when

1. Le Canal de Suez, 25 Septembre 1923, 6590. L'Effort Maritime Allemand sur la Route de Suez.
   Le Canal de Suez, 15 Juillet 1928, 7344. La Navigation Allemande par Voie de Suez.
   W. Gluecks, Die Handels- und Verkehrs Bedeutung des Suezkanals (1929), 109-113.
2. W. Gleucks, 35, 114.

Germany employed only 8.4% of its shipping tonnage on the Suez route against the 11.5% of 1913. The expansion of the Hansa Line at the expense of the Hamburg American Line increased the Canal tonnage of Bremen. Germany's recovery took place despite the loss of her colonies beyond the Canal but may have been assisted by the end of its imperial status in the eyes of Asia. That revival was regarded by Jonnart as a threat to world peace[1] and did not secure the re-election of a German director to the Canal Company.

The end of the war ushered in a new golden era for the Company as the French franc depreciated in value between 1919 and 1926 and became divorced from the gold franc. The Company which had thitherto derived the bulk of its income from tolls on shipping found that profits on the exchange of Egyptian into French currency formed a growing share of its income, 0.5% thereof in 1918 but 20% in 1919. It decided on April 1 1920 that its dues would be paid in gold and in Egypt from April 15 in order to preserve the essential equality of all user-nations. The Compagnie Havraise Péninsulaire, which lacked the representation on the board of the Canal Company possessed by the Messageries since 1895 and by the Chargeurs Réunis since 1905, tried in vain to pay its dues in Egypt in French paper francs. Its legal action for reinbursement was then rejected by the Civil Court of the Seine on February 7 and July 7 1922 and by the Paris Court of Appeal on February 15 1924.[2] Thus the Company secured the payment of its tolls in gold and raised the share of exchange-profits in its receipts from 38% in 1920 to 54% in 1923 and to 62% in 1924. Those profits offered security against the depreciation of paper currency and attracted savings into the Company's shares. They enabled the Company to build up a special reserve against the fluctuation of the franc but diverted its attention from the slower recovery of the traffic of the Canal.

The increased investment in the Company's shares raised their price steadily from 6,000 francs on June 12 1922 to 10,000 francs on January 3 1924, 14,000 francs on March 4 1924 and 16,000 francs on October 14 1924. That marked rise in price decreased the negotiability

1. Le Canal de Suez, 15 Juin 1925, 6854.
2. G. de Saint Victor, Le Canal de Suez. (Paris, Sirey, 1934), 235-236.

of the shares and necessitated the division of each 500-franc share into two 250-franc shares. Prices declined slightly after the division was made on October 15 1924 and then resumed their upward trend to reach 16,000 francs again on July 15 1926. The Government of Egypt revised the Statutes of the Company so that each of the new 800,000 shares had the rights and obligations of the old shares. The French Government doubled its share-tax in 1925, provoking a suggestion for the creation of bearer-shares which would pay no share-tax and compelling the Company to explain that as a foreign company it could not benefit from the creation of such shares under existing French law.[1] The demand by foreign investors in the Company's shares for exemption from French taxes was stubbornly opposed by the Company administration but was supported by the opposition of Egyptian bondholders to the increase in the French taxes on the bond-interest paid in Egypt. The Mixed Court of Cairo ruled on January 26 1925 in favour of the Company's bondholders that the Company should pay interest on its bonds in gold francs and rejected the Company's plea that it had issued its bonds in Paris in French francs and could only remunerate them in French francs. The Civil Court of the Seine thereupon refused on April 1 1925 to enforce payment of interest on the Company's bonds in gold francs and authorised the Company to pay its creditors in French francs in accordance with the Civil Code, raising the price of shares by 10.6% between March 30 and April 2. On May 13 1925 the Court of Alexandria held Egyptian courts free from any obligation to resort to French law to determine the nature of an Egyptian company such as the Suez Canal Company. The Mixed Court of Appeal of Alexandria upheld on June 4 1925 the judgment of January 26. During 1926 the Company's receipts rose by 22.7%, with 71% supplied by exchange-profits, while the Canal tonnage declined by 2.6% after the revolutionary upheaval of 1925 in Asia. Thus the rise in the value of the livre by 50% over 1925 offset the depression of traffic. From 1926 the French franc remained stable in value. From June 4 1928 the Company began to publish its receipts in French francs, three weeks before the legal stabilisation of the French franc, so that 1927 became the last year of exchange profits. The Company had become more

1. Le Canal de Suez, 15 Juin 1924, 6703.

than ever a financial trust, so enhancing its reputation in France that its service became equated with security for life.

The inauguration of the Panama Canal did not divert much traffic from the Suez Canal. The new interoceanic canal was essentially different from the first transisthmian canal: it was an American strategic highway more than a highway of world commerce and its trade was intercoastal more than interoceanic. The maritime expansion of the U.S.A. stimulated by the opening of Panama, by the profits of trade as a neutral from 1914 and by the U.S. Shipping Board established in 1916 benefited the Suez Canal as well as the Panama Canal. The American share in the carrying trade between the U.S.A. and Asia via Suez so increased as to raise the U.S.A. from the 16th client of the Canal in 1913 to the fifth in 1920, when the U.S.A. first incorporated the concept of "essential trade route" into its law. The end of the war made possible the establishment of the first true competitive equilibrium between the two routes: the increase in the traffic of the Suez Canal between 1913 and 1922 had been exactly the same from India and from the zone competitive with the Panama Canal. The Suez Canal Company was precluded by its concession from imposing differential tolls to favour particular areas or cargoes or to draw traffic from such a competitive zone as that formed by China, Japan, Java and the Philippines. It reduced its dues from 1920, though not fast enough for such shipowners as Holt's. It made deepening of the channel its effective alternative to a drastic reduction of dues and adopted in 1921 another programme of improvement to achieve a depth of 42½ feet equal to that of the Panama Canal. The two canals proved non-competitive except on the very margin of their zones of influence. The Panama Canal competed more with the trans-continental railways across America than with the Suez Canal. It competed with the Suez Canal in the trade from Europe to the Pacific coast of North America and to Australasia, especially to New Zealand. It competed most of all with the Suez Canal in the trade of New York to the Far East. Those three streams of traffic contributed 15% of the Suez Canal's tonnage in 1913 and 19% in 1922.[1] Panama captured the developing trade of British

1. Le Canal de Suez, 15 Novembre 1923, 6611, Le Canal de Panama. Son influence sur le trafic du Canal de Suez.
Le Canal de Suez, 25 Juin 1924, 6707-9. Le Trafic Sud-Nord au Canal et les Eléments de sa Stabilité.
Le Canal de Suez, 25 Décembre 1924, 6780-1, L'Elasticité des Ressources Economiques [illegible]

Columbia which had first shipped wheat from Saskatchewan through the Canal in 1909. For the trade of Western Europe to Asia the threshold of competition between the two routes lay east of Yokohama. For the trade of the Eastern U.S.A. to Asia the watershed lay east of Hong-Kong, Manila and Freemantle. In the severe competition for the export trade of the U.S.A. Panama captured from Suez the exports of manufactures, railway material and oil to the Far East as well as those of phosphates from Tampa in Florida to Kobe. American shipments of metals, machinery and cottons via the Suez Canal, however, maintained their level throughout the expansion of the 1920s. The U.S.A. also began to pioneer new trades via the Suez Canal through the shipment of sulphur to Madras and Calcutta from September 1921, of wheat to Bombay from November 1921 and of beet sugar from April 1922: it even began to export raw cotton to India from 1926 when the harvest was short.

The imports of the U.S.A. via the Canal became much more important than its exports after the opening of Panama. From 1922 the tonnage of U.S. imports via Suez was double the tonnage of its exports via Suez instead of roughly equal as in 1913. Such primary produce as jute, silk, rubber, sugar, tea, dates and manganese formed the bulk of its imports from Asia while gunnies for bagging its cotton exports were its only manufactured import. The opening of Panama diverted the copra exports of the Philippines more than its hemp and sugar exports from 1922 onwards.[1] Rubber which had been a very small import via Suez to the U.S.A. before the war was imported in rapidly increasing amounts to supply the expanding automobile industry. In 1921 for the first time over half the tonnage of rubber carried through the Canal was shipped to the U.S.A., thenceforward the world's chief rubber market. From 1922 rubber became the main Suez cargo for the U.S.A., which raised its share of the Canal's rubber cargo from 31% in 1919 to 55.6% in 1921 and to 73% in 1924. American capital was invested in the plantations of the Dutch East Indies rather than in those of British Malaya. The focus of U.S. trade via Suez shifted westward to India, the Philippines and the Dutch East Indies. Rubber, gunnies and sugar formed 47% of the volume of U.S. imports

1. Le Canal de Suez, 25 Août 1925, 6887. Les Echanges des Philippines via Suez.

via Suez in 1925.[1] The Panama Canal made possible round-the-world services using both Canals such as those of the Silver Line of Stanley and John Thompson of London from 1925, the Prince Line from 1926 and the American and Oriental Line of Andrew Weir & Co. Although such British lines continued to carry the bulk of American trade via Suez, U.S. lines increased their role, especially in the carriage of linseed, manganese, gunnies and rubber.[2] Thus the Dollar Steamship Line, established in 1901, began a round-the-world mail service from San Francisco, sent the first of its 'President' line of ships through the Suez Canal in June 1924 and carried a substantial proportion of the growing rubber imports of the U.S.A. The Panama Canal never exceeded the shipping tonnage of the Suez Canal, although it surpassed its cargo tonnage in April-August 1923. It cost more than the Suez Canal but enjoyed less traffic and only paid its way from 1928. The Suez Canal enjoyed the great advantages of proximity to the centres of population, commerce and industry. It was used for luxury cruises from 1923 by Cunard liners excluded from the Atlantic trade by depression and for round-the-world cruises from 1924 by C.P.R. liners from New York.[3] It was also favoured for the round-Africa cruises which began when the 'Orca' of the Royal Mail Line reached the Mediterranean in March 1926 from New York via Cape Town and the Canal. It was preferred by Japan to the U.S. controlled Panama Canal while Australia preferred the Cape route as an alternative to the Suez route. Thus the Panama Canal became the complement rather than the competitor of the Suez Canal and became linked to it by round-the-world services pivoting on the U.S.A.[4]

The cargo tonnage of the Suez Canal first exceeded 3,000,000 in the month of December 1928 while its shipping tonnage first exceeded 3,000,000 in January 1929 whereas Lesseps had estimated the annual capacity of the Canal at 3,000,000 tons. The depression which

1. Le Canal de Suez, 15 Mai 1926, 6989-91, Le Commerce des Etats-Unis par la Route de Suez.
   Le Canal de Suez, 25 Juin 1928, 7335-7. Trafic avec les Etats-Unis via Suez.
   Le Canal de Suez, 15/17 Juillet 1933, 8152-3. Le Commerce Américain via Suez.
2. Le Canal de Suez, 25 Juillet 1927, 7194; 25 Septembre 1935, 8507-8 La Navigation Américaine au Canal de Suez.
3. Le Canal de Suez, 25 Fevrier 1921, 6181; 25 Mars 1923, 6508; 15 Avril 1932, 7933 Les Croisières de Tourisme par la Voie de Suez.
4. A.C. Hardy, Seaways and Sea Trade (1927), 155, 68-70, 79.

prevented the establishment of new records was foreshadowed for almost two years before its onset when southbound shipments of railway material reached their all-time peak in December 1927. Northbound shipments of jute reached their peak during 1927, after the record harvest of 1926, those of maize and copra during 1928. Vessels making their first transit through the Canal reached their peak during 1928 and declined thenceforward in number and tonnage. Transits in ballast excluding tankers reached a peak in September 1928. Southbound cargo began to decline from February 1929 in sympathy with English industrial shares and with Suez shares, which reached their peak quotation of 26,500 frans on February 7 1929, having trebled in price since 1924. Southbound shipments of metals and machinery began to decline from March 1929 when English coal prices began to fall. Southbound shipping tonnage in ballast excluding tankers, which was the most reliable indicator of subsequent northbound tonnage, began to fall from May 1929. After U.S. production indices reached their peak between April and June the normal depression of traffic in June became very marked. From June, four months before the financial crash of October 24 in the U.S.A., a decline began in the total number of transits, in the total tonnage of shipping, in the tonnage of northbound shipping and in the volume of northbound cargo excluding oil and cereals: the number of transits in ballast also began to rise from June.[1] July proved to be the first month whose shipping tonnage was lower than that for the corresponding month in 1928. The autumnal recovery in traffic was slight. Northbound shipments of manganese began to decline from Abu Zenima from September while those from India with their higher manganese content did not begin to decline until the start of 1930.

The financial crash of October 24 1929 raised the value of Suez shares, as a gilt-edged security, between October 24 and October 28. The general depression of prices then reduced their price by 6% on October 29 - 30 and pushed them below 20,000 francs on November 25, a decline of 10.7% from the level of September 30 and of 25% from the peak quotation of February 7. The Canal's tonnage fell below the corresponding level for 1928 for each succeeding month from September to December 1929 so that the Company sought to prove the fundamental

1. R.C. Julien, Le Trafic du Canal de Suez. (Paris, Sirey, 1933), 136.

stability of the northbound trade.[1] The world depression which marked the end of Europe's greatest wave of economic expansion began as a decline first of economic activity and then of prices. The fall in prices was far more severe than the reduction in the volume of trade but proved catastrophic to societies geared to the making of money and the pursuit of profit. That depression justified the economic interpretation of history by its profound reactions on society and politics. It destroyed the market-economy and the liberal civilisation of the nineteenth century, together with neo-classical economics and its reverence for economic man. It began the great transformation from an international economy to the new mercantilism of autarchic empires, from market prices to administered prices, from a money-economy to barter trade, from the gold standard to paper currency, from the Commonwealth to the sterling area and from the export market to the home market. It provoked a fierce attack on international capitalism, the money-power, high finance and usury as well as on the bourgeoisie and parliamentary democracy. It enlisted the enthusiasm of the rising generation into extremist political causes and polarised society between Left and Right. It replaced the economic man of the nineteenth century by political man and encouraged the emergence of the new totalitarian front of the Fascist dictators and all their imitators from Syria to China.

The depression wiped out all the gains of traffic made by the Canal since 1923, encouraged widespread demands for a reduction in Canal tolls and provoked a growing onslaught on the Canal Company as a representative of financial capitalism. In the traffic of the Canal it was characterised by a decline in shipping tonnage, by a decrease in the number of new vessels, deep vessels and coal-fuelled steamers, by an increase in ballast tonnage, by a decline in southbound cargo, especially in capital goods, and by the competition of the Cape route. During 1930 the shipping tonnage for every month fell below the corresponding level for 1929 except in February and July while southbound cargo declined by a massive 27%. During 1931 the shipping tonnage fell below the corresponding level for 1930 in every single month apart from April while southbound cargo declined by a further

1. Le Canal de Suez, 15 Décembre 1929, 7563-5. Grandes Bases du Trafic Sud-Nord via Suez.

22% to its lowest level since 1921. During 1932 transits and tonnage fell to their lowest level since 1926, tonnage falling in every month below the level of 1931 except in April and October-December: southbound cargo declined by 14.4% to its lowest level since 1919. The decline of tonnage in three successive years was without precedent in the peacetime history of the waterway. Between 1929 and 1932 shipping tonnage declined by 15.6%, cargo tonnage by 31.4%, passengers by 19.5%, receipts by 30%, dividends by 31.4% and share-values by 38.5%. The Company's investments declined in value between 1928 and 1931 by 38%.

In Asia the depression affected most of all the export-economies of India, Burma, Java and Australia and least of all the autarchic states such as China. The reduction of traffic was greatest from the Dutch East Indies, enabling German tonnage to exceed Dutch in 1931 and Germany to replace the Netherlands in the second place in Canal traffic. The world-wide fall in the price of primary produce revealed the high cost of monoculture as against the balanced agriculture traditional to Asia. It reduced the monetary incomes of the primary producers and turned the terms of trade against Asia because northbound cargo declined by only 19.9% between 1929 and 1932 but southbound cargo by 51%. Its effects were more incomprehensible in the East than they were in the West and rallied the support of the peasantry in a widespread reaction against European influence. It fostered the military renaissance of Japan and the rebellion of the southern peasantry against the landlords of reunited China. It encouraged the foundation of Communist Parties in Indo-China, Malaya and the Philippines in 1930. Immediately the fall in prices benefited the great imperial combines and the industrial importers of raw materials and foodstuffs in Europe. It necessitated international commodity-agreements on the production of sugar and tin in 1931, on that of tea in 1933 and on that of rubber in 1934. It encouraged each producer to develop its export of those products in which its comparative advantages were the greatest. Thus Java extended the cultivation of the high-yielding variety of sugar-cane P.O.J. 2878 discovered in 1924. Malaya developed the export of pineapples from 1929 and that of latex in bulk from 1934, after the invention in 1928-29 of latex foam for use in upholstery. Australia made its first successful shipment of chilled beef to [illegible]

from the Argentine. France sought to turn Indo-China into another Java or Malaya and reduced its Canal tonnage far less than the Netherlands, Germany, the U.S.A. or Britain.

Mail lines suffered the least decline in tonnage and cargo lines the greatest. The P. & O. also faced the competition of the air-mail service established by Imperial Airways from April 1929 between London and Karachi. That service extended the Cairo-Bagdad air services of 1921 and 1926, using the coastal route through the Persian Gulf by a three-year agreement with Persia in 1928.[1] The first great imperial air route brought India within a week of London and carried the highest class of mail, commodities and passenger-traffic but did not divert from the P. & O. the viceroys, officials and merchants of India, who regarded the homeward voyage as an essential preliminary to their leave. The P. & O. ended its passenger-service to Calcutta in 1929 and its independent mail service to Bombay in 1931. It registered the Suez Canal Lighterage Company in London on March 1 1929 in association with the directors of the three British coaling firms of Port Said. It reduced the record for the London-Bombay voyage to 16 days 2 hours in September 1932. Its resilience during the depression was characteristic of the old-established lines which suffered a far smaller reduction in their Canal tonnage than the most recent entrants into the Eastern trades. The depression encouraged Norwegian shipowners to make increasing use of the Canal especially on the northbound voyage. The cost-cutting enterprise of Cayzer, Bibby and Weir achieved a similar expansion of their Canal tonnage. Shipowners in general were forced to retrench and make more economical use of shipping space. They bunkered coal in the ports of Europe in order to avoid paying freight on coal to Port Said. They also made increasing use of oil-fuel in place of coal so that oil imports to Port Said almost equalled coal imports in volume by 1933. The increase in oil-bunkering at Port Said extended the operations of the existing coal firms, displaced labour engaged in coaling and made the port more pleasant for passengers. The depression also hastened the decline of British coal exports through the Canal to India, China and Ceylon: it replaced Cardiff coal by Natal coal at Aden and Suakin.

1. H. Burchall, The Political Aspect of Commercial Air Routes. Journal of the Royal Central Asian Society, January 1933, 77-78.

The traffic of the Canal was much less affected by the world depression than it had been by the Great War. The collapse of southbound cargo was counterbalanced by the buoyancy of northbound cargo. The loss of old staples such as the sugar of Java and the silk of Japan and of new staples such as the cotton of the Sudan was partly offset by the appearance of new exports such as bananas from Italian Somaliland in 1929, copper from Northern Rhodesia in 1930, manganese from Postmasburg in 1930, steel from Calcutta for South Wales in 1932 and cast iron from Japan for South Wales in 1932. Northbound oil shipments continued to expand throughout 1930 and displaced oilseeds as the main item in northbound traffic: their volume fell off only in 1931 when Persia reduced its output for the first time since 1928. In southbound oil shipments Russian ousted American oil from the Indian market and from southbound cargo after 1931. Frozen meat exports from Australia continued to rise throughout 1929, 1930 and 1931, declining only in 1932. The reduction of loaded tonnage between 1929 and 1932 by 32% was offset in part by the increase in ballast-tonnage by 26% as well as by the increase in mail-tonnage, cruise-tonnage and State-tonnage. The volume of cargo sank during 1930 more than that of the Panama Canal and more than that in world trade so that the share of the Suez Canal in world trade was slightly reduced from 7.4% in 1929 to 6.5% in 1930. During 1931, 1932 and 1933 however the reduction in its cargo was less than the general reduction in world trade so that the Canal's share therein recovered steadily to 7.5% in 1933.

Annual Percentage Decline in Volume of Cargo, 1930-1932.

	Suez Canal	Panama Canal	World Trade
1930	17	11.5	6.4
1931	11.4	20	13.6
1932	6.7	21	7.9

Between 1929 and 1932 shipping tonnage through the Panama Canal declined by 23.6% but that through the Suez Canal by 15.6%

The income of the Canal Company was insulated against a depression of prices because its tolls were levied on tonnage rather than on the value or even on the quantity of cargo and were paid in gold francs. Its reserves enabled it to maintain its dividends and its payment of its bond-interest in paper-francs. The retrenchment of its improvement programme and the decline in salt exports from Port Said through the

Canal by 26% between 1929 and 1932 did not check the house-building boom in Port Said.[1] The Company's first response to the decline in traffic was to decide on May 19 1930 to reduce the toll on ships in ballast from September 1 1930 to one-half the toll on laden ships, a proportion maintained thenceforth until 1951. That concession encouraged an increase in the tonnage in ballast so that it equalled in December 1930 the figure for May 1929.[2] It coincided with a reduction in gross dividend in contradiction of the principle of 1900 but did not prevent an enquiry in the Commons about the main sources of supply of the Company's requirements.[3] In the spring of 1931 the shipowners began a campaign to secure a reduction in the Company's tolls. They were harassed by the fall in commodity-prices, load-indexes and employment-opportunities. They had laid up 15% of British ocean-going tonnage by December 31 1930.[4] They were reluctant to yield to the heavy pressure to reduce freights before they had exhausted all opportunities of sharing the burden of the depression. They had benefited by the successive increases in the maximum permissible depth in the Canal from the 30 feet of 1915 to 31 feet in 1922, 32 feet in 1925 and 34 feet in 1930. Harbour and canal dues had however so increased their share in total costs that they became a burden in depression such as they were not during expansion. Canal tolls had undergone seven successive reductions between 1920 and 1929 but had not yet reached their pre-war level. They bore most heavily on bulky goods which were low in price, could not pay the same high toll as luxury products and suffered the greatest reduction in price during the world depression. Thus tolls as a proportion of market-price were heavier on wheat than on rice or sugar, on soya than on copra or ground-nuts, on jute than on wool, on coal than on manganese or cement and on fuel oil than on petrol.[5] Those tolls also bore more heavily on short-haul traffic than on long-distance traffic on the manganese of Abu Zenima, the phosphates of Kosseir, the cotton of the Sudan and the coffee of Tanganyika. Thus they taxed the produce of those regions for which the Canal enjoyed a monopolistic position and for which its

1. A. Solletty, Port-Said. Annales de Géographie, 15 September 1934, 519.
2. R.C. Julien, 83 Note, 125.
3. Hansard, Commons Debates, May 27 1930, Hannon.
4. The Times, February 11 1931, 9ii.
5. G. de Saint-Victor, Le Canal de Suez (1934), 239.

use was compulsory. The zones on the margin of the Canal's orbit preserved a freedom of choice denied to the zones at the very gates of the waterway. Shipowners thus regarded the tolls as a burden to trade, a tax on the consumer and an obstacle to economic recovery. They recognised that France was neither a shipowner nor an exporter like Britain, that British shipowners supplied 56% of the tonnage and Britain with the Dominions 75% of the cargo of the Canal, and that the British Government owned 44% of the Company's shares. They therefore appealed against the inheritors of Lesseps' creation to Lesseps' original idea of a waterway dedicated to the use of the world.

Under the inspiration of Alfred Holt & Company the Liverpool Steam Ship Owners' Association protested on February 10 1931 against the high level of Canal dues as equivalent to 13% of gross freights, outward and homeward, in the Eastern trade and as superior by 15-25% to the Panama Canal dues.[1] Its resolution urging a reduction in dues was supported by the Swansea Chamber of Commerce on February 20 as well as by both Conservative and Liberal M.P.s.[2] The proposal revived the spirit of 1883 and enlisted support from chambers of commerce and shipping which enjoyed no direct representation in the London Committee which had become under the 79-year old Inchcape almost wholly a shipowners' committee. The Shipping Merchants' Committee of the Manchester Chamber of Commerce requested Government action on March 10 to secure the reduction of dues by 25% to five gold francs per ton in accordance with the London Programme of 1883. Support for that demand came from European planters' associations, beginning with the Conference of Coffee Growers of the Northern Province, Tanganyika, which approached the Joint East African Board on March 5. The Imperial Merchant Service Guild and the Council of the Mercantile Marine Service Association also urged on March 11 the reduction of dues to 5 francs.[3] The Liverpool Steam Ship Owners Association, led by F.J. Marquis and Major L. Cripps of Holt's, protested to the Board of Trade on March 23 against the dues and urged their immediate reduction to 5 francs.[4] That British protest caused the sale of some 2,000 Suez shares in Paris

1. The Times, February 11 1931, 19ii.
2. Hansard, Commons Debates, February 19 1931, Sir B. Peto; February 26, Hore-Belisha.
3. The Times, March 13 1931, 11iii.
4. The Times, March 24 1931, 11i.

and a fall of 4% in share-quotations between March 23 and March 26.

After the Canal Company deplored the aggressive approach of the British traders A.M. Samuel, a former Parliamentary Secretary of the Department of Overseas Trade, began to ask repeated questions in the Commons about the Canal Company from March 30, when he requested an inquiry into the effect of Canal dues on British exports to the East. Fifty two parliamentary questions were asked about the Company during 1931 after a single question thereon during 1930. Those questions were asked by Liberal and Conservative M.P.s. but not by Labour M.P.s, mainly before the end of Macdonald's ministry on June 9. Twelve were asked by A.M. Samuel. Twenty-two sought to secure a reduction in Canal dues while eight, beginning with Samuel's question of March 31, sought to increase the Company's purchases of British materials, a response which did not enhance the dignity of the Parliament in which such questions were asked but reflected the rise of unemployment in the traditional export industries and the desperate quest for new markets at any price. Those questions also urged from April 20 an overhaul of the administration of the Company and a reform of the composition of the London Committee to include directors more acquainted with the needs of the export trade. On April 20 Arthur Henderson revealed that inquiries, mostly unofficial, had been made to the Government by the six Governments of Germany, Italy, Belgium, the Netherlands and Norway to discover whether Britain proposed to take any action to secure a reduction of Canal dues. On April 21 seven M.P.s. asked questions about the Company including the shipowner Sir Charles Cayzer, who alleged that the Company's funds were being used to finance an industrial trust company in Luxemburg. The next day Inchcape met a deputation from the Liverpool Steam Ship Owners' Association at the offices of the P. & O. and reluctantly agreed to raise the question in Paris. On May 11 the board of directors in Paris decided against any immediate reduction of dues and was supported by Inchcape, who explained that the interests of the British directors in shipping were subordinate to their general interest as directors of the Company.[1] The Liverpool Association thereupon expressed their bitter disappointment and questioned the right of the successor-shareholders to expect the maintenance of a high level of profits.[2]

1. The Times, May 13 1931, 17v.
2. The Times, May 18 1931,

The Joint East African Board resolved on May 20 that the Canal dues were one of the causes preventing a reduction in shipping freights.[1] A.M. Samuel raised the question in the debate on the Adjournment on May 22 on behalf of the Association of British Chambers of Commerce. The Quaker manufacturer, H.L. Tangye, urged the use of the Treasury income from the Suez shares to relieve the charges paid by British goods so as to stimulate the power of employment rather than to help pay the dole.[2] In Paris Vogüé refused on June 1 to yield to the pressure of ill-informed and self-interested opinion and denied any necessary connexion between the level of tolls on the Canal and the world economic depression.[3] Thus he maintained the legal rights of the Company against its clients and enabled the Company to pay a dividend for 1930 reduced by only one half of the fall in tonnage. The Baltic and International Maritime Conference at Brussels representing 21 maritime nations decided on June 1 to seek an amendment of the Suez rules which bore unduly heavily on steamers in ballast.

The agitation had achieved no success when the Company was rudely shaken on September 21 1931 by the devaluation of the pound sterling, in which the Company received 95% of its receipts and paid out 35% of its dividends. The Company had liquidated its sterling assets during the summer but nevertheless suffered a decrease in the value of its liquid assets by 6% between the balance-sheet of December 31 1930 and that of December 31 1931. Its shares were reduced in price by 24% between August 24 and September 21. It was compelled to decide that from September 22 pounds sterling would only be received for their gold value in payment of Canal dues. Thereby it brought up the value of its shares again but increased Canal dues in sterling by over 25%. That increase in the financial burden on British shipowners compelled the Company to revise its dues downwards. That decision was less influenced by the rising tide of anti-capitalist sentiment which revived the memory of "the greatest fraud of the nineteenth century"[4] than by the beginning of the diversion of traffic from the Canal to the Cape route and by the continued decline in Canal tonnage without any prospect of[a] return in prosperity. On November 9 1931 the Company

1. The Times, May 21 1931, 26iii.
2. The Times, May 25 1931, 6i; April 24, 10v.
3. Le Canal de Suez, 5 Juin 1931, 7796-7.
4. Guy de la Batut, Panama. (Paris, Carrefour, 1931), 1.
   A. Zévaès, Le Scandale de Panama (1931),

announced a temporary reduction in dues by 10% from November 15 without the usual notice, as an exceptional measure of relief. It thereby made its biggest single reduction in dues since 1905 and first brought them below the prewar level. It reduced them however to 6 francs, not to the desired 5 francs, and claimed to limit the period of reduction to 7½ months until July 1 1932. It had failed to help shipowners to keep their ships running by a timely reduction in dues but had forced them to lay up their ships. Its tardy reduction in dues was nullified by the devaluation of sterling through the losses incurred on exchange in the purchase of gold francs. In effect dues were increased for British shipowners by 17.7% in 1932 over 1931. Thereby the revenue of the British Government from its Canal shares was increased by 30% for £1,882,945 in 1931 to £2,440,251 in 1932. The Company could well afford to begin buying British cement from 1931.

The Company's announcement of the reduction in dues provoked the Sinai Mining Company to suspend its production of manganese rather than pay 33⅓% on the market value of the ore f.o.b. at Abu Zenima[1] and the Egyptian Phosphate Company to complain of the Canal Company's lack of provision for the equitable treatment of local industries.[2] During 1931 6-700,000 tons, or 2.1% - 2.5% of the total tonnage of the Canal, was diverted to the Cape route and 450,000 tons, or 1.4%, to the Panama Canal. That diverted tonnage carried oil from Russia to Dalny, sugar and molasses from Java and the Philippines, oil from the Persian Gulf and wheat from Australia to the Mediterranean so that the Canal's share in Australia's wheat exports to Europe sank from 52% to 25%. During 1931 the Canal's tonnage fell by 5% but the Company's receipts by 11% and its dividends by 15%. During 1932 1,000,000 tons of shipping was diverted to the Cape route while the Canal's tonnage declined by 6% but receipts by 15% and dividends by 17.5%. The continued depression of traffic compelled the Company to renew on June 6 1932 for a further six months and on November 7 for a further 13½ months its temporary reduction of dues of 1931. From April 1932 almost all the prodigal tankers of the British Tanker Company returned from the Cape to the Suez route. During 1932 the Persian Gulf became

1. The Times, November 17 1931, 21i.
2. The Times, November 19 1931, 21iv.
   Hansard, Commons Debates, December 2 1931, J.T.C. Moore-Brabazon; December 19, J.R. Robinson.

the sole client region of the Canal to increase its tonnage while the British Tanker Company first surpassed the P. & O., which had been the leading line of the Canal from 1874 until 1931 except in 1912-13. India's Canal tonnage also declined by 25% between 1929 and 1932 and was first surpassed by that of China and Japan in 1932-35. Morand's judgment of 1936 applied to the economic history of the era 1870-1931 more than to the 1930s. "If the Suez Canal is the essential artery of world commerce, if the Bulletin de la Compagnie and the Panama Record register the temperature of our planet it is because the road to India is the aorta of the universe".[1] The P. & O. nevertheless maintained its tradition of superiority and even began to quote Kipling in its advertisements ("And the temple bells they say...") after a collection of six poems was reprinted under the title "East of Suez".[2] It also began to use a slogan which was already out of date in 1932: "East of Suez is the realm of the P. & O.".

The British devaluation precipitated the competitive devaluation of the Japanese yen in December 1931. Thereby the export industries of Japan were encouraged in the markets of Asia at the expense of the industries of Europe. The simultaneous increase in the burden of Canal dues on Japanese exports to Europe discouraged Japanese purchases in Europe and ended the expansion of Japanese Canal tonnage which had continued between 1929 and 1932. Devaluation also compelled the Egyptian pound to follow sterling and provoked the foreign creditors of Egypt to demand the payment in gold of the debt coupons. The Canal Company yielded to local criticism that it collected dues in gold and paid wages in paper and decided on November 9 1931 to pay salaries and wages in Egypt in gold, a gain of 30% for its employees which was only partly offset by a 5% reduction from December 1 1931. The French Law of Finances of December 27 1927 had extended the exemption from share-tax to foreign-deposited shares, equating them with French bearer shares from January 1 1929 and leading Egyptian shareholders to claim a similar exemption for shares which were not deposited but circulated in Egypt. The Mixed Court of Cairo ruled on February 17 1930 in favour

1. P. Morand, La Route des Indes (1936, Hodder, 1937), 15.
2. R. Kipling, East of Suez. (London, Macmillan, 1931), a low-priced presentation volume of six poems not including 'Mandalay'.

of the Egyptian shareholders and against the deduction by the Company of any French tax from its dividends. It decided that the capital of the Company was in Egyptian gold francs and that the statutory dividend was payable in Egyptian gold francs and not in French francs. That decision inspired Vogüé to claim on June 2 judicial immunity for the Company from the Mixed Courts. The Court of Alexandria upheld on May 25 1931 the judgment of February 17 1930, allotted the Mixed Courts exclusive competence and annulled all clauses authorizing foreign courts. Thus the Company's arbitration clause under articles 73 and 74 of its Statutes for disputes with shareholders, with an appeal to the Cour de Paris, was annulled and the jurisdiction of the Mixed Courts was correspondingly extended. The Mixed Court of Appeal at Alexandria ruled on June 18 1931 that the Company should pay its statutory interest in gold francs and should not deduct French taxes from shares held outside France, so ending the system introduced in 1879, raising the repayment-value of a capital share held outside France fivefold and concentrating the burden of the share-tax on the French shareholder.[1] Thus the Mixed Courts sought to protect the dividends of Levantine shareholders and the future earnings of Egypt.

The world economic depression proved the best forcing-house for the study of the Canal since the Panama crisis and enhanced the understanding of its economic functions. Its influence favoured a mechanistic interpretation of the Canal's function, revived Jonnart's metaphor of 1922 and first made the waterway appear as an economic barometer, which registered the pulse of an artery of the world's circulation, "a recording barometer whose indications we have to interpret and whose mechanism we have to keep in good repair".[2] Thus the Canal Company assumed the role of a physician to a sick world but preserved its function as the servant of civilisation. The head of the Company's statistical department was inspired by Schoenwaldt's work and by an interest in the trade in agricultural produce appropriate to an agricultural engineer to publish in October 1933 a study of the Canal in the great tradition of Charles-Roux and Voisin Bey.[3] Julien used the analysis of time-series of statistics to

1. G. de Saint-Victor, Le Canal de Suez (1934), 212.
2. Le Canal de Suez, 15 Juin 1932, 7962. Vogue, June 5 1932.
3. R.C. Julien, Le Trafic du Canal de Suez. Conjoncture Economique et Prévisions. (Paris, Sirey, 1933).

discover a way out of the depression and sought to use traffic indices as the basis for a prophecy of economic recovery. He discovered that the highest correlation existed between the monthly movement of wholesale prices in Europe in 1924-29 and the southbound movement of ballast tonnage excluding tankers through the Canal four months beforehand.[1] Traffic indices could be used more for the diagnosis of prosperity than for the prognosis of recovery because the Canal was "a focus of world commerce"[2] rather than a barometer.

The Canal continued to appear in the Anglo-French tradition as a triumph of French civilisation,[3] in the English tradition as the corner-stone of the British Empire[4] and in the legal tradition as a triumph for Western civilisation as well as for free trade.[5] In Britain the Disraeli-legend obliterated Jenks' revelations and was entrenched by the Arliss film of Parker's play[6] as well as by the publication of a selection of Disraeli's own letters.[7] The depression favoured the acceptance of the economic interpretation of history which made the creation of "the greatest enterprise of general utility ever accomplished on the earth" the sole dividing-line in world-history[8] as well as a turning-point in the economic history of Burma,[9] the Dutch East Indies[10] and India.[11] The extension of the economic

1. Julien, 119.
2. G. Mehrlin, Der Suezkanal als Konjunkturanzeiger der Weltwirtschaft (Zurich, Girsberger, 1945), 107, 192, 202.
3. J.M. Carré, Voyageurs et Ecrivains Français en Egypte (Le Caire, 1932), I, xix; II, 343.
4. F.V. de Fellner, Communications in the Far East. (London, King, 1934), 310.
5. F.A. Vali, Servitudes of International Law. (London, King, 1933), 18, 19.
6. Disraeli, (Vitaphone, 1929) which provoked a correspondence in The Times, March 12 1930, 15v; March 13, 10iv; March 15, 8v (E.L. Woodward); March 17, 8iii; March 20, 12v.
7. Marquis of Zetland, The Letters of Disraeli to Lady Bradford and Lady Chesterfield. (London, Benn, 1929), I, 305-309.
8. G. Hanotaux, Histoire de la Nation Egyptienne. (Paris, Plon, 1931), Tome I, p.III, LXXXVII.
9. J.S. Furnivall, An Introduction to the Political Economy of Burma. (Rangoon, Burma Book Club, 1931), 42-49.
10. J.S. Furnivall, Studies in the Economic and Social Development of the Netherlands East Indies. I. An Introductory Survey, 1815-1930. (Rangoon, Burma Book Club, 1933), 12, 15.
    J.S. Furnivall, Netherlands India. A Study of Plural Economy. (Cambridge University Press, 1939), 174, 196, 428, 433.
11. I.D. Parshad, Some Aspects of Indian Foreign Trade 1757-1893. (London, King, 1932), 159-175.
    C.R. Fay, Imperial Economy and its Place in the Formation of Economic Doctrine, 1600-1932. (Oxford, Clarendon Press, 1934), 115
    P. Ray, India's Foreign Trade since 1870. (London, Routledge, 1934), 19, 37-42.

interpretation of history together with the rise of anti-capitalist and anti-British sentiment exposed the Company to sustained attack and undermined its moral basis in the mind of Europe, the U.S.A. and Asia. The first diplomatic history of the Canal by a German-American pupil of Parker T. Moon documented the sustained British opposition to its construction.[1] American opinion still saw the Canal as a calamity for every local interest of Egypt because it had established "a piece of England on Egyptian soil"[2] and necessitated a British garrison for the Wacht am Suez.[3] The anti-British studies by Americans were reinforced by those of Egyptian scholars, provoked by the reduction of Egypt to a link in world communications. Fuad favoured from piety and political interest the rehabilitation of Ismail which Douin carried out in the most significant contribution of the decade to the history of the Canal,[4] revealing the full extent of the continual conflicts between Lesseps and the pasha. The same Abdin archives revealed to Mohammed Sabry the outlines of "an unknown Panama" and the economic penetration of Egypt from 1854 as the prelude to the occupation of 1882.[5] "The history of the Canal from start until after its completion has been nothing but a succession of financial crises from which the viceroys rescued the Company with the piastres of Egypt"[6]. His conclusions were widely diffused by the German-American scholar W.L. Langer and were reinforced by Abdel-Maksud Hamza's definitive history of the Egyptian Debt. "So far as Egypt is concerned, the Canal proved politically and financially a loss... The Suez Canal lies right at the root of Egypt's financial troubles".[7]

1. C.W. Hallberg, The Suez Canal, its History and Diplomatic Importance. (New York, Columbia University Press, 1931) reviewed by H.L. Hoskins in the American Historical Review, 1932, 155-6.
2. W.E. Hocking, The Spirit of World Politics with Special Studies of the Near East. (New York, Macmillan, 1932), 118.
   H. Feis, Europe, the World's Banker 1870-1914. (Yale University Press, 1930), 382-397, The Financing of Egypt.
   P. Crabites, American Thoughts on the Suez Canal. Asia, January 1931, 40-45, 61.
3. W.E. Hocking, 133. C.W. Hallberg, 269.
4. G. Douin, Histoire du Règne du Khédive Ismail. (Roma, Istituto Poligrafico dello Stato, 1933-1936, 3 volumes).
5. M. Sabry, Episode de la Question d'Afrique. L'Empire Egyptien sous Ismail et l'Ingérence Anglo-Française (1863-1879). (Paris, Geuthner, 1933) 51-83, La Conquête Economique et la Compagnie de l'Isthme (1854-1863); 258-314 Ce qu'a coûté à l'Egypte le Canal de Suez
6. M. Sabry, 82.
7. A.M. Hamza, The Public Debt of Egypt 1854-1876. (Cairo, Government Press, 1944; completed in 1935), 27, 253.

Thus Egypt carried on the tradition of the khedivate, whose last representative blamed the Canal as "the principal cause of Egypt's misery".[1] The Asian renaissance inspired its spokesman Nehru to credit the achievement of the Canal to the Pharaohs of 1400 B.C. rather than to nineteenth-century Europe.[2] The Canal remained a dividing-line to Nehru so that such English words as democratic "seem to change their meanings when they cross the Suez Canal".[3] It was made by Antun Sa'ada, the founder of the Syrian Popular Party in 1932, the southern boundary of his Greater Syria which extended to the Taurus. Thus it remained a frontier to which Europe could even anticipate in face of the resurgence of the East the withdrawal of the legions from Africa[4] and from Asia.[5]

The great representative in England of the anti-capitalist tradition of the Continent was the radical imperialist, Sir Arnold Talbot Wilson, who attacked the Canal Company as "a parasitic growth on the shipping industry"[6] in a speech at an Individualist luncheon on March 8 1933. He was encouraged to extend his attack by the 40-50 letters he received in the next few weeks and by questions asked in Parliament from March 23, when R. Rankin requested an international review of the Canal charges. Sir Arnold had first learned about Canal dues from commercial juniors en route by P. & O. to India in 1907[7] and cherished as little respect for the Canal Company as for the Burmah Oil Company, "these faint-hearted merchants, masquerading in top hats as pioneers of Empire".[8] He had helped to protect Anglo-Persian in its most difficult early years and had kept a unique record of his passage as a stoker up the Red Sea in 1913.[9] As Assistant Civil Commissioner

1. Abbas II Hilmi, A Few Words on the Anglo-Egyptian Settlement. (London, Allen, 1930), 33.
2. J. Nehru, Glimpses of World History. (London, Luzac, 1936), 607, March 11 1933.
3. J. Nehru, An Autobiography. (London, Lane, 1936), 501. Democracy in East and West, commenting upon a speech by Lytton in the House of Lords on December 17 1934.
   A.S.P. Ayyar, An Indian in Western Europe. (Bangalore, Maniam, 1929) I, 75 "Europe begins with the west of Suez".
4. E. Waugh, Remote People. (London, Duckworth, 1931), 191.
5. O.D. Rasmussen, The Reconquest of Asia. (London, Hamilton, 1934),9
6. The Times, March 9, 1933, 22iv.
7. A.T. Wilson, S.W. Persia, A Political Officer's Diary, 1907-1914. (London, Oxford University Press, 1941), 12.
8. A.T. Wilson, 40.
9. A.T. Wilson, 232-3.

in Mesopotamia he had helped to secure the inclusion of Mosul. Thereafter he had served Anglo-Persian from 1921 to 1932. A disciple of Curzon and a Tariff Reformer since 1908 he had invincible faith in expert administration and an unrivalled capacity for administration. Exalting trade above transportation and politics above economics he regarded the Canal as a great international public utility and its operation by a private profit making company as an anachronism. His criticism of the Company was encouraged by Britain's departure from free trade in 1932 as well as by the rise of the tonnage of unemployed shipping to a peak in the middle of 1932 and of unemployment to a peak in January 1933. To the Central Asian Society on April 5 Sir Arnold emphasised that the high tolls of the Canal Company encouraged self-sufficiency in Asia, discouraged trade between Europe and Asia and in effect subsidised the trade of Japan and the U.S.A.[1] The abandonment of the gold standard by the U.S.A. on April 19 lowered dues on the Panama Canal to a level 32% lower per ton of shipping and 28% lower per ton of cargo than those on the Suez Canal, enabling U.S. ships to compete with British ships as far east as Calcutta. In the Commons Captain Peter Macdonald revived Sir Herbert Cayzer's suggestion of June 21 1932 and requested on April 25 1933 a refund of tolls to British shipping from the Government's revenue from its Suez shares. To the Royal Empire Society Sir Arnold urged on May 16 the sale of the Government's shares to the Governments of the Empire from East Africa to Shanghai so as to establish a collective imperial control of the voting power of the Company,[2] a suggestion which J.B. Whyte urged on the Prime Minister in the Commons on May 24. From May 31 questions in the Commons began to attack the inadequacy of the Government's directors of the Canal Company. In a trenchant article Sir Arnold dismissed the Annual Report on the Suez Canal laid by the official directors before Parliament as an insult to the intelligence of that body and as apparently designed to hide the essential financial aspects of the Canal.[3] He affirmed that the Company had charged as much as the traffic would bear since 1900, that it could halve the existing

1. The Times, April 6 1933, 19i. A.T. Wilson, The Suez Canal Dues, a lecture not reprinted in the Journal of the Royal Central Asian Society.
2. The Times, May 17 1933, 11iv; May 24, 26ii.
3. A.T. Wilson, The Suez Canal: Barrier or Highway? Nineteenth Century, June 1 1933.
A.T. Wilson, The Suez and Panama Canals - A Comparison. Journal of the Royal Society

dues and that it could still pay shareholders an annual dividend twice as great as that earned by any gilt-edged investment in the world.[1] "The canal today is not a highway, but a barrier".[2] He also condemned the extravagant management, salaries and pensions of the Company and its employment of one officer to every five men of its great army of employees.[3] He urged the reconstitution of the British directorate in the interests of the British Empire and pressure by the British Government on the Egyptian Government to persuade its mandatory to reduce its tolls as Ismail had done in 1874. Thus he began to propose more fundamental remedies than those of the shipowners.

Sir Arnold Wilson extended his criticism in the first complete history of the Canal which had been published in England since 1876.[4] That polemic did not end its story in 1869 because the Company had only begun to function as a toll-collecting concern after the inauguration of the waterway. Sir Arnold's account of British policy towards the Company was in effect a warning of the need for a new compromise and laid special stress on the 1875 purchase, the British agitation of 1883 and the Egyptian agitation of 1910 against the concession. H.W. Macrosty, the author of "The Trust Movement in British Industry" (1907), the Chief Statistical Officer to the Board of Trade and the Honorary Secretary to the Royal Statistical Society supplied Sir Arnold with statistical and comparative tables of the Canal dues and the Company's finances. Sir Arnold argued that the £43,206,683 received by the Government in interest and dividends between 1876 and 1932[5] had encouraged the Government to sacrifice its political interests to its financial interests in the Company. By relating the dividends paid by the Company to the nominal value of the share rather than to its market-value he was able to show that the dividend had reached a level of 44.32% in 1930[6] in contrast to the 7% of the genuine public utility corporation. He condemned Vogüé's tenderness for his shareholders as an extreme capitalist viewpoint.

1. A.T. Wilson, The Suez Canal. Nineteenth Century, June 1 1933, 671.
2. Ibidem, 669.
3. Ibidem, 676.
4. A.T. Wilson, The Suez Canal, its Past, Present and Future. (London, Oxford University Press, 1933, 1939), reviewed in The Times, December 1 1933, 201.
5. Ibidem, 58.
6. Ibidem, 123.

"One might say with truth that the old Canal has long ago, and several times, disappeared, and that the Canal of today has been built with the money of shipowners and their clients".[1] He renewed his appeal for the distribution of the Government's shares in blocks of 250.[2] His criticism provoked Vogüé's memorandum of rebuttal to the British public of June 9 and Vogüé's condemnation on June 12 of his accusations as "a monument to error and ill-will".[3] Vogüé denied that the Canal was a monopoly and defended the right of his shareholders to a superior reward because of the courage and tenacity of their predecessors. "The cutting of the isthmus of Suez was the greatest enterprise ever attempted with private capital".[4] Vogüé insisted that the waterway had to be maintained at the highest level of efficiency for its ultimate return to Egypt and that the Canal tolls represented only 1-2% of the value of the merchandise carried through the Canal, and very exceptionally 3%.

Sir Arnold's crusade encouraged M.P.s to urge a reduction by drastic means in the management-expenses of the Company and in the Canal tolls.[5] Sir Arnold addressed the Economics Section of the British Association on September 8 on the advantages enjoyed by U.S. shipping against British in the Eastern trade through the lower tolls on the Panama Canal.[6] Twenty eight questions were asked in the Commons during 1933 about the Canal after only two questions thereon during 1932. The revival of trade from the autumn of 1932 had however removed the economic basis of the agitation. The Canal's tonnage rose from October-December 1932 after recovery began in the U.S.A. in July. During 1933 its tonnage rose in every month save in January above the level for 1932 and recaptured 57% of the 1,000,000 tons of shipping lost to the Cape route during 1932. At the close of 1933 the volume of world trade remained 35% below the level of mid-1929 while that of the Canal was scarcely 20% below that level, because the new closed economies built up in the retreat from free trade often included

1. A.T. Wilson, The Suez Canal (1933), 164 Note.
2. Ibidem, 170.
3. Le Canal de Suez, 15 Juin 1933, 8125.
4. Ibidem, 8126.
5. Hansard, Commons Debates, June 29 1933, Burnett; July 4, G. Hall. The Times, July 28 1933, 22iv.
6. The Times, September 11 1933, 15ii A.T. Wilson, The Effect of Suez Canal Dues on Intercontinental Trade.

a colonial empire beyond the Canal such as the French empire in Indo-China. The Company had forced British shipowners to adapt their freights to the level of the world market and announced in January 1934 a reduction of dues from April 1. Its dues were defended against attack by a French nobleman[1] and its function compared by Vogüé to "a kind of League of Nations".[2] Sir Arnold Wilson as a new M.P. asked his first parliamentary question about the Canal Company on June 14 but was refused a Colonial Office committee of investigation into the effect of the Canal dues on the trade of the African and Asiatic colonies of Britain. By then he had found another focus of interest and an example of efficiency in the new Germany. Thus the Canal Company preserved full control over its administration, its directorate its dividends and its tariffs and remained "the most resilient company of the slump the world over".[3]

1. G. de Saint-Victor, Le Canal de Suez. (Paris, Sirey, 1934), 238.
   F. Tuohy, The Golden Profits of Suez. Current History, September 1934, 676-681.
2. Le Canal de Suez, 5/7 Juin 1934, 8287.
3. F. Tuohy, 679.

THE ETHIOPIAN WAR, 1935-1936, AND THE ITALIAN CAMPAIGN AGAINST THE CANAL COMPANY.

The destruction of the market-economy and the gold-standard of the nineteenth century was followed by the destruction of the peace-settlement by Italy, Germany and Japan. The Carthaginian Peace of Versailles had despoiled and disarmed the defeated powers and had sought to maintain the temporary gains of the victors by eradicating the old balance-of-power system and by creating a League of Nations as a league of victors to maintain a new collective security. France gained most by the peace-settlement and became the most insecure power during the ensuing truce, in her fear of another contest between forty million Frenchmen and seventy million Germans. She sought to enlist the support against resurgent Germany of the eastern Slavonic powers through Barthou, the Foreign Minister in the Doumergue Ministry. That ministry of national unity identified the Canal Company as closely with the French State as it had been under the Empire, because Barthou had been a director since 1924 and Doumergue a director since 1932. On October 9 1934 Barthou was assassinated at Marseilles with King Alexander I of Yugoslavia by a Croat terrorist trained in Italy and furnished with a passport by Italy's Hungarian ally. Barthou was succeeded as a director of the Canal Company by General Weygand and as Foreign Minister by Laval, who abandoned Barthou's policy of a grand alliance against Germany and sought to win the support of Italy in place of Yugoslavia as a step toward the establishment of a Latin bloc against Germany. Thus France was compelled to recognise Italy's aspirations to an Ethiopian Empire.

Victorious Italy had been greatly disappointed by the allotment in the peace-settlement of all the German colonies in Africa to Britain, France and Belgium. Its proletarian imperialism was inspired by a wish to rival France, by a thirst for status rather than a hunger for bread and by a burning desire to erase "the shame of Adowa". No economic motive impelled Italy to expand from its bases in Eritrea and Somalia because neither colony had developed an export staple. Somalia had no harbours and Eritrea only one. Italy was with Japan and Norway one of the three states which increased their Canal tonnage [illegible]

world depression. In that expansion the colonial trade was less important than the oil trade, which made Italy from 1930 the third largest importer after Britain and France of oil from the Persian Gulf. Somalia nevertheless began to export bananas through the Canal from 1929 in order to save Italy foreign exchange. From 1930 Eritrea attracted vessels in ballast to load with salt from the newly-created salines of Assab. Somalia began to export bananas from Merka from 1931 and salt from Ras Hafun from January 1932. The King of Italy passed through the Canal in the yacht 'Savoia' on September 28 1932 en route to Massawa and returned on October 12, preceded through the waterway on both occasions by an Egyptian cruiser in homage by Fuad to the land of his education. Emilio de Bono, the Minister of Colonies, accompanied the King and undertook a confidential mission of exploration in Eritrea, reporting to Mussolini on his return that no surprise attack on Ethiopia was possible because of the Canal, where arms and troops would be exposed to the espionage of all the nations of Europe.[1] An Ethiopian expedition would make great demands on Italian shipping, which was reorganised in 1932 into four large combines, the Lloyd Triestino based on Trieste, the "Italia" based on Genoa, the 'Adriatica" based on Venice and the "Tirrenia" based on Naples. The "Italia" first appeared in the Canal on a large-scale in 1933. The "Tirrenia" carried Italy's African and colonial trade and took the mail to Massawa in nine days[2] while the Lloyd Triestino maintained the long-distance services to Asia and Africa. Italy's Canal tonnage rose by 9.4% during 1933 and by 18.7% during 1934 when Italy exceeded the rate of growth of all other flags save Greece and replaced France as the fourth client of the Canal after thirteen consecutive years in the fifth place. The growing export of bananas from Somalia attracted specialized banana-boats from 1932 and small high-speed motor-vessels beginning with the 'Merka', which first passed through the Canal on September 28 1933. Somalia was also visited by the King of Italy who passed through the Canal with de Bono on October 25 1934 and returned on November 26. The Canal however carried only 17% of Italy's foreign trade in 1934 while 70% passed via

1. E. de Bono, Anno XIIII. The Conquest of an Empire. (London, Cresset, 1937), 10.
2. E. de Bono, 139-140.

Gibraltar.

On January 7 1935 when Laval in Rome gave Mussolini a free hand in Ethiopia in return for Italian support against Germany, de Bono sailed quietly for Massawa.[1] He was followed by the shipment via the Canal, which had been devalorised by air-power,[2] of the first bombing and scout planes in January and the first troops in February. The Italian flag rose from the fourth place in January to the second place in February leaving the German, Dutch and French flags far behind and helping to conceal the decline in commercial traffic which began in January-February 1935. The growth of Italian military traffic through the Canal provoked questions in the Commons[3] and the Admiralty's announcement on March 7 of the reinforcement of the Mediterranean squadron. Hitler's repudiation of the disarmament clauses of the Treaty of Versailles, however, united England, France and Italy on April 11 in the anti-German Stresa Front, which encouraged Mussolini to hope for Ethiopia as the price of his support of France and England. The British Government could not aid Italy to conquer Ethiopia but would not aid Ethiopia to resist Italy and sought to deter Italy by diplomacy. On May 15 Sir John Simon told Geoffrey Mander, the Liberal M.P. for Wolverhampton and an enthusiastic supporter of the League, that no representations had been made to the Italian Government regarding the use of the Canal by Italian vessels in the event of war with Ethiopia but that the Italian Government was well aware of Britain's obligations. After that indirect menace de Bono was instructed on May 18 to anticipate difficulties of transit through the Canal and to build up a three-years' supply of victuals and munitions in preparation for the worst eventuality.[4] After the pro-Italian 'Morning Post' in an inspired article claimed on May 23 that the British Government was obliged by the Convention of Constantinople to keep the Canal open, Mander asked Simon on June 5 whether Italy was aware that the first clause of the Convention of 1888 had been abrogated by Article 20 of the Covenant of the League of Nations. On June 7 Attlee asked the new Prime Minister, Baldwin, for

1. E. de Bono, 56.
2. H. Bolitho, Beside the Canal. Fortnightly Review, January 1935, 101.
3. Hansard, Commons Debates, February 25 1935, Wilmot.
4. E. de Bono, 161.

the closure of the Canal to the military forces of Italy and was supported by Mander, who invoked Baldwin's principle of 1934. "Wherever the peace of the world is likely to be disturbed there lies our frontier.... Our frontier lies at the present time in the Suez Canal and the Red Sea".[1] Such a closing of the Canal was opposed by Sir Arnold Wilson as "of all possible sanctions the most complicated, the most dangerous, and, quite possibly, the most ineffective" because it would place an intolerable strain on the French administrators and on the Government of Egypt.[2] The speeches by Attlee and Mander aroused resentment in France where Vogüé proclaimed on June 8 "absolute neutrality" to be the law of the Company. Italy and France were further offended by the Anglo-German naval agreement of June 18 which was necessary to permit English naval concentration in the Mediterranean.

The policy of Hoare, the new Foreign Secretary, was to negotiate with Italy, cooperate with France and so preserve the peace of Europe at the expense of Ethiopia. The democratic, humanitarian and pacifist conscience of the postwar Anglo-Saxon world, especially of the younger generation, was as much opposed to secret diplomacy as to overt aggression. Both Christian and humanist united in defence of aristocratic Ethiopia through collective peaceful pressure on Italy to avoid war, through the closure of the Canal to Italian troopships either by a commission of the League of Nations or by an international Canal association or by Britain under mandate from the League.[3] Thus a debate began over the question of free transit through the Canal and focussed around the question whether free transit was all-important without respect to other considerations. The lawyers of Italy, France and Germany affirmed that free transit was all-important, that free transit had been assured by international agreement and that international agreements were made to be kept. The Convention of Constantinople had been signed by both Britain and Italy and had been concluded for an unlimited period of time. It had made no distinction between licit and illicit wars. It had specifically excluded in

1. Hansard, Commons Debates, June 7 1935, 2198, G. Mander.
2. Ibidem, 2202, A.T. Wilson.
3. The Times, July 5 1935, 10iii, V. Adams.
   Manchester Guardian, July 18 1935, 20iii, R.C. Hawkin.

perpetuity blockade of the Canal and provided no ground at all for closing the Canal but every ground for keeping it open. It had been brought into effect by England from 1904 and had been imposed on the defeated powers in the Peace Treaties of Versailles, Saint-Germain and Lausanne. It could not be overridden by the Covenant of the League of Nations because it was an earlier and specific agreement and because respect for freedom of transit seemed to represent the very basis of international order.[1] Nor did the League possess any authority to close the Canal. Lord Robert Cecil, President of the League of Nations Union since 1923, had himself moved the resolution of September 16 1931 which explicitly reserved the right of free navigation through the Canal in the Geneva Convention for the Better Prevention of War of September 27 1931 and so averted its infringement by any order to invading forces to retire within their own territory. Austen Chamberlain, the author of the Locarno Treaty guaranteeing the frontiers of France, Belgium and Germany, had affirmed in the Commons on March 28 1928 that the Convention of Constantinople was still in force and had explicitly reserved British rights in the Canal by the Note of July 19 1928 after the Briand-Kellogg anti-war pact. England could not, however, assert in peacetime the control of the Canal which it had established during the war. She had no legal right to close the waterway to Italy,[2] which endangered neither the security of the Canal nor of navigation through it, paid its dues punctually and could as a signatory power rightfully claim the rigorous observance of the Convention of 1888. Nor could England close the Canal without giving mortal offence to Italy and violating the sovereignty of Egypt. She could not assume the mantle of a Protecting Power thirteen years after the abolition of the protectorate.

1. G. Scelle, Précis de Droit des Gens. Principes et Systématique. (Paris, Sirey, 1934), II, 64. Le Libre Commerce Internationale Norme Fondamentale du Droit des Gens.
   C. Rousseau, Peut-on fermer le Canal de Suez. Le Temps, 26 Septembre 1935, 4i.
   G. de Saint-Victor, Peut-on fermer le Canal de Suez. Le Temps, 22 Septembre 1935, 2i-ii.
2. The Suez Canal. Law Times, July 27 1935, 54-55; August 3 1935, 88.
   S.A. Heald, The International Status of the Suez Canal. Bulletin of International News, August 17 1935.
   W. Landecker, Suezkanal und Italienisch-Abessinischer Konflikt. Revue de Droit International, Juli 1935, 204-220.
   The Times, August 21 1935, 6iv; August 22, 13v; August 24, 6iv.

"We have lost control of the artery which unites the British Commonwealth and gives it life in every real sense of the word. It has passed to the country which is at the moment the most militant despotism in Europe".[1] In the last resort England had no wish to create a binding precedent whereby the Canal might be closed to an aggressor and valued the free use of the Canal more than the continued existence of Ethiopia as an independent state. England had recognised Italian interests in Ethiopia on five separate occasions in 1906, 1910, 1919, 1924 and 1925.[2] She had no economic interest in Ethiopia because Japan had replaced her by 1930 as the chief source of supply of cotton goods and cotton yarn. She was, moreover, disarmed and could take no action without the aid of the French Navy. France would not sacrifice its new entente with Italy to placate the English conscience[3] and separated herself from Britain more than at any time since 1924.

Britain hoped, nevertheless, to deter Italy by non-military measures. On August 24 the Cabinet resolved and declared that Britain would uphold its obligations under its Treaties and under the Covenant. Its decision to move the Fleet from Malta to the Levant alarmed Churchill lest it should presage the abandonment of the Mediterranean, so making it possible for Mussolini to land in Egypt in force and seize the Canal.[4] In the resulting crisis in the Mediterranean Mussolini made it clear on August 26 that the closing of the Canal would be a casus belli. Reinforcements were thereupon despatched to Malta, Aden and Egypt, where they were welcomed by the Egyptians for the first time in history. No reinforcements however could enable Malta with its twelve old anti-aircraft guns to protect the Fleet from attack from the air. The departure of the Fleet on August 29 shifted the axis of British power sharply from the west to the east Mediterranean. The C.-in-C. arrived at Port Said on September 2 with his second-in-command, Cunningham, to draw up plans for a possible war with Italy[5] and for the closure of the Canal to Italy. Britain seems

1. The Times, August 29 1935, 11v, Abe Bailey.
2. C. Cito de Bitetto, Méditerranée Mer Rouge Routes Impériales. (Paris, Grasset, 1937), 169-171.
3. P. Gentizon, Autour de Suez. Le Temps, 16 Août 1935, 61-ii.
4. W.S. Churchill, The Second World War. (London, Cassell, 1948) I, 133-4. Churchill to Hoare, August 25 1935.
5. A.B. Cunningham, A Sailor's Odyssey. (London, Hutchinson, 1951), 174.

to have considered closing the Canal down to mid-September, chartered three vessels from Holt's to carry boom defence gear to the Canal[1] and may have hoped to become the executive of the League in superseding the Convention of Constantinople[2] but remained determined to act in cooperation with France. At Geneva on September 10 Laval refused to associate France with Britain in closing the Canal and ruled out both military sanctions and a naval blockade because they could not be achieved collectively.[3] He reluctantly accepted limited economic sanctions, enabling Hoare publicly to affirm on September 11 the intention of the British Government to fulfil its obligations under the Covenant. On September 16 Laval told Mussolini's representative in Geneva that the French Government would on no account agree to the closing of the Canal.[4] On September 23 Hoare secretly promised Mussolini through the British ambassador in Rome that Britain would neither apply military sanctions nor close the Canal but would apply if necessary "merely economic sanctions".[5] The British request to France on September 24 for help in naval precautions was left unanswered until October 5, two days after the invasion of Ethiopia. Thus the Anglo-French naval blockade of the approaches to the Canal never matured. Only the Communists of France campaigned for the closure of the Canal.[6] The threat nevertheless raised insurance rates from 2/- to 5/- per cwt. on September 30, diverting traffic to the Cape route and reducing the value of Suez shares. Mussolini reaffirmed on October 2 that the closure of the Canal would mean war and mobilised his hundred submarines against the Mediterranean Fleet. Britain was not prepared to lose six or seven warships or the possibility of an Italian alliance against Germany and relied thenceforward on collective in place of bilateral action.

Between February 1 and October 2 1935 193,200 passengers passed

1. D.R. MacGregor, The China Bird. (1961), 254.
2. Sunday Times, September 1 1935, 12. The Suez Canal: Can It Be Closed?
   H.L. Hoskins, The Suez Canal in Time of War. Foreign Affairs, October 1935, 101.
3. A. Werth, The Destiny of France. (London, Hamilton, 1937), 179.
4. S. Hoare, Nine Troubled Years. (London, Collins, 1954), 171.
5. Documents on German Foreign Policy 1918-1945. (London, H.M.S.O., 1962) Series C, IV, 674-5, Neurath to Embassies in Italy and Great Britain, October 1 1935; 681-683, Bismarck, Chargé d'Affaires in Great Britain to Foreign Minister, October 2 1935.
6. A. Werth, 191.

southwards through the Canal in Italian vessels and Italy paid an estimated £750,000 in Canal dues, wholly through French banks.[1] Suez shares rose as Italian troops crossed the Mareb on October 3 and de Bono planted the tricolour over Adowa on October 6. Sanctions were unanimously recommended by the 14 members of the Council of the League of Nations and were voted by 51 of the 54 members of the General Assembly on October 10. Those sanctions were minor not major sanctions such as the closing of the Canal or an oil embargo. They were restricted to economic sanctions at the initiative of Eden and reflected the same economic determinism which could believe that raising the Canal tolls on Italian ships would solve the dispute between Italy and Ethiopia.[2] Such sanctions could have no immediate effect and did not compel Italy to choose between peace and war but became a symbolic device which saved the face of Europe and of Brtian in particular.[3] Europe's resort to siege-warfare against an outlaw-power reinforced the unity of Italy around its leader in opposition to such "unjust, inhuman and illegal" measures.[4] After the British Government announced officially on October 18 that it would not close the Canal to Italian ships the Company's shares rose by 4.7% between October 18 and October 25. The League itself had no authority to disregard the Convention of Constantinople as Sir John Fischer Williams, the authority on the League, explained. "It cannot block, still less can it direct the Suez Canal Company to block, the canal against Italian ships".[5] In the Commons on October 22 Hoare refused on behalf of the Government to block the Canal to Italy. The next day the Government announced a general election within three weeks and made the League of Nations the keystone of British foreign policy in its election programme. The Government's decision was not uninfluenced by the transfer of the leadership of the Labour Party from the pacifist Lansbury, the greatest vote-collector of his party, to Major Attlee, the advocate of military

1. The Times, October 15 1935, 13i; October 9, 13iv; October 10, 15v; October 16, 10iv.
2. The Times, October 16 1935, 10iv. Bosworth Goldman.
3. Documents on German Foreign Policy, 1918-1945 (1962), Series C, IV, 637. L. von Geyr, Military Attaché in Great Britain to Reich War Ministry, September 16 1935.
4. G. Molfino, Il Canale di Suez e il suo Regime Internazionale. (Genova, Orfini, 1936), 109.
5. Manchester Guardian, October 23 1935, 20iii. Closing the Suez Canal. Legal Aspects of the Plan.

sanctions. Government spokesmen emphasized that closing the Canal meant war because Mussolini had said so. Attlee's policy produced no favourable response from public opinion in the first general election fought on foreign policy since 1880.

During the first month of the war the tonnage of the Canal first surpassed the record tonnage achieved in January 1929. Between February and November 1935 250,000 Italians passed southwards while only 20,000 passed northwards. Each Italian convoy was greeted with tremendous enthusiasm by the large Italian colony of Port Said which gained that hour upon the stage denied to the Italian colony of 1869. The younger Italians donned black shirts, gathered on the breakwater and sang the Fascist Hymn 'Giovinezza' to the passing troopships, whose troops replied with the salute "Duce! Duce!".[1] The older generation subscribed their gold and jewels to pay the Canal dues as well as to buy oil and provisions in Egypt for Italy.[2] One Italian who had lived in Port Said since 1918 was inspired to begin in 1936 a history of the Italian colony and so became the first annalist of the port.[3] English troops in the Canal Zone became depressed by the contrast between Italian power and English impotence and intolerant of the restraints of the Convention of Constantinople. During 1935 Italian military traffic more than compensated for the decline in the commercial traffic of the Canal which took place in January, February, May and August-December. The volume of world trade expanded by 7% but the volume of Canal cargo declined by 7.4%, the tonnage of non-postal commercial vessels sank by 7.1% to the level of 1932 and British tonnage sank by 8.7%. The volume of northbound cargo declined by 15%, especially in oil-seeds, cereals and oil. The completion of the pipelines from Kirkuk across Syria to Tripoli and Haifa exposed the Canal to its first competition from a pipeline. Their construction in 1932-34 had encouraged the Canal Company to introduce in 1934 night-time transit by tankers with the aid of special search-lights. Their use saved 1522 miles of the voyage from

1. W.J. Makin, War over Ethiopia. (London, Jarrolds, 1935), 19-30. M. Junod, Warrior Without Weapons. (London, Cape, 1951), 22-23. A.B. Cunningham, 174.
2. The Times, December 16 1935, 13iii.
3. L. Dori, Esquisse Historique de Port-Said. Cahiers d'Histoire Egyptienne, Octobre 1954, Janvier 1956, Juillet 1956.

Europe to Iraq, first opened up the great oil-field of Kirkuk and made possible the emergence of the Iraq Petroleum Company as an international producer of crude oil. Iraq began the export of oil over 532 miles to Tripoli on July 14 1934 and over 620 miles to Haifa on October 14 1934. The formal opening of the pipeline on January 14 1935 reduced the volume of crude oil shipped through the Canal by 68% during 1935. Petrol assumed first place in northbound oil shipments from December 1934 until December 1936 when fuel oil replaced it, reflecting the transformation of Abadan into the largest oil-refinery in the world. France was relieved from dependence on high-cost American crude oil and reduced during 1935 the tonnage of French tankers using the Canal by 82.5% and the Canal tonnage of the Association Pétrolière by 94%. The French flag declined from the fourth to the fifth place in Canal traffic as Marseilles drew its oil thenceforward from Tripoli.

The depression in the traffic of every important region served by the Canal was counterbalanced by the sharp rise in Italian traffic and by the increase in southbound cargo by 12%, especially between June and November. Italian Canal tonnage trebled from 2,089,003 in 1934 to 6,077,376 in 1935. Italy's share in the total tonnage rose from 6.6% to 18.5% and reduced the British share below half for the first time in the history of the Canal. The Italian flag ranked second above those of Germany, the Netherlands and France. Italian vessels were mainly steamships and reduced the share of motor-vessels in Canal tonnage from its peak of 30.1% in 1934. The Lloyd Triestino became the fifth largest user of the waterway and the "Italia" the sixth. The 319,504 Italian troops who passed through formed 51% of the total number of passengers, who rose by 138% to 625,465 and so exceeded the record figure for 1919. Passenger receipts first exceeded the record figure for 1929 and rose from 1.3% of the Company's gross receipts in 1933 to 3.2% in 1935. Those unprecedented receipts for passengers were paid to the Company in gold francs. The total dues paid by Italian shipping rose from £700,000 to £2,000,000, insulating the Company against depression and raising its receipts above the prolonged low levels of 1932-34. The ports of the southern Red Sea, Aden, Berbera, Jibuti, Assab and Massawa, experienced such prosperity as they had never known. The Canal tonnage of East Africa rose by 26%

and that of the Red Sea by 122% while that of every other region declined. The number of transits rose by 5.8% because Italian traffic was short-haul traffic. Total tonnage rose by 3.3% to reach the highest level since 1929 while southbound tonnage first surpassed the record level of 1929. The Company's receipts rose by 3.6%, enabling it to increase its dividends by 6% as well as to add to its extra-ordinary reserve.

The sanctions which came into force from November 18 prevented air-flight across the Sudan and compelled Italy to carry out all its air transport by sea through the Canal.[1] The Italian demand for oil at Massawa helped to reduce the oil cargo of the Canal, gave an abnormal stimulus to the production of the Anglo-Egyptian Oil Refinery at Suez[2] and produced the first shipment of oil through the Canal from Curaçao in June 1935. The proposal to extend sanctions to oil provoked Italian talk on November 25 of a surprise attack from the air on the British Mediterranean Fleet. The Hoare-Laval Pact of December 9, concluded by Laval in consultation with Mussolini, secured the indefinite shelving of the oil sanction. It also handed over the substance of Ethiopia to Italy and left Hailie Selassie with only a shadowy remnant linked to the coast by a corridor for camels but not for a railway. That plan was regarded as a betrayal of the Government's election pledge of support for the League of Nations and was overwhelmingly rejected by British opinion, which hounded Hoare from office and compelled his replacement by Eden, the champion of the League. As Ethiopia became what "little Belgium" had been in 1914 the demand for the closure of the Canal revived when it was too late to affect the outcome of the war. "By putting his great army the other side of the Suez Canal, Mussolini has tied a noose round his own neck and left the end hanging out for anyone with a Navy to pull".[3] Mander was however rebuffed by Cranborne on December 20 when he suggested an appeal to the International Court of Justice at the Hague for its opinion on Italy's legal position with regard to the Canal. The Convention proved its value for the first time in its history and kept "the sluice-gate of the war"[4] open to the troops of Italy. War

1. E.W.P. Newman, Italy's Conquest of Abyssinia. (London, Butterworth, 1937), 278.
2. The Times, November 30 1935, 11iv.
3. K. Feiling, The Life of Neville Chamberlain. (London, Macmillan, 1946), 273, December 8 1935.
4. M. Junod, Warrior Without Weapons. (1951), 22.

insurance rates ended early in January 1936.

Within three days of the collapse of the Hoare-Laval peace plan Italy first used mustard-gas in Ethiopia on December 22. Before the end of February the Italians openly declared the passage of 260 tons of mustard gas through the Canal and Britain seemed "almost ready to close the Suez Canal - almost, but not quite".[1] The large-scale use of gas began in March with greater psychic than physical effect, shattering the morale of the Ethiopians and making possible an end to the war before the rains began. The moral impact was great in Europe as well as in Ethiopia and revived the demand for the closure of the Canal for a third time.[2] On May 2 Hailie Selassie ceased to stand guard in what he called "the last citadel of collective security" and left by train for Jibuti. On May 4 he sailed from Jibuti on board a British cruiser which proceeded at full speed and in the greatest secrecy with an escort of six other warships to the British base at Haifa, where he disembarked on May 8 to visit Jerusalem before making his way to Geneva and Bath. The destruction of the oldest of Christian kingdoms and of the last independent state of Africa made Ethiopia a symbol of African independence and Negro freedom such as it had not been during its lifetime. British policy had failed to preserve Ethiopia but had alienated Italy. The Canal Company's policy of benevolent neutrality towards Italy had made it the impartial accomplice of the Italian conquest: it suffered grave moral damage[3] although its shares rose by 7% between April 29 and May 8. The war had revealed the inadequacy of international law in relation to the Canal.[4] It also destroyed the surviving framework of security in Europe. The outbreak of civil war in Spain created a new region of insecurity in the West Mediterranean as well as the Rome-Berlin Axis, which brought Italy out of the Stresa Front into the German camp and deprived Austria of its sole protector against Germany. On May 6 Eden explained that the only effective sanction would have

1. John T. Whitaker, Fear Came on Europe. (London, Hamilton, 1937), 295.
2. The Times, April 21 1936, 15v; April 22, 15v; April 23, 10iii; April 25, 8i; April 29, 15v.
3. Hansard, Commons Debates, May 7 1936, Sandeman Allen; May 11, Leach; May 25, O. Locker-Lampson.; May 26, Leach; May 29, E. Rathbone.
4. H. Rheinstrom, Die Völkerrechtliche Stellung der Internationalen Kanäle. (Budapest, Revai, 1937).

led inevitably to war. "You cannot close the Canal with paper boats. (Ministerial cheers)."[1] Sanctions were discontinued by Britain on June 18, the anniversary of Waterloo, and by the League on July 15, after 241 days. In the interests of collective security Baron David Davies, the coal-lord and the founder in 1932 of the New Commonwealth movement for an international police force, suggested in September 1936 that the Canal should be internationalised and garrisoned by an international police modelled on the Saar Police Force.[2]

The war made possible a new relationship between Egypt and the Canal Company and the British Government. Egyptian influence had grown in the isthmus through the development of the fishing industry, the increase of Coptic and Egyptian shopkeepers in Port Said, the renaming of the Place Lesseps the Place Saad Zagloul as well as the Eugenie Quay the Rue Safia Zagloul, and the construction in 1934 of a Suez-Cairo Railway along the direct desert route of 1858. That new railway benefited Suez at the expense of Port Said as a port of import, especially for produce from the Sudan and Australia, and carried tourists to Cairo as well as the middle-class of Cairo to the Suez littoral. The motor-car liberated the Europeans of the isthmus from dependence on the railway and therefore from contact with Egypt, as the railway had liberated overland travellers in 1858. The extension of the Port Said-Ismailia road to Suez between 1932 and 1934 enabled pilots to travel by car to or from Ismailia. The growing divorce of the Company from Egypt was accentuated by a series of law-suits in the interests of the bondholders. The Egyptian decree of May 2 1935, a long-term consequence of the devaluation of 1931, annulled the gold-clause in all international contracts by and with Egyptian companies, including the Canal Company, and affirmed that the francs referred to in its concession were Egyptian not gold francs. The same national spirit inspired the recommendation of an Egyptian lawyer on May 18 1935 that the Canal Company should be expropriated and the Canal administered as an international public utility.[3] The subsequent recession in the Company's shares compelled Vogüé to assert on June 3 that the Company's dividends and interest were not subject

1. Hansard, Commons Debates, May 6 1936, 1735-6, Eden.
2. Lord Davies, Nearing the Abyss. The Lesson of Ethiopia. (London, Constable, 1936), reprinted as It Need Not Have Happened. (London, Staples, 1942).
3. Ahmed Moussa, Essai sur le Canal de Suez. Droit et Politique. (Paris, Jouve, 1935), 134, 137-8

to any gold-clause but were payable in an "international" franc, 1/20 of the gold louis and "the last refuge of timid capital in quest of security".[1] On July 7 the Company announced however that it would pay its coupons in Egyptian francs and hold the balance for later payment if possible and that Canal dues would be payable from July 8 in sterling, while passenger dues would remain fixed at 10 gold francs. From July 8 the Company expressed its dues in both Egyptian piastres and English shillings rather than in gold francs. The decree of May 2 ushered in a year of negotiations between the Egyptian Finance Minister and the Company's Principal Agent in Egypt, Baron Louis de Benoist who had succeeded Serionne in 1929. Sir Arnold Wilson was encouraged to renew his attack upon the Company[2] in his concern lest its concession should be prolonged on the lines advocated in 1910.[3] Egyptian opinion proved more hostile to the Company in 1935 than in 1910. The Appeal Court of Alexandria recognised on February 18 1936 the validity of the decree of 1935 to the dismay of the Company and rejected any reference to gold in the francs stipulated in Egypt. The decree of April 30 made the Egyptian piastre the legal money of the Company and compelled the Company to charge passenger dues in the piastre-equivalent of ten gold francs from May 4. An agreement between the Company and the Government was reached on July 1 1936 providing for the Company to pay the Government £E200,000 per annum and to increase its Egyptian personnel to 25% of the total by 1958. That convention was not approved before Egypt had reached agreement with Britain.

The Anglo-Egyptian Treaty of August 26 1936 was negotiated by the Wafd after the death of Fuad, whose Italian sympathies enabled the Wafd to pose as the defender of Egypt against the threat of Italian aggression apparent in Italy's use of the Canal to create a new empire on Egypt's southern flank, her claim to the free use of the air above the Canal Zone and her identification of Egyptian with Italian interests.[4]

1. Le Canal de Suez, 5 Juin 1935, 8450.
2. A.T. Wilson, Some International and Legal Aspects of the Suez Canal. Transactions of the Grotius Society, October 22 1935, 143-4.
3. Hansard, Commons Debates, December 19 1935, A.T. Wilson.
4. R. Tritonj, A Chi Appartiene il Canale di Suez. Nuova Antologia, 1 Maggio 1936, 83-91.

The accession of the first English-educated ruler of Egypt brought royalist sentiment to its peak. The Treaty was modelled on the Anglo-Iraqui Treaty of 1930 and changed the whole basis of Anglo-Egyptian relations while seeming in appearance to change nothing.[1] It elevated Egypt to full equality with Britain and removed all restrictions on Egyptian sovereignty save for British rights in the Canal Zone. It embodied Egypt's acceptance for the first time since 1882 of the presence of British troops, which ceased to be an army of occupation and became the forces of an allied power admitted under treaty. The Treaty explicitly recognised the essential nature of the Canal to Britain but also recognised it as an integral part of Egypt. The Canal was to be defended by British troops until such time as the Egyptian Army could defend it by its own resources. The British military occupation of the Canal Zone replaced that of the Delta. Thus the crucial eighth article accepted the presence of British troops only as servants of Egypt and only on the periphery of the land. It restricted their location to specific areas and their number to 10,000 troops, 3,000 airmen and 400 pilots. Above all, it insisted that British forces were not to infringe the sovereignty of Egypt by their presence. Thus the Treaty transformed the occupation into an alliance and became as fundamental to the British base in the Canal Zone as the Convention of 1866 was to the Canal Company. The Treaty was signed by Eden, Macdonald, Simon, Halifax and Lampson for Britain and by twelve pashas for Egypt, including Nahas, Ismail Sidky, Wacyf Boutros Ghali, Ali el Shamsy and Nokrashy. Eden defended the Treaty in the Commons on November 24 1936 as entitling Britain "to be assured that the canal will be adequately protected by the Alliance for all time".[2] The "permanent military defensive alliance" of 1936 was concluded, however, in the first instance for twenty years, was regarded as only temporary in Egyptian eyes and was bound to suffer erosion because Egypt remained the injured partner in the alliance, haunted by the ineradicable memory of the occupation. The Treaty marked an era in the liberation of Egypt from alien influence through the constitution of an independent national army, the opening of the Military Academy by the Wafd Government to youth irrespective of social

1. The Times, March 19 1936, 15-16, Egypt and the Canal.
2. Hansard, Commons Debates, November 24 1936, 259, Eden.

origin or wealth, the suppression of the capitulatory regime from 1937, the abolition of the Egyptian Maritime Council of Sanitation and Quarantine in 1938 and the admission of Egypt to the League of Nations and thereby to the community of independent states in 1937. The Treaty was criticised by extreme national opinion because it burdened Egypt with the cost of construction of barracks in the Canal Zone, created a massive reinforcement of the British position in the Canal Zone, maintained the occupation under cover of the defence of the Canal and so prevented Egypt from becoming the neutral and international Switzerland of the Middle East.[1] Italy resented the Treaty because it prohibited the passage of aircraft over the Canal Zone except through the Kantara air corridor on the east-west route and because it regulated the Canal on an Anglo-Egyptian basis without reference to the comity of nations. The Treaty only reconciled the opposed interests of the British Empire and Egypt in the Canal at the expense of the interests of Europe as embodied in the Convention of Constantinople. The Treaty carefully avoided any mention of the Convention, with which it could be reconciled only with the greatest difficulty.

The increase of Italian power in the Mediterranean and Red Sea presented the greatest threat to the British lines of communication to India since Bonaparte's Egytpian expedition.[2] Those narrow seas had been made even narrower by the airplane while ships had become more vulnerable to the submarine, of which France and Italy each had a hundred, reinforced by aircraft with a range of 400-500 miles and by the threat of bombers with a radius of 800-1,000 miles within a year or two. The security of Port Said, 350 miles from the Italian Dodecanese, was destroyed as effectively as that of the whole Mediterranean route. "Thereby the 100-mile canal from Suez to Port Said has been extended into a 2,000-mile 'canal' from Port Said to Gibraltar".[3] From 1936 increasing use of the Cape route was made and the Cape record of 1893 was first broken when the 'Stirling Castle'

1. B. Aglietti, Il Canale di Suez ed i Rapporti Anglo-Egiziani. (Firenze, Carlo, 1939), 85, quoting Hafez Ramadan Bey, September 26 1937.
2. F.J.C. Hearnshaw, Prelude to 1937. (London, Murray, 1937), 130.
3. B. Liddell Hart, Europe in Arms. (London, Faber, 1937), 109. The Future of the Mediterranean.
   S. Colman, The Suez Canal. National Review, February 1937, 206-8.

reached Cape Town in 13 days 9 hours (August 21 - September 4 1936), to inaugurate the accelerated mail service in 13½ days in place of the 16½ days' service, unchanged since 1912.[1] On the Suez route Britain sought to strengthen its position by developing closer relations with Turkey as well as with Egypt, by building up Malta as a sea-plane base and Alexandria as a naval base, by transferring Aden from the control of the India Office to that of the Foreign Office and by formally defining in 1937 the Western and Eastern Aden Protectorates. Above all, Britain sought to develop Haifa as the potential Singapore of the Middle East because its harbour built between 1929 and 1933 was one of the best in the Levant and was also the furthest from the Italian air bases in Libya and the Dodecanese. To its mail service to Bagdad and its oil terminal of 1934 were added an oil dock in 1935, an air terminal in 1935-37 and a light naval base in 1937. Haifa would become, it was hoped, the terminus not only for a Bagdad railway but also for an Akaba railway proposed in 1935 and an Akaba Canal suggested in 1936. The increasing strategic integration of Alexandria, Suez, Haifa, Basra and Aden compelled Britain to conciliate Arab and Moslem opinion in order to preserve its communications through the Middle East after the outbreak of the Arab Revolt in Palestine in 1936, fifteen years after the 'betrayal' of 1921.

The end of the era of the capitulations subjected foreigners to Egyptian law and taxation, closed the French Post Office in Port Said on April 1 1937 after seventy-years and reminded the Canal Company of the third interest in the Canal apart from those of the client and concessionaire. Vogüé expressed the hope on June 7 that Egypt would use its new-found liberty with moderation and with respect to the duties imposed by the moral solidarity of civilised peoples.[2] Egypt placed its relations with the Canal Company on a new basis by the Convention of June 9 1937. The Company thereby agreed to exempt vessels of the Egyptian Government passing through the Canal wholly from toll if they were under 300 tons net burden and to exempt such ships above 300 tons up to 3,500 tons per annum. Two Egyptian directors were to be included

1. M. Murray, Union-Castle Chronicle 1853-1953. (London, Longmans, 1953), 202.
2. Le Canal de Suez, 15 Juin 1937, 8781.

on the board. From May 1 1936 a voluntary annual rental of £E300,000 rather than the £E200,000 of the initial agreement was to be paid as a token compensation for the loss of revenue resulting from Egypt's disposal of her shares. Egyptians were to be taken increasingly into the employment of the Company so that by 1958 33% and not 25% of its clerical staff in Egypt would be Egyptian. New strategic roads were to be built in the Canal Zone, especially the Suez-Port Said road, at a cost to the Company not exceeding £E300,000. That Convention was concluded when Eghpt's balance of payments was in difficulties and may have been intended to win Egyptian support against possible Italian claims on the Company. It recognised Egyptian rights and interests in the Company and first fixed the Canal tariff in Egyptian money of account. It ended the custom whereby Egyptian Government vessels flying the Egyptian flag had to pay tolls to pass through Egyptian territory but it precluded the use of the Egyptian flag as one of convenience by limiting the concession to Government vessels under 300 tons. The Egyptian Treasury gained a share in the Company's profits for the first time since 1880 in theory and for the first time since 1858 in practice. The Company built the Port Said Medical Centre in 1937 and began the increased employment of Egyptians on the new terms from January 1 1938. Egypt became a junior partner in the enterprise which it was to inherit in 1968, no question having been raised about a renewal of the concession. After the fall in the gold price of the French franc during 1937 increased the interest on bonds and shares the Mixed Court of Cairo decided on January 3 1938 that the Company should pay its dividends and amortize its bonds on a gold basis, raising the value of Suez shares on the local Stock Exchange. From September 1 1938 the Company was subjected to Egyptian taxation at the rate of 7% in addition to French taxation. Egypt had been offered and had refused in 1910 three seats on the board from 1968: in 1937 she secured two seats forthwith but not the third of the 32 seats foretold by Sir Arnold Wilson.[1] The first Egyptian directors

1. A.T. Wilson, An Artery of Commerce. De Lesseps and the Suez Canal. The Times Egypt Number, January 26 1937, xx, reprinted as The Times Book of Egypt, 67.

became in 1937 Cherif Sabry Pasha, the brother of the Egyptian Queen Mother, and in 1938 Ismail Sidky Pasha, the Minister of Finance in 1937-38. Egypt still retained the belief that she had suffered material loss from the opening of the Canal[1] which had encouraged the economic renaissance of Western Asia.[2]

Italian traffic continued to expand during the first half of 1936 while commercial tonnage continued to decline below the 1935 level in every month from January to June. When commercial tonnage revived in July and September military traffic began to decline. The result was that shipping tonnage rose above the level for 1935 in January-March but fell below that level in April-November: for the year as a whole tonnage declined by 1.3%, transits by 1.9%, cargo by 2.9%, northbound cargo by 3.9% and British tonnage by 4.3%. Although the volume of world trade rose by 5% and that of industrial production by 14% the share of the Canal in world trade declined from 6.4% to 5.9%. The cargo tonnage of the Panama Canal even exceeded that of the Suez Canal, although no diversion of tonnage from Suez to Panama seems to have occurred as in 1931-32 and 1935. The Cape route however gained 1,800,000 tons of shipping from the Canal or 7.5% of the Canal's traffic and nearly double the tonnage diverted during the depression of 1932. It combined freedom from war-risks with freedom from toll so that overseas steam tonnage entering the harbours of South Africa rose by 27% during 1936.[3] 300,000 tons of shipping from the Dutch East Indies, Indo-China and the Far East were diverted to the Cape route, together with 1,500,000 tons from Australia. Australia made the sharpest cuts ever in its use of the Canal, reducing its Canal tonnage by 38%, its wheat shipments via Suez by 40%, its homeward tonnage by 42% and its cargo tonnage by 67.2%. Its share in the Canal tonnage sank from 9.6% to 6%, or its lowest peace-time proportion since 1881. Such mail lines as the Orient Line became much more sensitive to the burden of Canal dues based on gold, despite their reduction from July 1 1936.[4]

1. A.E. Crouchley, The Economic Development of Modern Egypt. (London, Longmans, 1938), 114-115, 118-119, 140.
2. C.P. Grant, The Syrian Desert, Caravans, Travel and Exploration. (London, Black, 1937), 261-295.
   J. Gottmann, L'Homme, La Route et l'Eau en Asie du Sud-Ouest. Annales de Géographie, 15 Novembre 1938, 594.
3. Union of South Africa, Official Year Book of the Union. (Pretoria, Government Printer) No. 19, 1938, 488.
4. The Times, December 2 1936, 16iv, I.C. Geddes, Chairman of Anderson, Green & Co.

The burden of those tolls was especially increased by the loss of passengers during the Red Sea summer and by the growing demand of passengers for more and more taxable space.

Italy brought through the Canal 1,333,000 tons in ballast during 1936 as her transports returned from the war and raised its share in the total traffic to 20.2%. The 399,885 Italian troops and 200,000 workmen who passed through the waterway formed 76.5% of the total passengers, of whom 59% were military. The "Italia" rose from the sixth to the third client-line of the Canal. The Company's receipts would have fallen by 5% if the devaluation of the franc had not raised them by 6.3% for the year. Receipts in sterling rose on conversion into francs after the Poincaré franc ceased to exist from October 1 1936. Devaluation raised Suez shares by 19.8% in price between September 25 and October 21, enabled the Company to increase its dividends for 1936 by 13.2% and led to the appointment of the economist Charles Rist to the Company's executive committee on April 5 1937. During 1937 300,079 Italian troops passed through the Canal, raising the total for the three years 1935-37 to 1,019,468. The Lloyd Triestino became the leading Italian line and passed both the British Tanker Company and the P. & O. to become the first client of the Company instead of the fifth. Never before in the history of the waterway had a non-British line assumed the first place. Italy's tonnage declined by 11.5% to 16.1% of the total but maintained her in the second place to Britain.

The conquest of Ethiopia created an Italian colonial empire in North-East Africa but did not create an Anglo-Italian front with, as Sir Arnold Wilson had hoped,[1] a common interest in keeping open the Canal in all circumstances. Italy's new empire controlled the source of the Blue Nile, flanked the Straits of Bab el Mandeb from Massawa to Assab and threatened the security of Aden, especially through the establishment of Italian relations with the Yemen. Thus Italy ceased to be a client and became a rival of Britain, making the Canal into an Italian imperial highway as well as a British imperial route. As a Mediterranean power Italy straddled the British lines of communication in the inland sea but was wholly dependent on its

1. E.W.P. Newman, Italy's Conquest of Abyssinia (1937), 5-6.

extended line of communication to the Red Sea as Britain was not. Relative distances made the Canal far more necessary to Italy than to England: Naples was 2,178 miles distant from Massawa via the Canal but 10,850 miles distant via the Cape. Tolls formed 1% of the total cost of the Ethiopian campaign[1] but bore more heavily on the short-haul traffic to the Red Sea than on long-haul traffic. Nor were Italian ships in ballast which would have entitled them to pay half rather than full dues. After the conquest it was essential to develop Ethiopia, to supply the occupation-forces and the settlers with their needs and to expand trade with the new metropolis. Thus Italy became more dependent than ever on the Canal and more insecure than ever before. It had placed a vice around her neck and did not even become a satisfied power within the sea which carried the bulk of its trade. Its 2500 miles of vulnerable coastline made it to Mussolini "most blockadeable Italy" and a prisoner of the inland sea whose keys were Gibraltar, Malta and Suez. After Mussolini declared on November 1 1936 "the Mediterranean is simply a highway for others but for us Italians it is life itself" the Anglo-Italian Declaration of Rome of January 2 1937 sought to restore a Mediterranean equilibrium.

The growth of Italian power and insecurity revived the debate over the road to India[2] and encouraged Italian publicists to supply their new society with its own Italian viewpoint and claims on the Canal. The literature produced by the crisis was essentially popular,[3] discarding the scholarship of the literature of the 1920s whilst retaining and increasing its nationalist bias, especially against Britain.[4] The survey by Angelo Sammarco, who had served Fuad since

1. H.J. Schonfield, Italy and Suez. (London, Hutchinson, 1940), 52.
2. R. la Bruyère, Les Route des Indes. Revue des Deux Mondes, 1 Decembre 1935.
   P. Morand, La Route des Indes (Paris, Plon, 1936).
   L.C.A. Knowles, The Economic Development of the British Overseas Empire. (London, Routledge, 1936) III, 274-276.
3. M.O. Williams, The Suez Canal: Short Cut to Empires. National Geographic Magazine, November 1935.
   R.L. Baker, Britain's Hold on the Suez Canal. Current History, December 1935, 287-289.
4. Jacques-Vincent, Le Canal de Suez. Ferdinand de Lesseps Intime. (Paris, Nouvelles Editions Latines, 1935).
   E. Morand, Le Canal de Suez et l'Histoire Extérieure du Second Empire. (Paris, Figuière, 1936).
   J. von Kunowski, Der Suezkanal Geschichte, Land und Leute. (Berlin Schönfeld, 1936)

1922 as an historian, was exceptional in maintaining historical standards.[1] After the repeated demands for the closure of the Canal Italy sought some guarantee for the freedom of its communications to Ethiopia and some influence over the Canal Company through representation on its board. Italy had become the second client of the Canal from 1935 and provided in 1937 more than double the tonnage that Germany had in 1898 and 16% of the total against the German proportion of 10.5% in 1898, when the first German director had been elected. Italy's efforts to justify the election of Italian directors were made despite its anti-capitalist ethos and its aversion to the plutocratic nations of France and Britain as well as to such an organ of high finance as the Canal Company. Those efforts were supported by more historical research than the English agitation of 1883 or the German agitation of 1915 had been. The new Italian historiography appealed in the Roman tradition to natural or to geological law as the real basis of canal-construction. It assimilated the Canal to the Mediterranean as a veritable artery rather than as a mere means of communication and invoked the watchword of Lesseps "civilisation and commerce" against his heirs and successors. From the French tradition Italy inherited a juridical outlook with an emphasis on the creative role of the Corsican Bonaparte. From the Germanic tradition it inherited its emphasis on the Study Society of 1846 together with Negrelli and Revoltella who were transformed from Austrians into Italians. From those sources it created its own tradition which represented Italy as the great creator and England as the great opponent of the Canal. Those Italians who were elevated into precursors, prophets and apostles of the Canal did not include the Lazarist Sapeto, the founder of Assab.[2] Negrelli was converted from a Trentino Austrian commemorated by a monument unveiled at Trento in October 1930 and honoured in Sammarco's revisionist studies as the true technical creator of the Suez Canal, the mind and soul of the

1. A. Sammarco, Les Règnes de 'Abbas, de Said et d'Ismail (1848-1879) avec un aperçu de l'histoire du Canal de Suez. (Roma, 1935).
J.W. de Roever, Het Suezkanaal, heden en toekomst. Tijdschrift voor Economische Geografie, 15 Mei 1935.
2. A. Monti, Gli Italiani e il Canale di Suez. Lettere Inediti di P. Paleocapa, L. Torelli, E. Gioja, F. di Lesseps, B. Voisin, J. Conrad, B. Saint-Hilaire etc. etc. (Roma, Vittoriano, 1937).
A. Monti, Storia del Canale di Suez con un Diario di Luigi Torelli ed altri documenti inediti. (Milano, Istituto per Gli Studi di Politica Internazionale, 1937), 173.

Study Society and the author of the project adopted by the International Commission in 1856.[1] Gioia was identified as the engineer responsible for the most difficult of the Canal works at El Guisr and the miners of Piedmont as the conquerors of the rock of Chalouf. Monti used unpublished documents, like Georgi in 1913, and transformed the Canal into a national achievement through Italian initiative, schemes, labour and propaganda, even attributing Lesseps' failure at Panama to his lack of Italian collaborators. Negrelli had been given due credit for his contribution in 1858[2] but had been an engineer and not an entrepreneur, devoid of the driving-force which distinguished Lesseps from Enfantin. Lesseps had not only grasped the essence of the Canal as an engineering project but had achieved its construction. The Italian magnification of Negrelli implied a belief in the heroic theory of invention, that an idea had to have a single progenitor, and made no recognition of the instrumental role of technology or of the organising-power of the master-builder using materials provided by others. The envy of the mass-man for the aristocrat and the alien undoubtedly marred the Italian denigration of Lesseps. The divergence of Italy's national history of the Canal from the common French tradition reflected the shipwreck of collective security in Ethiopia. The Italian campaign also emphasized the cost of the Canal to Egypt, revived the German claim for founders' shares and for seats on the board and demanded a radical revision of the concession or the statutes of the Company so that the interests of world trade and Mediterranean peace might take precedence over the interests of the shareholders.[3]

England produced no counter-propaganda apart from a biography in the French tradition by a Jewish scholar who had early found a spiritual home in Egypt.[4] Egypt was roused to proclaim herself as the real mistress and the sole defender of the Canal. Italy could hardly expect to achieve very much if the British agitations of 1931 and 1933

1. A. Sammarco, Histoire de l'Egypte Moderne depuis Mohammed Ali jusqu à l'occupation britannique (1801-1882). III Le règne du khédive Ismail de 1863 à 1875 (Le Caire, 1937).
   A. Sammarco, Suez Storia e Problemi. (Milano, Garzanti, 1943).
2. F.W. Conrad, Reizen naar de Landengte van Suez (1859), 320 "His memory will live in the great work to which he was one of the most potent contributors".
3. E. Anchieri, Il Canale di Suez. (Milano, Lombarda, 1937), 169-170.
4. H.J. Schonfield, Ferdinand de Lesseps. (London, Joseph, 1937).

had achieved so little. France was more disturbed by the establishment of the Italian Empire than England. The French directors of the Canal Company had no wish to repeat the exclusion of a member of the board which had taken place in 1914. Italian traffic had moreover grown far more rapidly than German traffic and may have seemed less stable in its basis. Italy desired a Mediterranean naval agreement with England as well as a greater share in the control of the Canal. Egypt was so disturbed by her exclusion from the Anglo-Italian talks and by the use of the Canal as a bargaining-counter in the politics of Europe[1] that her Government began the study of measures for the defence of the Canal Zone in the event of war. The disintegration of the Versailles settlement in Europe occurred amid recurrent crises which undermined the security of the victors of 1918 and of the Canal Company. The incorporation of Austria in Germany alarmed Italy as well as France and reduced Suez share-prices by 12.2% between March 9 and March 16 1938. The Anglo-Italian Agreement of April 16 then reaffirmed the intention of Britain and Italy to abide by the provisions of the Convention of Constantinople. That Easter Pact equated the Italian Empire with the British Empire as a user of the Canal, although in March 1938 Italy supplied only 12.2% of the total tonnage and Britain 51.6%. Italy thus forced upon Britain a reaffirmation of the Convention which Britain had studiously excluded from the Anglo-Egyptian Treaty. Egypt adhered to the agreement and so recognised the Convention which she had not signed in 1888. Britain then made on May 30 its strongest appointment to the board of the Canal Company in Sir Maurice Hankey, who until his retirement had been Secretary to the Committee of Imperial Defence since 1912, Secretary to the Cabinet since 1916 and Clerk to the Privy Council since 1923. The Munich crisis brought the Mediterranean Fleet to Alexandria on September 22 in order to defend the Canal. Duff Cooper, the First Lord of the Admiralty, authorised on September 23 the despatch of 1900 men to bring the Fleet up to establishment and to man the defences of the Canal. He urged the Cabinet on September 24 to ask the Government of Egypt to put into force the precautionary period for the protection of the Canal but was strongly opposed by the Prime Minister.[2]

1. The Times, February 26 1938, 11ii.
2. D. Cooper, Old Men Forget. The Autobiography of Duff Cooper. (London, Hart-Davis, 1953), 235.

Marine insurance rates rose steadily to become prohibitive by September 27 for cargo shipped via the Canal while the Company's shares slipped by 14.5% between August 23 and September 28. The crisis ended with a great diplomatic triumph for Germany, the revival of the Anglo-French entente and the general approval of the Munich agreement by the board of the Canal Company,[1] whose shares rose by 23.5% between September 28 and October 3.

The growing insecurity in both the West and the East contributed to the severe depression of the traffic of the Canal in 1938-39 and cost the Company far more than it had gained in war-profits in 1935. During the expansion of 1937 tonnage first surpassed the record level of 1929. Commercial tonnage however reached its peak in April 1937 after the prices of primary produce began to fall in March and April. During 1938 the Canal's tonnage fell below the level of 1937 in every month save in March and September. The depression reduced tonnage by 6% and was most severe in the traffic of the Red Sea, the Far East, the Persian Gulf and India. Italian tonnage sank by 21% and so accounted for 59% of the total reduction in traffic for the year. Receipts however rose by 23% because of the depreciation of the French franc. The expansion of Japan in Asia developed Dalny at the expense of Shanghai and revived the scheme of a Kra Canal to by-pass the new naval base at Singapore.[2] Japan, a disappointed victor-power like Italy, began the Sino-Japanese War fifteen years after her humiliation at the Conference of Washington in 1922. She undertook the systematic industrialization of Manchukuo and the de-industrialization of the China coast. The curtailment of the commercial value of the treaty-ports to others than Nippon restricted the international trade of Free China. The Far East thus declined from the second place in the traffic of the Canal to the third during 1937 and to the fourth during 1938 when India regained first place for the last time. The great westward migration of the Chinese into the valleys of Sikang, where railways were non-existent and modern roads were few, ended the Western dream of China as a substitute for India and began the de-Westernization of China, its economic retrogression and its cultural revival. The

1. Documents on British Foreign Policy 1919-1939. Third Series, III (London, H.M.S.O., 1950), 87-90, M. Hankey to E. Phipps, October 3 1938.
2. W.J. Ronan, The Kra Canal: a Suez for Japan? Pacific Affairs, September 1936, 406-415.

growing insecurity nevertheless increased traffic in the munitions of war and brought through the Canal its first shipments of bauxite from Bintang in January 1936 and its first shipment of manganese to the U.S.A. from Abu Zenima in 1936 and from Durban in 1937. During 1937 the volume of northbound oil first surpassed the level of 1934 after two years of depression caused by the Iraq pipelines. Iran increased its Canal cargo tonnage by 36% and assumed second place from the Far East. The Anglo-Iranian Oil Company, as Anglo-Persian had become in 1935, exported 47% of its production from Abadan through the Canal. Fuel oil replaced petrol in the first place in northbound shipments. Basra regained as a port the importance it had lost to Bahrein as a base in 1935 and became, with Abadan, as important as the Canal to the British Empire. The oil imported by Britain through the Canal in 1937 was, however, valued at less than one third the imports of tea via Suez. American interest in the oil trade increased on the first discovery of oil in Saudi Arabia in March 1938 and in Kuwait in May 1938. The commercial production of oil began on September 15 1938 for shipment from Saudi Arabi to Bahrein. The first overseas shipment left Ras Tanura on May 1 1939 on the tanker 'D.C. Schofield' of Standard Oil of California. Thus the Canal gained its first new source of oil since the shipment of oil began in 1912-13 from Persia and in July 1935 from Bahrein.

From 1938 German scholars and publicists renewed their contribution to the historiography of the Canal as their interest revived in the Berlin-Bagdad axis and their desire grew to reduce French conceit, expose English machiavellianism and support Italian claims. Kressenstein's memoirs of the 1915-16 war, "a chivalrous struggle against a chivalrous opponent",[1] passed judgment upon Mussolini's techniques of warfare. German propaganda stressed the military rather than the economic value of the Canal, portrayed England as the relentless opponent of the Canal[2] and attacked the Disraeli-myth of the share-purchase.[3] It attacked capitalism, Judaism

1. K. von Kressenstein, Mit den Türken zum Suezkanal. (Berlin, Schlegel, 1938), 305.
2. H. Hummel, Vor dem Ziel steht England. Ferdinand de Lesseps. (Darmstadt, Vorwerk, 1939).
3. S. Helander, Disraelis Erwerb der Suezkanal-Aktien, Kritik einer Legende. Orient-Nachrichten, April 1939.

and the Canal Company as a leech on the world-economy, if not the greatest robber-band of modern times. British scholars studied alternative routes to the Canal, especially the Cape and Syrian routes, and revealed the limited economic role of the waterway as the channel for only 9.14% of the total value of British imports.[1] Soldiers recognised the Mediterranean route as a luxury comparable to freedom from invasion, complete individual independence and cheap electric power which might have to be sacrificed in the event of war.[2] The Italian case[3] was supported by an Italian translation of Sir Arnold Wilson's attack on the Canal Company as a toll-collecting parasite, but was refuted in the first paper-back published in England on the Canal.[4] The mass-medium of the film also carried the name of Suez around the world.[5]

Italy had been encouraged by the Munich agreement to hope for British support to secure a reduction in Canal tolls[6] and the appointment of an Italian director while France also sought English aid against Italian pressure. After England recognised the Italian Empire the spontaneous anti-French manifestation of the Italian Chamber on November 30 reduced share-prices by 12.5% between December 1 and December 12 and encouraged the Company to suggest that Egypt had exclusive competence to negotiate on the Canal.[7] The Italian Note of December 17 to France declared void the Mussolini-Laval agreement of 1935 and demanded the settlement of Italian demands over Tunisia, Jibuti and Suez. Sir Arnold Wilson made a full-scale onslaught on the Company in the debate of December 19 on foreign policy, reinforced the protest of the Orient Line[8] and urged the reduction of its dues by one half. A director of Holt's envied the annual dividend of 60% paid by

1. E. Monroe, The Mediterranean in Politics. (London, Oxford University Press, 1938) 12, 249.
2. H. Rowan Robinson, Imperial Defence. A Problem in Four Dimensions. (London, Muller, 1938), 287.
3. A. Sammarco, La verita sulle questione del Canale di Suez. Oriente Moderno, Gennaio 1939.
   G. Ambrosini, Il Canale di Suez. Annali dell'Africa Italiana, Marzo 1939.
4. H.J. Schonfield, The Suez Canal. (Penguin Special, 1939) reviewed by H.L. Hoskins, Suez Canal Problems, Geographical Review, October 1940, 666.
5. Suez (Twentieth-Century Fox, 1938).
6. The Times, November 23 1938, 14ii.
7. The Times, December 16 1938, 16vi.
8. The Times, December 14 1938, 25iii.

a public utility whose assets were indestructible sand and water.[1] Mussolini decided on January 8 1939 to demand a strong Italian share in the administration of the Canal.[2] Edgar-Bonnet, the vice-president of the Company since 1925, found little official support against Italy's claims and therefore emphasised on January 13 the Company's duty to obtain the approval of Egypt for any change in its constitution. "Whatever some may think, the Suez Canal cannot be made the object of a diplomatic bargain".[3] Sir Arnold Wilson even recommended the expropriation of the Company by the Egyptian Government with the support of the French and British Governments as the best solution to Italy's claims.[4]

The annihilation of Czechoslovakia reduced share-prices by 12.8% between March 10 and March 20 and led Churchill to declare that command of the Mediterranean had to be the prime objective in wartime, to reinforce and supply all European land forces on the shores of North Africa. Mussolini's speech at Rome on the twentieth anniversary of the foundation of Fascism on March 26 repeated Italy's three demands as "Tunis, Jibuti, the Suez Canal", reducing Suez shares by 5.2% (March 24-30) and increasing uneasiness in both Egypt and England. The British Cabinet which had thitherto abstained from infringing the Convention of 1888 then invited the Government of Egypt at the end of March to mount guns at Suez and Port Said, where they were placed by April 13 without any protest by Italy.[5] A new command-structure for the Middle East began to emerge from March when the post of Air Officer Commanding in Chief, Middle East, was created. Italy's invasion of Albania compelled the Mediterranean Fleet to leave Malta on April 8 for Alexandria and reduced the Company's shares by 10%

1. R.H. Thornton, British Shipping (Cambridge University Press, 1939), III in a footnote removed from the second edition of 1959.
2. M. Muggeridge, Ciano's Diary, 1939-1943. (London Heinemann, 1947), 8 Documents on British Foreign Policy, Third Series, III, 512.
   J.B. Firth, Italy and the Future of the Suez Canal. Is Her Claim to Share in Control Justified? Daily Telegraph, January 6 1939, 12iv-vi.
   The Times, January 11 1939, 9ii.
3. The Times, January 14 1939, iiiv. Le Canal de Suez, 15 Janvier 1939, 9043.
4. A.T. Wilson, The Suez Canal and its Future. Spectator, January 13 1939, 44-45.
   A.T. Wilson, The Suez Canal. Contemporary Review, March 1939, 280-287.
   A.T. Wilson, The Suez Canal. International Affairs, May 1939, 380-395
5. I.S.O. Playfair, The Mediterranean and Middle East (H.M.S.O. 1954), I, 37.

between April 5 and April 19. Italy's unofficial request on April 25 for two seats on the board of the Canal Company[1] produced no response from France. Vogüé hinted on June 5 at the Company's willingness to accept Italian directors when the time was ripe but emphasized that the Company had to defend Egypt's rights as well as her own.[2] As tension increased during the summer Admiral Cunningham arrived at Alexandria on June 5 to become C.-in-C. Mediterranean, but found the defence batteries at Port Said most inadequate.[3] The Italian Air Force may have contemplated bombing a vessel in the Canal to block it upon the outbreak of war.[4] The British Government ordered the despatch of troops from India to Egypt on July 22[5] and appointed General Wavell G.O.C. in C., Middle East, on July 24. The Indian troops reached Suez in twelve days (August 3-15) and began to train at Fayid, while the Company's shares fell by 7.2% between August 1 and August 22. Sir Arnold Wilson appealed in desperation for Germany and Italy to recognise that "the Mediterranean is our Lebensraum".[6] In France Weygand at the age of 72 was recalled to service on August 22 and appointed C. in C., Middle East, resigning from the board of the Canal Company and even contemplating the conduct of operations in the Canal Zone.[7] Egypt issued its first decree on August 25 to render help to its ally under the Treaty of 1936.

The rise of Italian power had prevented the evacuation of British troops from the Delta in accordance with the Anglo-Egyptian Treaty and compelled Britain to defend its Middle Eastern empire against the Eurafrican empire of Italy and in defiance of the geo-political advantages of the Axis powers. Thus Britain created a new military command in the Middle East, divided its forces between two fronts and accepted the burden of its entente with France, the reluctant support of Egypt as well as of India and the opposition of the Jews of

1. British Documents on Foreign Policy 1919-1939, Third Series, V, 347. E. Phipps to Halifax, April 27 1939.
2. Le Canal de Suez, 5/7 Juin 1939, 9107-8.
   M. Pernot, Le Canal de Suez et les Relations Internationales. L'Esprit International, 1 Juillet 1939, 373-387.
3. A.B. Cunningham, A Sailor's Odyssey (1951), 208.
4. The Times, July 4 1939, 14iv.
5. P.C. Bharucha, The North African Campaign 1940-1943. Official History of the Indian Armed Forces in the Second World War 1939-1945. (1956), 35.
6. Hansard, Commons Debates, July 31 1939, 2043, A.T. Wilson.
7. M. Weygand, Recalled to Service. (London, Heinemann, 1952), 3.

Palestine. The Ethiopian War had undermined the Canal Company's moral basis[1] as seriously as the depression-inspired attacks on capitalism. The postwar decline in Suez shares had been far more severe than during the world depression. Those shares declined from 24,500 francs on October 21 1937 to 13,000 francs on August 22 1939. The British Government's shares had exceeded their market-value of 1929 in 1934 but declined from £93,199,777 on March 31 1935 to £27,683,263 on March 31 1939. Italy's campaign had failed to achieve the election of a single Italian or German director, although nine directors were replaced in 1937-39. The Canal was also exposed to keener competition than ever before from the Cape route through the reduction in South African harbour dues from 1937. The Convention of Constantinople had been gravely weakened in its moral authority[2] and was infringed anew from 1939 as the Canal became an artery in the new military unity of Middle East Command.

1. G. Schwarzenberger, Power Politics. (London, Cape, 1941), 46.
2. G.T. Garratt, Gibraltar and the Mediterranean. (London, Cape, 1939), 140
   H. von Richthofen, Der Suez-Kanal im Weltkrieg und in der Nachkriegzeit: Eine völkerrechtliche Studie. (Berlin, Siegismund, 1939).

THE WAR FOR THE MIDDLE EAST, 1939-1945, AND THE CREATION OF THE CANAL ZONE BASE.

The war which broke out in 1939 affected the traffic of the Canal much more than the Great War had done. It followed a decade of depressions rather than one of expansion and dislocated the organisation of the Canal Company as no earlier conflict had done. It did not break out suddenly as in 1914 nor did it encourage any Axis vessels to seek refuge in the Canal ports as in 1914. The Mediterranean route had become so insecure that British control of the Canal became pointless except as a base from which to re-establish the security of the whole route. British ships for the Red Sea were held at Aden on August 26 1939 and those for the Mediterranean at Gibraltar on August 27. The Government of Egypt introduced on August 28 inspection of all ships in the ports of Egypt and proclaimed a state of siege on September 1 so that Egypt passed under the rule of a Military Governor. On August 31 all British ships were diverted around the Cape except for ships on Government charter and ships with a speed of 15 knots. That diversion of commercial traffic to the Cape route was cancelled on September 3 when Italy did not follow Germany into the war but was still maintained for ships whose first or last port of call lay east of Rangoon. The result was a sharp and sudden fall in Canal traffic by over 50% during September, followed by a revival in October, November and December. To preserve the security of the Canal and of navigation the Military Governor issued a series of decrees. On September 3 double floating booms were placed in position at Port Said as well as Suez and the search of merchant vessels was introduced, but outside the three-mile limit in compliance with the Convention of Constantinople. Vessels carrying explosives or petroleum were evacuated to the wide spaces of the Great Bitter Lake. The Military Governor made compulsory on September 10 a detailed declaration of all cargo on board vessels in transit. He closed on September 14 ports of Suez and Port Said between sunset and sunrise, established a special service on September 19 to control the wireless operations of commercial vessels passing through the Canal and enforced

on September 25 a strict black-out in the Canal Zone, so bringing navigation under military control.[1]

The War Cabinet decided on January 15 1940 to establish base organisations in Egypt and Palestine and to accumulate material reserves for a force of nine divisions. The first Australian and New Zealand brigades began to arrive on February 12 after a 10,000-mile voyage in the track of their fathers and were welcomed at Suez by Eden as Dominions Secretary. The German invasion of Norway brought a million tons of Norwegian shipping to England and increased the use of the Canal by Norwegian vessels. It also increased the danger of war between England and Italy, compelling Britain to reinforce its fleet in the Mediterranean when all its ships were needed in the North Sea. The division of British forces between England and the Middle East increased the strain on shipping after vessels were diverted around the Cape on April 27 and the Admiralty decided on April 29 to form a fleet for the East Mediterranean, to protect the British base in the Middle East and to facilitate the landing of British troops from Port Said in Crete 24-30 hours after an Italian attack on Greece.[2] The deterioration of relations with Italy led to the introduction on June 4 of dusk and dawn patrols in the Gulf of Suez and the examination of ships at a special anchorage before their entry into the Canal. The fall of France brought Italy into the war on June 10 when a boomship was established to close the Canal at night. On June 11 400 Italians were arrested in Port Said and two Italian military transports, which had been successfully delayed from entering the Canal, were captured outside the three-mile limit.[3] In Egypt the Prime Minister, Aly Maher, sought to establish Egypt's independence of Britain but failed and resigned office on June 23. In that crisis Cunningham was instructed by the Admiralty on June 17 to be prepared to block the Canal if the Mediterranean Fleet were withdrawn and the Army lost control of the Canal.[4]

Italy's entry into the war completely transformed the British

1. B. Avram, The Evolution of the Suez Canal Status from 1869 up to 1956. A Historico-Juridical Study. (Geneva, Droz, 1958), 92-93
2. A.B. Cunningham, A Sailor's Odyssey (1951), 230, May 29 1940.
3. B. Avram, 93-94.
4. A.B. Cunningham, 240-241.

position in the Mediterranean, created a new Axis unity in the western basin and threatened the British position in the eastern basin by virtue of the total superiority of air-power to sea-power. The whole 2,000 miles from Gibraltar to Port Said was converted into the narrowest of sea-lanes commanded by the aeroplanes and submarines of Italy. The inland sea became virtually closed to Allied shipping, trade and communications, compelling reliance on the Cape route for cables as well as for commerce. Italian warships, aircraft and bases in East Africa also destroyed the security of the Red Sea route and even threatened the Cape route as well as Kenya and the Sudan. The fall of France carried with it the French Fleet and the French colonial empire, including Syria, which ceased from June 30 to serve as a barrier of defence in depth for the Canal and Egypt. It ended the use of the Canal by the French flag and by French trade, produced the capitulation of two French liners in the waterway and immobilised the French fleet in Alexandria. Light buoys and search-lights ceased to be used on night transits as the black-out was extended to the Canal after nine months of war, halving its facilities for traffic. The passage of the Indian Mail through France to Marseilles ended. The head office of the Canal Company in Paris came under German influence if not under German jurisdiction because the Company thitherto a "great Allied corporation"[1] did not imitate the Royal Dutch Petroleum Company or the Norwegian fleet. The exclusion of the ships of the Canal's second largest client reduced the gross receipts of the Company from a monthly average of £750,000 to almost nil. Between January and May 1940 traffic had fallen by only 23% compared with the average for 1933-37. The number of transits which had been 458 in August 1939 fell however in August 1940 to 43 or to less than four days' normal traffic. The Company held its last shareholders' meeting on June 3[2] but sought as far as possible to maintain communication with Egypt and to protect its assets against Germany. Thus it opened an office in 1940 at Chatel-Guyon in the unoccupied zone of France to maintain contact with Egypt and to remove part of its financial activity from the control of the Army of Occupation. That decentralization of administration from Paris, where the board continued to meet, enabled

1. New York Time, May 19 1940, 34vii.
2. New York Times, June 9 1940, 2E:vii: June 27, 91.

the Company to maintain contact with Benoist in Egypt for a further eighteen months, although it could not remit him funds. Benoist reduced the salaries of the Company staff, closed down the Company's workshops, ceased to hire daily labourers,[1] dismissed many employees and suspended the payment of the interest due on August 1.[2] He also became the president of a very active French National Committee in Cairo. Egyptian interests were forcefully defended against the Company by the Creole judge of the Mixed Courts, Pierre Crabitès, who argued that Egypt had been deprived of a potential revenue of £33,138,000 between 1880 and 1932 and urged a redistribution of seats on the board in favour of Egypt.[3] In England the ambiguous status of the Company came under attack,[4] because the members of the London Committee had increased in importance. Sir Rupert de la Bère, chairman of Hay's Wharf Ltd. and M.P. for the City of London since 1935, enquired in the Commons on August 6 about the assets of the Company. The Chancellor of the Exchequer replied that the greater part of the Company's assets and reserves were held in Britain and the U.S.A. That incorrect reply concealed from the House that most of the Company's assets were in France but effectively prevented any wartime action against the Company. Sir Rupert then asked repeatedly for future Government directors to be representative of British industry and export industry rather than of British politics and society. "We do not want politicians as directors"[5] From Paris the Company announced on September 16 the suspension of dividend and interest until further notice for the first time since 1874.[6]

The fall of France and the entry of Italy into the war left Middle East Command as a beleaguered garrison, connected with England only by a perilous sea route of 12,900 miles. The War Cabinet did not even discuss the question of abandoning the Middle East, whose defence was assumed to be as axiomatic as that of India in 1857.[7] Instead it

1. New York Times, July 21 1940, 26viii; The Times, July 25 1940, 3iii.
2. New York Times, August 3 1940, 22vii.
3. P. Crabitès, The Spoliation of Suez. (London, Routledge, 1940).
4. Hansard, Commons Debates, August 6 1940, August 13, August 20, September 19. Sir Rupert de la Bère.
5. Hansard, Commons Debates, August 13 1940, 604, R. de la Bère.
6. New York Times, September 17 1940, 9ii.
7. W.G. East, Mediterranean Problems. (London, Nelson, 1940), 67.

decided to fight for Gibraltar and Alexandria, to uproot the East African empire of Italy, to facilitate the return of Hailie Selassie, to contest the central Mediterranean with Italy, to operate aircraft from Malta and to inaugurate the Takoradi air-reinforcement route. That decision made Malta more than Gibraltar or Suez the key to Mediterranean dominion because of its position as an unsinkable aircraft-carrier astride the communications between Italy and North Africa. It dispersed British forces between two widely-separated fronts, left Germany and Italy free to dominate Europe and delayed the opening of a second front in the West. The use of the Cape route increased the strain on the Navy, doubled the length of the voyage to India and quadrupled the length of the voyage to Egypt. It entailed an enormous investment of shipping in the long voyage from the Clyde around the Cape to Suez, which took a convoy six weeks and a fast motor-vessel five weeks. The Cape route thus came fully into its own once more and gained a prolongation in the Red Sea and even in the Canal, which ceased to be a half-way house to the East and became a backdoor to the Mediterranean. South Africa became a rear base for the supply of the Middle East and attracted German submarines and surface-raiders into its waters.

Hitler offered Mussolini aerial assistance to bomb the Canal[1] but was informed on July 7 of Mussolini's plan for the re-organisation of the Middle East whereby Italy was to inherit the British position, abolish the Canal Company and create a special regime for the Canal area. "Suez spells escape to empire and the open sea, to life, and food, and freedom".[2] The conquest of British Somaliland and Berbera by Italy between August 3 and August 19 completed the construction of Italy's East African empire and established Italian control over the southern flank of the route through the Gulf of Aden. On August 22 the first Winston Spencer, or W.S., convoy left England with England's only armoured division of fifty tanks on the 34-day voyage to Suez. The first Italian air-raids were made on Port Said on August 28 and on

1. M. Muggeridge, Ciano's Diary 1939-1943. (London, Heinemann, 1947), 273, July 2 1940.
2. H.J. Schonfield, Italy and Suez. (London, Hutchinson, 1940), 25
   A. Sammarco, Storia Sincera del Canale di Suez. Gli Annali dell'Africa Italiana, 1940.
   A. Monti, Il Canale di Suez e le Revendicazioni Italiane. (Roma, Libro Italiano, 1940).

Suez on September 5 as naval reinforcements with an aircraft-carrier to protect the Fleet berthed at Alexandria from Gibraltar. Italy invaded Western Egypt on September 13 in a limited offensive designed to coincide with the projected German invasion of England. Admiral Raeder told Hitler on September 26 of his doubts whether Italy alone could accomplish the capture of the Canal and pressed for German participation in a two-pronged drive to eliminate the Mediterranean pivot of the British world-empire.[1] Hitler met Mussolini at the Brenner Pass on October 4, then withdrew his order for the invasion of England and decided instead to invade Crete to secure an air base against the British Fleet and the Canal. The Italian invasion of Greece compelled Hitler to decide on November 4 to send German bombers to mine the Canal[2] as an alternative to reaching the Canal from the East through Turkey and Syria.

Base services had to be more extensive in the Middle East as an undeveloped theatre of war and were built up within reach of the Canal but extended outside the limits of the 1936 Treaty. Churchill became increasingly concerned from September 1940 over the small proportion of fighting men to the total forces in the region. Main depots were established in the Tel el Kebir-Qassassin area. A supply depot was established at El Firdan, an ammunition depot at Abu Sultan, airfields at Abu Sueir and a repair-station for the Fleet Air Arm at Fayid. As a port of entry to that developing base Suez proved incapable of handling traffic suitable only to a great port such as Alexandria. Its limited dock and railway facilities increased the delay in unloading shipping and the amount of tonnage locked up on the Glasgow-Suez route. It also created in Suez Bay a congested mass of shipping, which was highly vulnerable to air attack. To ease the strain on the port and reduce the chaos of its docks to order, deep-water berths were built between June 1940 and January 1941, doubling its capacity. Lighterage wharves were built along the Canal and a railway marshalling yard at Port Said.

The Board of the Canal Company announced on October 1 an increase in Canal dues of 2/3d per ton or of 39% to 8/- from January 1 1941 to

1. Brassey's Naval Annual, 1948, 140. Fuehrer Conferences on Naval Affairs, September 26 1940.
2. Ibidem, 146, 156.

compensate for the decrease in the Canal's traffic. The Government of Egypt thereupon reserved its rights on October 19 and made that increase the last for the whole war. The Company's revenue declined from £8,000,000 in 1939 to £800,000 in 1940. At the end of 1940 the board decided to send to Algiers a large part of the Company's liquid assets in France and so removed them thenceforward from German control. The Government of Egypt demanded and obtained from January 1 1941 a share in the defence of the Canal. Its Proclamation of January 1941 imposed a moratorium on the payment of bond interest by the Company. That proclamation was the more objectionable to bondholders because the Mixed Court of Appeal in Alexandria had given final judgment on February 26 1940 in favour of the bondholders and against the Company. Its decision that bonds should be paid on the basis of the gold franc had made the Canal Company almost alone in the world in having a gold debt and had produced an immediate rise in the price of bonds.

After the British counter-offensive began in Libya on December 9 1940 Hitler ordered on December 10 the German Air Force to Sicily,[1] from which it closed the Mediterranean to through-traffic. The bombing of the Mediterranean Fleet's sole aircraft-carrier on January 10 deprived the Fleet of fighter-cover, left it helpless against air attack and compelled the Admiralty on January 12 to order the carrier 'Formidable' from the South Atlantic around the Cape to Alexandria. The movement of the German Air Force to the Dodecanese enabled them to make their first raid on the Canal on January 17, leaving unexploded bombs in the fairway and holding up traffic for 24 hours. After the British captured Tobruk on January 22 German aircraft from Sicily via Rhodes made the most successful raid of the war on the Canal on January 30. Guided by a former German pilot of the Canal Company they dropped eleven parachute mines in the navigation channel and nine on the banks between Ismailia and Suez. Those mines defied detection because they were combined acoustic-magnetic of the new delayed-action type. They wreaked havoc which was wholly unanticipated and caused thirteen days of stoppages and accidents between January 30 and February 11. They destroyed four vessels in four days (February 3-6) and damaged a fifth. The fairway was reduced in consequence from

1. Brassey's Naval Annual, 1948, 167.

197 feet to 85 feet and the draught of vessels in transit from 34 feet to 26' 3". Above all, the passage of the 'Formidable' to Alexandria was prevented, diverting Cunningham's concern from Malta and bringing him on an inspection of the Canal on February 10.[1] Thereafter Egyptian sentries came into employment from February 13. A second minelaying raid suspended navigation for a further nineteen days from February 18 to March 9. A Canal Security Conference on February 21 considered proposals for the protection of the waterway, including the idea of a net. Reinforcements arrived after a further heavy attack on February 22 and made possible the establishment of observation-posts at fifty-yard intervals from February 24.

The highly successful air attacks on the Canal seem to have precipitated the decision at a secret meeting of the board in Paris to transfer full control to the British directors comprising the London committee under a vice-president, Sir Harrison Hughes, who had been the first English shipowner to succeed his father on the board in 1920.[2] That committee established effective control of the Company, replaced the board during the period of the occupation of Paris and prevented Germany from influencing the operations of the Company in any way. It managed the Company's affairs for nearly three years in the same spirit as that of the Paris directors and protected the essential interests of the Company while pursuing the board's traditional policy in the general interest of the Allies. Egypt's aspirations to establish control of the Company were also encouraged, especially after the dissolution in 1940 of the Commission of the Public Debt established in 1876 and reorganised in 1885. The complaints of the bondholders were voiced in the Egyptian Parliament on February 25 and March 4 1941, when the Government was urged to take over the Company if it continued to default on the payment of the interest on its bonds. The Prime Minister, Hussein Sirry Pasha, defended the Company in the Egyptian Parliament as effectively as Sir Kingsley Wood did in the English Parliament.[3]

After the 'Formidable' squeezed through the Canal on March 7 to reach the Fleet at Alexandria renewed attacks closed the waterway for a

1. A.B. Cunningham, 312.
2. Hansard, Commons Debates, October 21 1942, 1941-2, Eden in reply to Hannah. The Times, January 25 1946, 9vi. New York Times, January 20 1945, 3v.
3. New York Times, February 26 1941, 6iv; March 6 1941, 4ii.

further eleven days from March 11 to March 22 and stimulated the manufacture of a protective net in Moascar. The hazards of the British expedition to Greece were considerably increased because over fifty ships were needed to move the 68,000 British troops to Greece between March 4 and April 24 but all the personnel ships were south of the Canal. Over a hundred ships were held awaiting discharge in Suez Bay, delaying cargo of all kinds, especially coal for the Greek railways, fuel oil for the Fleet and war materials for Greece and Turkey. Thus it became necessary to increase the capacity of the port of Suez and to provide unloading places for ships other than the Canal ports. In order to limit the strain on the Canal it was decided to develop the port of Suez to its utmost capacity, to double the railway between Suez and Ismailia, to develop Attaqa, eight miles south-west of Suez, as a lighterage port, to enlarge Aqaba and link it with the Hejaz Railway and to lay a pipeline along the whole length of the waterway so that up to 1,000 tons of fuel oil could be pumped daily from near Suez to Port Said and tankers for the Fleet would not need to enter the Canal.

Rommel counter-attacked in Cyrenaica on March 31, seven days before the German invasion of Yugoslavia and Greece. He benefited by the diversion of forces to Greece and drove the British back to the frontier of Egypt by April 11. The speedy elimination of Italian power in Ethiopia by South African and Indian troops removed the Italian threat to the eastern half of the Suez route and enabled Roosevelt to re-open the Red Sea to American shipping on April 11. It even enabled American convoys to reach Greece direct through the Canal but aroused American distrust of British imperial purposes in maintaining the long line of communications to the Middle East. It also created a false optimism about the security of the British position in the Middle East and encouraged Churchill to impose four other simultaneous campaigns on Wavell, beginning with the expedition to Greece. The fall of Athens on April 27 forced the U.S.A. to contemplate the possible loss of Suez by Britain, the resulting closer attraction of Spain and France within the German orbit[1] and the passage of the whole Gibraltar-Suez route to the Axis. As long as Britain held Suez, however, Franco could

1. The Times, April 29 1941, 3iv; June 9 1941, 4v.

resist German pressure to declare war because he could plead that it was useless to close one end of the Mediterranean while the other remained open.[1] The Chiefs of Staff recommended to Churchill on May 7 that the Canal should be blocked if it proved necessary to abandon it.[2] Ceaseless attacks on the waterway from May 8 to May 11 suspended traffic for twenty days (May 8-27) while the German invasion of Crete on May 20 achieved a major triumph for air-power. On May 11 Roosevelt assigned thirty American ships to carry Lend-Lease cargo along the 15,534-mile route from New York to Suez, which was reached on May 17 by the giant Cunard liners and the Ile de France for the first time in history with the second convoy from Australia. The Axis gained a great triumph when the British evacuated Crete on May 31, moved their air-bases southward to the island and vastly increased their threat to the Canal.[3] The Greek fleet of over a million tons came over to the Allied side and supplied 12% of the Canal's tonnage in 1941. The decline in British prestige throughout the Middle East encouraged Iraqi nationalists to risk open conflict with British forces, necessitated the diversion of an Indian brigade from Malaya to Basra on April 18 to secure the western sea-approach to India and compelled Eden publicly to express on May 29 the Government's sympathy with Arab aspirations for independence.

Mussolini proposed to Hitler in May that German forces should capture the Canal through Turkey. He agreed with Hitler at the Brenner Pass on June 3 on a supreme effort to close the Mediterranean by the seizure of Gibraltar and Suez to counteract possible U.S. intervention. Britain raised its Middle East forces from nine to fourteen divisions to oppose the expected attack by the Axis. A special Cabinet Minister for Middle East Affairs was appointed on June 28 as a kind of political commissioner or representative en mission, who created a local Middle East Defence Committee. The establishment of the Middle East Supply

1. E.L. Woodward, British Foreign Policy in the Second World War. (London, H.M.S.O., 1962), 127. The Spanish ambassador to Eden, May 8 1941.
2. J.R.M. Butler, History of the Second World War. Grand Strategy. (London, H.M.S.O., 1957), II, 579.
3. J.S. Schall, Suez Pforte der Völker. Roman eines Kanals. (Stuttgart, Lutzeyer, 1940).
   G. Herrmann, Der Suez-Kanal. (Leipzig, Goldmann, 1941).
   R. Huber, Der Suezkanal einst und heute. (Berlin, Junker, 1941).

Centre between April and November 1941 encouraged Egypt to shift its resources from production for export to war-production. Wavell was also succeeded on July 5 as G.O.C. in C., Middle East, by Auchinleck, whose baptism of fire had been on the Canal in February 1915. During July more mines were laid by air in Suez Bay as well as along the Canal, adding greatly to the delays to shipping. Suez harbour became the object of a supreme attack on the night of July 13-14 when 135 ships lay there at anchor and the largest liner, the White Star Line's 'Georgic' was sunk.[1] Cunningham thereupon decided that only one of the four great Atlantic liners should be allowed in Suez roads at one time and even then only during the day.[2] Further steps were taken to ease the strain on Suez and the Canal. A large volume of non-essential goods lying at Suez was carried by army lorry into the desert to form the 'Suez Dump'. The small lighterage port of Safaga was expanded and linked to the Nile valley by an improved road to Qena. Deep-water berths were begun at Adabiya Bay and Safaga while Port Sudan was prepared for emergency use. Defended anchorages were provided at Abu Zenima and Gemsa in case Port Tewfik became unusable. The boom in Suez encouraged the establishment of the Suez Chamber of Commerce in 1941.

Syria passed under Allied control after the occupation of Iraq. Port Said was the port of embarkation for the troops who landed in Syria on the night of June 7-8[3] at the same time as a British column advanced from Iraq along the pipeline. Vichy France lost its dominion in the Levant together with its consulate in the Canal Zone which had thitherto co-existed with the Free French Forces in Port Said. The establishment of a form of Anglo-French condominium in Syria shifted the defence of the Canal 250 miles northwards, helped to counterbalance the gains made by the German invasion of Russia and made possible a survey for a railway between Palestine and Syria, because the eclipse of France facilitated the completion of the missing link between Haifa and Tripoli. Air-raids on the Canal Zone reached their peak between July and September 1941 when 33 raids were made, or three per week,

1. C. Dewhurst, Limelight for Suez. (Cairo, Schindler, 1946), 133-134.
2. A.B. Cunningham, 403.
3. Ibidem, 397, 422.

against weak defences. Long-range Focke-Wulf even penetrated some distance down the Red Sea in September. By August 3 three miles of the waterway had been covered by a suspension-net, designed to catch parachute-mines and to protect the vulnerable Chalouf cutting, where dredging round a wreck was impossible because of the rock. That net was extended over six miles between the Bitter Lakes and Suez, being drawn across the Canal each evening by a special naval unit.[1] By the time of its completion parachute-mines had been abandoned so that the net became an indicator-net, encouraging the Italians to drop blocks of salt which created the impression of a mine and left the defenders to search in vain for what the water had dissolved while traffic was held up. During 1941 the Canal was closed to through-traffic by 48 air-raids for a total of 82 days, or for nearly a quarter of the year.[2]

British and Russian troops invaded Iran on August 25 1941 and secured the abdication of Reza Shah. Middle East Command was extended to include Persia as well as Iraq from January 5 1942. After Rommel launched his second counter-offensive on January 21 1942 British fortunes reached their lowest ebb[3] with the reverses in Cyrenaica and the Pacific and the attacks on Alexandria and Malta. The increased probability of an Axis victory encouraged Farouk to dismiss his Government under Hussein Sirry Pasha because it had broken off relations with Vichy France without his approval. Britain was determined to prevent a return to power of Aly Maher and forced Farouk to accept a Wafd Ministry under Nahas Pasha after light tanks and infantry entered the gates of the Abdin Palace at 9p.m. on February 4. A deed of abdication had been drafted by a master-hand, the road to the Canal was cleared for the waiting cars and a ship was ready to bear the 22-year old monarch into exile.[4] That coup d'état followed the coups of 1941 in Afghanistan, Iraq, Syria and Iran as the tactical necessities of war compelled the Allies to sacrifice their long-term

1. D.V. Duff, May the Winds Blow! An Autobiography. (London, Hollis, 1948), 354-370. Work on the Suez Canal.
   R.G. Mills, The Net. Blackwood's Magazine, November 1958, 387.
2. C.B.A. Behrens, Merchant Shipping and the Demands of War, 241.
3. A.B. Cunningham, 437, 515.
4. Duff Cooper, Old Men Forget (1953), 308.

to their immediate interests. The humiliation of Egypt in the person of her king was as far-reaching as the enforced abdication of Ismail had been in 1879. Although the Egyptian coup was kept secret until 1946, it destroyed the moral foundations of the Anglo-Egyptian alliance of 1936 and undermined the British position in the Delta, apparently for the sake of Suez.[1] It turned the officers of the Egyptian Army against the Wafd and even encouraged Farouk to espouse the cause of Arab unity. Immediately it inspired Raeder to recommend to Hitler on February 13 an attack on Egypt and the Canal because "Suez and Basra are the western pillars of the British position in the East".[2] Hitler agreed to launch an offensive against Egypt and Persia to link Germany and Italy with Japan and to complete the Axis unity of the Mediterranean. Auchinleck expressed his fear on February 23 lest a German advance across the Caucasus should make possible a drive through Persia and Turkey on the Persian Gulf and Suez Canal: he secured the increase of the Middle East Command to 23 divisions in March.

The Canal was relatively free from attack in January and February[3] when German plans were dislocated by the Russian winter offensive. It suffered renewed attack in March, April and May when the maximum permissible depth was reduced from May 18 from 34 feet to 32 feet, before Rommel's panzers lunged on Hitler's orders for Cairo and Suez on May 27. The fall of Tobruk, 200 miles from the Canal, on June 21 was a great disaster for the British and encouraged Hitler to believe that Rommel could capture Egypt and the Canal without the conquest of Malta. It compelled Churchill to send 50,000 troops on a fast voyage in 22 transports from Glasgow to Suez and even to contemplate accepting the aid of a U.S. Armoured Division specially trained in desert warfare in California. Auchinleck ordered on June 25 a withdrawal to the defensive position prepared at El Alamein under Wavell in 1941 while Mussolini received from Libya on June 27 the password which was to be sent only when the Italian troops were certain of their advance up to the Canal.[4] Mussolini immediately ordered the seizure of Suez and the

1. H.L. Stewart, The Suez Canal in World Politics. Dalhousie Review, April 1942, 46. "The Ulster of Anglo-Egyptian difficulty was the Canal".
2. A. Martienssen, Hitler and his Admirals. (London, Secker, 1948), 123. Brassey's Naval Annual, 1948, 264, 266
3. A.B. Cunningham, 445, 447.
4. M. Muggeridge, Ciano's Diary, 1939-1943 (1947), 488, July 21; 490, July 23 1942.

closing of the Canal. Auchinleck issued orders on June 28 for the defence of Alexandria and Cairo. He was prepared for a last-ditch defence of the Delta and the Canal, for a withdrawal if necessary from the Delta southwards down the Nile towards the Sudan as well as eastwards into Palestine and for the transfer of G.H.Q. from Cairo to Gaza.[1] The Mediterranean Fleet retreated from Alexandria to Haifa, Port Said and Beirut but was forbidden by the Admiralty to pass southwards through the Canal. Admiral Harwood moved to Ismailia with his operations staff on July 2 but the French Admiral at Alexandria refused to sail his ships through the Canal to an American port without orders from Vichy. A run took place on the banks and the note issue of the National Bank of Egypt reached a peak on July 4 while the fellahin anticipated land reform on the arrival of the Germans. Churchill and Roosevelt decided, like Arabi in 1882, to destroy the Canal rather than to allow it to pass under enemy control and to block it so effectively that it would require six months to re-open.[2] Suez shares dropped from 25,000 francs to 23,000 francs at the end of June and then to 21,000 francs in the first week of July, a decline of 16%. "The battle for Suez is now joined. The movement towards Suez constitutes the right arm of the pincers, while the left reaches deeply into the Ukraine".[3] The German drive into Russia, however, deprived Rommel of support. After his repulse by Auchinleck at El Alamein on July 2 Suez shares recovered between July 6 and July 20 by 5,200 francs or by 25% to 26,200 francs as well-informed French investors concluded that the Canal would not change hands.[4] The sixty-fourth air-raid on the Canal on July 27 reflected the failure of the Axis Powers which once more sought to destroy what they could not capture. The crisis had been the most acute of the whole war and compelled the American Chiefs of Staff to inform Churchill on July 24 that they thought the British Empire was making too many sacrifices to maintain an indefensible position in the Middle East, which they

1. I.S.O. Playfair, The Mediterranean and Middle East (1960), III,334.
2. R.E. Sherwood, Roosevelt and Hopkins. An Intimate History. (New York, Harper, 1948), 595, quoting Roosevelt to Marshall, June 30 1942.
3. The Times, June 30 1942, 5ii. The Threat to Suez.
4. The Times, July 15 1942, 3iii; July 22, 3ii.

ranked in the lowest of all priorities.[1]

The crisis in the Middle East followed the rapid expansion of Japan in the Pacific and the opening of a third front for the British Empire. The destruction of the United States Fleet at Pearl Harbour enabled Japan to conquer without hindrance in twelve weeks Hong Kong, Manila, Singapore Batavia and Rangoon, so destroying the British, American and Dutch island-empires. The liberation of Asia from Western domination carried further the destruction of European prestige begun in 1905 and relegated the West from the heartland to what N.J. Spykman in 1942 called the "rimland" of Asia.[2] The withdrawal of the West was symbolized by the departure of the C.P.R.'s White Empresses of the Pacific after fifty years. The retreat from Burma first associated Mandalay with British defeat and encouraged the devaluation of Kipling's 'Mandalay' by Boris Ford and George Orwell. The frontier-march of South-East Asia Command was garrisoned against Japan, creating a new strategic unity of "South East Asia" comparable to that of the "Middle East". Shanghai was replaced by Colombo and Cocos as the most eastern cable station of Cable and Wireless Limited. The Japanese flag was excluded from the traffic of the Canal from 1941 until 1950. The oil, tin and rubber of Sumatra, Java and Malaya were diverted from the West to Japan, encouraging the U.S.A. to produce synthetic rubber from oil, nylon in place of silk and paludrin in place of quinine as well as the soya bean. Fast long-distance U-boats also carried tin, rubber, wolfram and molybdenum to Germany and so created a submarine route around the Cape, whose surface waters were dominated by the Allies. Six German U-boats also operated against Allied commerce from Penang. Madagascar was occupied by Allied forces between May 5 and September 23 1942 to deprive Japan of a possible base for action against the sea route to Suez and Basra.

The German threat to the Canal and even more to the Delta inspired Churchill to fly to Cairo and to decide on August 6 to replace Auchinleck and transfer him to a new Middle East Command of Persia and Iraq separated from a new Near East Command by the impossible

1. W.L. Langer and S.E. Gleason, The Undeclared War, 1940-41. (London Royal Institute of International Affairs, 1953), 591.
2. D.W. Meinig, Heartland and Rimland in Eurasian History. Western Political Quarterly, September 1956.

administrative boundary of the Canal.[1] The waterway was bridged at El Firdan by a steel railway swing bridge which was built in June 1942 and opened on August 7. That bridge replaced the Kantara Ferry for the railway and linked up with the 175-miles railway built between Palestine and Syria so that a through-journey became possible from Cairo to Beirut.[2] Kantara East became the terminus of the alternative route from India via Basra, Bagdad and the pipeline to Haifa. Kantara was also linked by rail southwards to El Shatt, which became a lighterage port to relieve Suez and the Canal of traffic for Palestine. The strain on the Canal was also eased by the construction of a Cairo-Suez pipeline. The strategic unity of the original Middle East of 1902 was revived by the development of a supply-route to Russia via the Persian Gulf. After the U.S. created the Persian Gulf Service Command on August 11 1942 the oil of the Gulf was freed from the price-control established in 1928 through the formula "U.S. Gulf plus". The Persian Gulf became the centre of a separate marketing territory and its oil prices were cut by almost two-thirds. From 1942 the U.S. Navy was supplied by Caltex with bunker fuel at a price below U.S. Gulf quotations. From 1943 the British Navy was supplied with bunker fuel from Abadan at an f.o.b. price equal to the U.S. Gulf f.o.b. price.[3] The liberation of the Persian Gulf from the price-control of the U.S. Gulf permitted the large-scale expansion of the Abadan Refinery, especially for the manufacture of aviation fuel. That expansion combined with the closing of the Japanese market to petrol from Europe to reduce the Canal's southbound cargo of petrol and refined oil products.

The full tide of the war turned against the Axis in the autumn of 1942. At the second battle of El Alamein Montgomery, with his Napoleonic sense of the importance of morale, decisively defeated the Axis bid for the dominion of the Middle East. The Axis then lost the initiative after the Anglo-American invasion of North Africa on November 8 and the Russian break-through at Stalingrad on November 19.

1. A. Bryant, The Turn of the Tide 1939-1943. A Study Based on the Diaries and Autobiographical Notes of Field Marshal The Viscount Alanbrooke. (London, Collins, 1957), 444, 448.
2. The Times, August 15 1942, 3iv.
3. W.A. Leeman, The Price of Middle East Oil: an Essay in Political Economy. (Ithaca, Cornell University Press, 1962), 91-93.

After the liberation of all North Africa from Dakar to the Canal the French Admiral at Alexandria brought his squadron over to the Allies but sent his heaviest ships via the Canal and the Cape to Dakar. The Allied victory was won on the land and not on the sea but re-opened the route from Gibraltar to Port Said from the end of April. The Gibraltar-Alexandria convoy of May 17-26 1943 was the first free from incident since 1940. The first unopposed convoy reached Malta on May 24. From June 4 Mediterranean insurance-rates were 2.5% - 5% below those of the Cape route for the first time since 1940 and the traffic of the Canal began to revive.[1] Middle East Command became thenceforward a base and transit-centre and, above all, a training-centre for warfare in Europe. Thus the invasion of Sicily was rehearsed by assault craft which sailed from Suez on June 10 and landed 23,000 troops on June 13 in the Gulf of Akaba. At Suez 46,500 troops were embarked in the three days from June 29 to July 1 for the invasion of Sicily on July 10. The rehearsal by Indian troops in the Gulf of Suez for landing on Japanese-held islands in the Pacific made the Canal Zone also a training centre for warfare in the East. The conquest of Sicily by August 17 enabled the Mediterranean to be fully re-opened to shipping and Suez shares to bound upwards to 60,000 francs The reopening of the Canal route also encouraged the spread of disease from Asia: plague recurred at Suez in November 1943, Ismailia in March 1944 and Port Said in May 1944.

The war had depressed the traffic of the Canal much more severely than the Great War. Shipping tonnage had fallen in 1939 by 14%, in 1940 by 54% and in 1941 by 39%. The decline by 15% in 1942 to 7,027,763, or the lowest tonnage since 1890, represented a reduction of 80% from the pre-war level against the reduction of 50% in 1917. The flags of Germany, the Netherlands, France, Italy and Japan had been eliminated from the traffic of the waterway. British tonnage declined in 1942 to its lowest level since 1887 although its share rose from 51% of the total in 1939 to 68% in 1941. The Greek flag ranked second to that of Britain in 1941-42 and was replaced by the U.S. flag from 1943. The Company made only one increase in its tariff, unlike the four increases in 1916-17. It was forced to

1. F. Cox, The Suez Canal. National Review, May 1944, 415-8.

suspend the payment of dividend and interest as well as to use up its reserves, which had equalled a quarter of its annual receipts by 1938. Its receipts for 1942 were 36% of those for 1938. The Cape route had re-established its supremacy over the Suez route and had been used by 400 convoys of 45,000 ships and 6,000,000 men, although German submarines sank 133 ships of the 155 lost in South African waters. The traffic of the Canal began to revive from 1943 when its tonnage rose by 40%, a rate of increase only known before in 1871 and 1919. The resumed military use of the waterway increased the number of passengers from the all-time low point of 590 to 173,269 and markedly expanded the local tonnage of Port Said from 1943. The reduced draught of 32 feet was lifted after October 28 1943. The Canal's tonnage recovered to 34% of its prewar level in 1943, to 55% thereof in 1944 and to 76% thereof in 1945 when receipts first exceeded the level of 1938.

The war had been fought partly for rights of transit through and dominion over the Middle East, which had been a major and not a minor theatre of war as in 1914-18. The region had been extended and unified on a strategic basis as never before through the creation of Middle East Command in 1939, the Cabinet Middle East Committee in 1940, the Cabinet Minister for Middle East Affairs in 1942 and the Middle East Supply Centre in 1942. Homage had been paid increasingly to the Arabic culture of the region through the foundation of the Arab News Agency in 1941, the Near East Broadcasting Station in 1942 and the Middle East Centre for Arabic Studies in 1944. Within that strategic unity the Canal had lain at the very axis of empire between 1940 and 1942 so that Vogüé inferred that the Canal might even have been "the whole stake of the struggle".[1] From 1943 to 1946 the Canal served as a great British military highway. The Canal Company in Egypt had collaborated much more fully and openly with the Allies than it had in the 1914-18 war. The Canal Zone itself had become a great military base with 150 depots, including the greatest at Tel el Kebir with a circumference of 28 miles.[2] The construction of that base in defiance of the Convention of Constantinople turned to advantage the central

1. The Times, January 25 1946, 9vi. Marquis de Vogüé's Report for 1945.
2. The Times, May 8 1946, 3i. Defence of the Suez Canal. Alternative Stations Available.

location of the Canal within the Middle East as a whole, its convenient double-approach by sea, its structure of internal communications and its access to the resources of the Delta. In building up that state within the state Britain had inevitably exceeded the limitation on the numbers of troops and on the area occupied laid down by the Treaty of 1936. She had also reinforced her occupation of the Delta and had thrice intervened to prevent the exercise of Egyptian power against her own interests. She had also destroyed the Italian menace to Egypt's security which had compelled Egypt to conclude the Treaty of 1936. Thus the war destroyed the basis of British rule as the 1914-18 war had destroyed the basis of Ottoman rule and seemed to entitle Egypt to ask for the evacuation of British troops as a reward for her war services.

Britain was wholly unprepared to abandon its newly-regained position in Egypt and the Middle East, whose defence had become a purely British responsibility in place of the joint Anglo-French commitment intended in 1939. Britain had defended the region with the aid of India, South Africa and Australia as well as with the help of supplies from the U.S.A. but seemed to have fought both great wars from start to finish by her own power. She had incurred large wartime debts to the U.S.A. while India had accumulated sterling balances of £1,020,000,000 and Egypt balances of £325,000,000. The Middle East theatre had given Britain her sole independent victory of the war and her sole British hero-general. The Middle East had been a particular focus of interest for Eden, Macmillan and, above all, for Churchill. The last of the paladins saw the region as the basis of Britain's position as a great power, was responsible for the high turn-over of generals in Middle East Command, was disturbed by the conferences held after Yalta by Roosevelt in the U.S. cruiser 'Quincy' in the Great Bitter Lake on February 12-14 1945 with Farouk, Ibn Saud and Hailie Selassie and prevented the substitution of the American 'Near East' for 'Middle East' in official nomenclature in 1945.[1] The region had become the focus of memory for a whole generation of British soldiers[2]

1. Lord Rennell of Rodd, Address at the Annual General Meeting. Geographical Journal, March 1946, 85-86.
2. Lord Strabolgi, From Gibraltar to Suez. (London, Hutchinson, 1941) C.B. Brown, From Suez to Singapore. (New York, Halcyon House, 1943).

who joined in the annual democratic Alamein Anniversary Dinner from 1945[1] and believed that the Mediterranean and Middle East had been the crucial theatre of war and that the Suez Canal had been almost as important as Britain itself.[2] Although their life-experience in the region had been limited they thought it impossible that the war-created unity of the region should dissolve. The military basis of Middle East Command seemed the best possible basis for a wider unity of the whole region.[3] Thus the Middle East Supply Centre sponsored the Middle East Agricultural Development Conference of Cairo in 1944, became the British Middle East Office in 1945 and appeared as a potential basis for a Middle East Bank and a Middle East Customs Union.

The British Empire in the Middle East had however been undermined by the rise of the great land-powers, the withdrawal of American support, the resumption of Russian expansion and the rebirth of Asia between 1905 and 1943. The land-powers devalorised sea-power, extended the range of their aircraft to close the Mediterranean to warships without air protection and reduced the strategic importance of the Suez Canal below that of the Panama Canal. Asia moreover regarded the war as a civil war fought for empire over the world outside Europe and aspired to establish its own independence from Europe with its imperial conflicts, its programme of collective security under Western policemen, its gospel of economic progress and its liberalism which was strictly "limited to West of the Suez Canal".[4] The wider use from 1943 of the phrase "west of Suez" after its earlier use in 1907, 1929, 1930 and 1938 commemorated the Allied battle for the Mediterranean[5] but also revealed the opposition of Asia to the white man's aspiration to resume his burden of empire in the East.[6] The victories of Japan over Europe in Asia had been facilitated more by indigenous discontent than by the closing of the Suez route and encouraged a new recognition

1. A.P. Thornton, The Imperial Idea and its Enemies (1959), 330-331.
2. A. Bryant, The Turn of the Tide 1939-1943 (1957), 244.
3. W.B. Fisher, Unity and Diversity in the Middle East. Geographical Review, July 1947, 414-435.
4. Lin Yutang, Between Tears and Laughter (New York, Day, 1943), 18. The Emergence of Asia.
5. The Admiralty, East of Malta West of Suez. The Admiralty Account of the Naval War in the East Mediterranean. September 1939 to March 1941. (London, H.M.S.O., 1943, also in French and Spanish).
6. J.S. Badeau, East and West of Suez: the Story of the Modern Middle East. (New York, Foreign Policy Association, 1943).

of the Canal as an Egyptian achievement,[1] as well as the strongest link in the chain binding India to Britain.[2] Egypt's aspirations for independence revived as the war receded from its frontiers and gave rise to the postwar demands of her political leaders for the evacuation of British troops, the union of the Sudan with Egypt and the acquisition of full control over the Canal.[3] The greatest American historian of the Canal denied however that the Canal was a great asset and recommended the establishment of an international canal commission to avoid leaving Egypt with "one of the most ponderous of white elephants".[4]

Egypt's hopes were frustrated by the re-establishment of the Canal Company on its pre-war basis, despite rumours that a large number of shares had been acquired by Germany and Russia.[5] The administrative H.Q. of the Company were transferred from London back to Paris in December 1944, more than two years before Royal Dutch-Shell returned to the Hague. Thus ended the tripartite division of administration between London, Paris and Chatel-Guyon. The membership of the board was reorganised more thoroughly than it had been in 1870 or in 1893. Seven French directors resigned and were succeeded by men chosen for their patriotism as well as for their economic interests such as Marcel Lebon and Ernest Mercier. To enable those new directors to acquire the necessary shares, the director's qualification was reduced from December 18 1945 from 100 to 25 shares. Apart from that sweeping change in the directorate the Company resumed the prewar pattern of its existence. Vogüé continued to preside over it as he had during its greatest ordeal and restored its highly centralized administration. No change in administrative personnel took place. Michel Homolle, Assistant General Manager from 1926 to 1945, became General Manager when George Edgar-Bonnet, General Manager from 1935 to

1. K.K. Ardaschir, The Marriage of the Seas. The Tale of the Suez Canal. G. Orwell (ed), Talking to India, (London, Allen, 1943), 58-64.
2. K.M. Panikkar, India and the Indian Ocean. An Essay on the Influence of Sea Power on Indian History. (London, Allen, 1945, 1951), 72.
3. New York Times, September 9 1944, 91.
4. H.L. Hoskins, The Suez Canal as an International Waterway. American Journal of International Law, July 1943.
   H.L. Hoskins, The Suez Canal and the Outlook for Egypt. American Political Science Review, February 1944, 117.
5. New York Times, January 20 1945, 3v.

1945, succeeded his father as a director in 1945. The Company avoided nationalisation in France itself, unlike the other great economic fiefs of the State in 1944-45. It was recognised as an Egyptian company[1] which had enjoyed a return of 67.2% between 1928 and 1939 on its capital of £7,600,000.[2] It was not however conjoined with nor supplanted by an international canal commission. Nor was it bought up by the International Bank for the United Nations, as Henry Morgenthau, the U.S. Secretary of the Treasury, had recommended. Nor was the Canal placed under the control of the United Nations as Truman proposed at Potsdam to persuade Russia to accept international control of the Straits.[3] From the beginning of 1946 the resumption of communications between France and Egypt enabled the Company to return to its peacetime organisation. Its wartime ordeal in German-occupied Paris was obliterated from memory with the same facility with which the Company represented the Canal as having suffered interruption of navigation for only 76 days,[4] although the Canal route had been closed for at least 32 months. The Company's successful re-emergence was almost as miraculous as the transformation of France itself into a victor-Power. Its moral basis was nevertheless further weakened through the ambiguity of its wartime position and its shares remained much below the average level of French shares from 1944.

The growth of Zionist ambitions in Palestine encouraged the creation in 1944 of the Arab League, which seemed to offer Britain a new Egyptian vehicle of influence in the Arab world but aroused deep-seated French fear and hostility. French fears seemed justified when French troops were forced under British pressure to evacuate Syria and the Lebanon in 1946. Egypt and the isthmus of Suez became thenceforth the last remnant of the French Empire in the Levant. The French colony of the isthmus under the leadership of two officials of the Canal Company, Alfred Fontaine and Jean-Edouard Goby, formed the Society of

1. R. Vaux, A Legal Curiosity. Law Quarterly Review, July 1944, 227-229.
2. M.M. Hamdi, A Statistical Survey of the Development of Capital Investment in Egypt since 1880. (Ph.D. Thesis, London University, 1943), 8, 344.
3. H.S. Truman, Year of Decisions 1945. (London, Hodder 1955), 304, July 22; 313, July 26 1945.
4. Suez Canal Company, The Suez Canal. Notes and Statistics (1952), 61.

Historical and Geographical Studies of the Isthmus of Suez which was the first learned society of the region and held its first meeting at Ismailia on January 6 1946. The isthmus was then in process of integration into Egypt. Both the Public and the State Domain for the provinces of the Canal and of Suez were merged with those for Charkia from the beginning of 1946 while the Municipality of Port Said became wholly Egyptian. The Company had appointed its first Egyptian pilot in 1944 and Mahmoud Fakhry, the son-in-law of King Fuad and ambassador to Francefrom 1922 to 1945, to its board of directors in 1945. It also admitted its readiness to increase its Egyptian staff, Egypt's share in its profits and the privileges of Egyptian coastal navigation.

After the wartime moratorium on the Company's debts lapsed on February 1 1946 the Egyptian Government drew up a bill which confirmed its decree of May 2 1935 nullifying gold clauses in international contracts and allowed the Company to discharge its payments due between 1935 and 1946 on the basis of the official price of gold in London on each due date. The bondholders however claimed payment by the Company on the basis of the commercial price of gold on the Egyptian market on each due date, which would increase coupon payments substantially, especially in the case of the coupons due in 1944, 1945 and 1946. The Mixed Court of Cairo considered that the Company's enormous resources could well bear a considerable increase in payments of bond-interest and authorised on May 20 1946 payment on the basis of the price of gold in Cairo for the period after June 22 1940. The Company condemned that judgment as contrary to equity and to reason because it sanctioned the gold price of a local and restricted market without the international status of London or New York. Because its reserves would be inadequate to meet the payments ordered the Company postponed the payment of dividend as distinct from its statutory interest and threatened to consider raising the Canal dues above the existing rate of 8/- per ton. From July 1 1946 it paid its arrears of statutory interest for the period from 1940 to 1945 on the basis of the Egyptian franc excluding the gold basis until the outcome of its appeal to the Mixed Court of Alexandria.[1]

That legal judgment reflected the rising tide of Egyptian

1. The Times, June 22 1946, 8vi; July 30, 10i-ii.

opposition to the British occupation, encouraged by the growth of American interest in the Middle East and exacerbated by Britain's rejection on January 26 1946 of the request made on December 20 for the evacuation of British troops and for the end of the restrictions on Egyptian sovereignty imposed by the Treaty of 1936. After Sidky Pasha became Prime Minister for the first time since 1933 a general strike took place in Cairo on February 21 accompanied by anti-British riots in which the demand for immediate evacuation first emerged as a popular slogan. In the riots in Port Said the bust of Lesseps erected in 1895 in the Place de Lesseps was destroyed. The Labour Government hoped to replace the Treaty of 1936 by a military alliance which would permit the use of Palestine and Sinai as a regional H.Q. for the Middle East. Attlee's announcement in the Commons on May 6 that the Government had decided to withdraw its forces from Egyptian territory by negotiation with the Government of Egypt alarmed Australian opinion[1] and provoked a storm of Conservative protests, especially from Churchill. "Things are built up with great labour and cast away with great shame and folly".[2] Churchill argued that only the presence of troops in the Canal Zone could safeguard the Canal as a treaty right of re-entry could not. Eden affirmed that the British troops were in Egypt for an imperial, an Anglo-Egyptian, a world purpose rather than for a purely British one. "The issue of the security of the Canal is still a matter which concerns us and cannot be ignored or prejudged, however strong Nationalist feeling may be".[3] One forward-looking Conservative, Sir Ian Fraser, suggested that the advent of the atomic age might necessitate a strategic reappraisal in favour of the Cape route for imperial purposes. "It may be that what we should defend now and henceforth is not so much the Canal as Durban".[4] That debate emphasized the defence of the Canal rather than of Egypt or the Middle East, the role of the Canal in world rather than in imperial strategy

1. The Times, May 10 1946, 31.
2. Hansard, Commons Debates, May 6 1946, 782, Churchill.
3. Ibidem, May 6 1946, 852, Eden.
4. Ibidem, May 6 1946, 873, I. Fraser.

and the function of Egypt as "the hub of the strategic centre of the globe".[1]

Field-Marshal Montgomery arrived in Egypt on June 10 as C.I.G.S.-elect and decided that the Delta could be evacuated in 2-3 months as Bevin wished but the Canal Zone only within five years and that Britain could still dominate the Mediterranean without holding Egypt from Libya, the Sudan, Transjordan, Cyprus and, above all, Palestine.[2] From the summer of 1946 British troops and stores began to move into Southern Palestine while camps were built at Rafa as a forward base and Zionist terrorism reached a new intensity.[3] After Egypt refused to lease territory in Sinai between the Canal and the frontier of Palestine the Bevin-Sidky Agreement of October 25 1946 provided for a phased withdrawal from the Delta by March 1 1947 and from the Canal Zone by September 1949 and for a joint advisory council for common defence. That agreement was rejected by Egyptian opinion in its fixed determination to regain "southern Egypt" and to eliminate all trace of the occupation of 1882. Nokrashy Pasha, who succeeded Sidky, decided on January 25 1947 to submit the dispute to the United Nations i.e. to the U.S.A. Eisenhower depreciated the potential value of the Canal in wartime to the Secretary-General of the Arab League and reportedly said "I can destroy it from Chicago".[4] Attlee's challenge in January 1947 to the classification by the Chiefs of Staff of the Middle East as a vital "main support area" produced their private threat of a joint resignation inspired by Montgomery.[5]

The British evacuation of Alexandria on February 14 1947 raised the garrison of Palestine to 100,000. The evacuation of Cairo on March 31 ended the occupation begun in 1882, dissolved the unity created by Cromer and formalized by Balfour between the Delta and the Canal and encouraged Britain to push the Sudan towards independence.

1. Lord Altrincham, The Nation of the Nile. National Review, June 1946, 461-468.
   C. Falls, The British Commonwealth and the Middle East. Illustrated London News, May 18 1946, 538.
   The Times, May 16 1946, 5vii. Planning Empire Defence.
2. B.L. Montgomery, The Memoirs of Field-Marshal The Viscount Montgomery of Alamein. (London, Collins, 1958), 421-422.
3. Hansard, Commons Debates, August 1 1946, 1256, Churchill.
4. The Times, January 3 1952, 4iii.
5. Montgomery, Memoirs, 435-6.

It transferred British power to the Canal Zone, caused no strategic reappraisal of the Canal[1] but provoked a sarcastic enquiry in the Commons for some assurance that the Government's Canal shares would not be offered to the Russian Government.[2] It also identified the Canal Company more than ever before with the occupying power. The Egyptian Companies Law of January 20 1947 required 40% or thirteen of the Company's directors to be Egyptian within three months from July 29 1947 and 75% of its personnel to be Egyptian within three years. Thus the Government combined its attack on the British occupation with one on the Company, which deemed the law inapplicable to itself but found opinion unresponsive in Egypt. An Egyptian pupil of C.K. Webster popularized in Arabic and English the hostile tradition developed by Sabry, emphasized the economic disadvantages of the Canal to Egypt and blamed it for the loss of her independence.[3] In France a hostile study of the Company as a monopoly[4] was submerged beneath the traditional emphasis on the benefits of the Canal to the world.[5] The Company benefited by the favourable judgment of the Mixed Court of Appeal at Alexandria on May 17 which recognised the useful function of an international money of account of fixed value, invalidated the judgment of the Cairo Court in 1946, ruled that the gold franc was to be converted into Egyptian currency through the intermediary of the dollar and enabled the Company to pay the balances it had accumulated over twelve years to the bondholders from June 15 1947.

Egypt's Note of May 28 to the diplomatic missions in Cairo requested ten days' notice from any power proposing to send warships through the Canal. That Note produced no protest against the end of the era of unrestricted transit inaugurated by Ismail: it prevented Britain from converting the Canal Zone into a naval as well as a military base. Egypt also requested in the financial negotiations opened in London on June 6 the transfer of the British shares in the

1. R. la Bruyère, Le Canal de Suez dans la Stratégie Planétaire. Revue Hommes et Mondes, Décembre 1947, 544-552.
2. Hansard, Commons Debates, April 24 1947, Waldron Smithers.
3. M. Rifaat, The Awakening of Modern Egypt. (London, Longmans, 1947), 125, 130, 136.
4. R. & J. Nousbaum and G. Hutchings, Compagnie Universelle du Canal de Suez. (Paris, Clermont, 1947).
5. J. Dautry, Le Percement de l'Isthme de Suez. (Paris, Bourrelier, 1947), 66-67.
   A. Siegfried, Suez, Panama et les Routes Maritimes Mondiales. (Paris, Colin, 1940, 1948).

Canal Company in part payment of its war credits. Egypt's withdrawal from the sterling area on July 15 took place under the agreement of June 30 and destroyed the bond established in 1885 between the Egyptian pound and the pound sterling. It compelled the Canal Company to decide that its tariff would be shown only in Egyptian pounds and piastres from September 2 1947 in order to secure exemption from Egyptian foreign exchange regulations.[1] Egypt appealed to the Security Council on July 8 to end the British occupation and rejected the British plea that Britain was guardian of the Canal. Britain claimed that the Treaty of 1936 was still in force and would be until 1956 and that the presence of British troops in Egypt was no threat to peace. Egypt failed on August 28 to gain the necessary two thirds majority vote and was thus forced to resume direct negotiations with England, which announced on September 13 the decision to transfer the main military stores depot for the Middle East from the Canal Zone to Kenya. Thus growing insecurity in Egypt and Palestine forced Britain out to the very periphery of the Arab world as Egypt made the Arab League a vehicle for Egyptian influence.

On March 1 1948 Vogüé became at the age of eighty the first President to die in office and was succeeded by François Charles-Roux. The new President was the son of Jules Charles-Roux who had become a director of the Canal Company in 1889, a vice-president in 1896 and its historian in 1900 as well as chairman from 1904 to 1918 of the Compagnie Générale Transatlantique. He had gained diplomatic experience in Petersburg (1902-4), and Constantinople (1905-7). In Cairo between 1907 and 1912 he found the Cairo agency of the Canal Company ranked as a second French embassy and made it his second home.[2] He served in London from 1912 to 1914 under Paul Cambon and in Rome from 1916 to 1925 under Camille Barrère. He began to publish studies of Franco-Egyptian history from 1908.[3] Therein he related the pre-history of the Suez Canal as a French design[4] and portrayed the

1. R.R. Baxter, The Law of International Waterways. (Harvard University Press, 1964), 58-59.
2. F. Charles-Roux, Souvenirs Diplomatiques d'un Age Révolu. (Paris, Fayard, 1956), 185, 199.
3. F. Charles-Roux, La Production du Coton en Egypte.(Paris, Colin,1908)
   F. Charles-Roux, Les Origines de l'expedition d'Egypte. (Paris, Plon, 1910).
   F. Charles-Roux, Le Capital Français en Egypte. Egypte Contemporaine, II, 1911, 465-502.
4. F. Charles-Roux, Autour d'une route. L'Angleterre, l'Isthme de Suez et l'Egypte au XVIIIe siècle. (Paris, Plon, 1922).

independence of the isthmus of Egypt and its association with the Indies rather than with the Nile.[1] After service on the International Commission of the Danube in 1925-26 he became Minister Plenipotentiary to Prague from 1926 to 1932 and Ambassador to the Holy See from 1932 to 1940, when he became head of the French Foreign Office for the first five months of the Vichy regime. He became a member of the Institut d'Egypte and was elected to the Academy of Moral and Political Sciences of the Institut de France in 1934. His illustrated diplomatic history of the Suez Canal as a Franco-Egyptian achievement[2] was written with the aid of the works of Douin and Sabry as well as of the research he had done for his father's history.[3] Born in 1879, Charles-Roux was elected a director of the Canal Company in 1944 at the age of 65 and President on April 6 1948 at the age of 69, the oldest President-elect in the history of the Company. As President he pursued his labours as an historian of the French era in the Levant and stressed the instrumental function of the Company which enabled it to fulfil Egypt's predestined role as a link between the continents.[4]

1. F. Charles-Roux, L'Isthme de Suez et les Rivalités Européennes au XVIe siècle. Revue de l'histoire des colonies francaises, Avril-Juin 1924, 153-192.
   F. Charles-Roux, Le projet français de commerce avec l'Inde par Suez sous le règne de Louis XVI. Revue de l'histoire des colonies francaises, Juillet-Décembre 1925, 411-449, 551-618
   F. Charles Roux, L'Angleterre et l'Expédition Francaise en Egypte. (Paris, Plon, 1925).
2. G. Hanotaux (ed.) Histoire de la nation egyptienne. (Paris, Plon, 1936) VI L'Egypte de 1801 à 1882; 229-332 Le Canal de Suez - L'Oeuvre de Mohamed Said et d'Ismail Pacha.
3. J. Charles-Roux, L'Isthme et le Canal de Suez. (Paris, Hachette, 1901).
4. Le Canal de Suez, 15 Juin 1948, 9229.

THE RISE OF THE ARABIAN OIL TRADE OF AMERICA, 1945-1951

The traffic of the Canal was transformed more rapidly after the end of the war than at any previous time by the growth of the oil exports of Saudi Arabia and Kuwait, which increased the trade of the Canal faster than that of the world as a whole but concealed the slow recovery of trade in almost all commodities other than oil. The volume of northbound cargo surpassed that of 1937 in 1947 while that of southbound cargo recovered only slowly and did not surpass the levels of 1929 and of 1937 until 1949. The slow recovery of northbound cargo was masked partly by the spate of oil and partly by the dual flow of sugar, cereals, coal, cotton and manufactured metals. The volume of northbound cargo other than oil surpassed that of 1938 only in 1951. Thus the traffic of the Canal reflected the destruction inflicted on the export-economies of Indo-China and the Dutch East Indies by the war, the occupation and the liberation. The war had cut Asia off from its markets in Europe, reduced agricultural production and encouraged local consumption. It had thereby depressed the export of primary produce especially of cereals, sugar oil-seeds and textile fibres and reduced the importance of the old export-colonies in the traffic of the Canal. The growing pressure of population on the food supplies of Asia also reduced the northbound flow of cereals, began a south-bound flow and encouraged Egypt to export rice through the Canal to Japan from 1948.

Traffic was reduced most of all by the renaissance of Asia and the resurgence of the peasantry against the master-races of the West and the civilisation of Europe under the stimulus of the meteoric war-time career of Japan. The fountain-lands of millenial culture, India, China, Iran and Egypt were the focus of that revival. Their liberation from colonial rule entailed an attack on the economic activity of the West in Asia and a reduction in trade during the period of revolt. The successor-states to the European empires made the old colonial ports of Asia into the new capitals of independent Asia. Those cities survived attempts to transfer the capital to an

indigenous inland location and became national rather than colonial capitals, growing even faster after the establishment of independence than before. They remained centres of continued Westernization, masked beneath a systematic verbal onslaught on "colonialism" and "imperialism". The new states sought to develop manufacturing industry to make good the destruction of the war and to achieve economic independence. They wished to acquire in the factory the great source of armaments and symbol of modern civilisation. The stimulus given to industry in Asia by the war was thus reinforced by the postwar upsurge of nationalism. The resulting increase in the local demand for raw materials shifted the centre of economic gravity from the ports to the hinterland as well as from the foreign to the domestic market, decreased the surplus available for export to the West and reduced the northbound shipments of raw materials such as cotton and of agricultural produce such as oilseeds. The growth of industry in Asia also led to the stabilisation and even to the decline in the southbound shipments of manufactures, first of woven cotton goods and then of manufactured metals, railway materials, refined oil products and paper. The Canal however benefited by the growing southbound flow of capital goods such as machinery, cement, fertiliser and agricultural machinery and by the growing northbound flow of woven jute bags, cotton textiles, cast-iron and such processed raw materials as vegetable oils.

The establishment of the independence of India in 1947 ended the enterprise which had begun at Plassey and had transformed the sub-continent as no other revenue-collecting empire in history.[1] Partition restored the natural division of the "Indo-Gangetic Plain" but divided a united economy between two states and diverted the energy of both India and Pakistan inwards in a spirit of mutual antagonism into economic reconstruction on a basis of self-sufficiency. India gained most of the industries, the shipping tonnage, the shipping lines, the shipyards and the ports. Karachi was the only port lost by India, gained its independence from Bombay and began an unprecedented period of growth as the first capital of a new state, despite the restriction of its hinterland to West Pakistan. As a primary producer agricultural

1. N.V. Sovani, British Impact on India after 1850-1857. Cahiers d'Histoire Mondiale, 1955, 83.

Pakistan became dependent on its exports of raw jute and raw cotton. Its shipments of raw jute through the Canal were exceeded in 1946-48 by the shipments of jute sacks from Calcutta. From 1948 however jute importers turned increasingly for their supplies from India to Pakistan which became a net importer of wheat in 1948-49. India became increasingly industrial and replaced its export surpluses from 1949 by import surpluses. It became a net importer of cotton through the Canal from 1949, creating a southbound flow of the raw material which had provided the Canal's first northbound cargo in 1870. It lost a market of 70,000,000 for its cotton textile industry, was compelled to develop the export market to maintain capacity production in its mills and developed the shipment of cotton textiles through the Canal from 1950. It imposed export quotas on raw jute, because its jute mills had been cut off from their supply of raw jute from East Pakistan, and sharply reduced its exports of jute after 1951. It became a net importer of wheat, creating a southbound flow of cereals through the Canal, especially from the U.S.A. and U.S.S.R. from 1948 to replace the lost supplies of the Punjab. It introduced its first Five-Year Plan in 1950 and concluded barter agreements with the U.S.S.R.: it exchanged its jute and tea for Russian wheat and maize, shipped tobacco to Odessa from 1950 and began the export of iron ore to Russia from 1951.

The shipping lines between England and India were deprived of their security but not of their function. The P. & O. under William Currie, its chairman since 1938 and a director of the Canal Company since 1945, began its passenger sailings again in May 1947 but without any mail contracts. It launched its last ships with Indian names in 1947 but was understandably slow to readjust itself to the loss of the Indian Empire, the leave-traffic and the trooping service as well as to the encroachment by competitors from both Europe and Asia on its preserves. The flags of India and Burma appeared in the Canal in 1948, followed by the flag of Pakistan in 1949. The establishment of India's independence encouraged the development of substitute sources of supply of the commodities thitherto drawn from the sub-continent. The decline in India's exports of ground-nuts after 1946 stimulated oil-seed production in South-East Asia and Tanganyika. Ceylon suffered by the encouragement given to the production of rubber in Malaya.

coffee in Ethiopia, Uganda and Madagascar and tea in Turkey and Kenya. India had been displaced by the Persian Gulf in the traffic of the Canal during the war and never recovered its primacy as it increasingly manufactured its own raw materials. Its share in the shipping tonnage of the Canal declined from 20.2% in 1947 to 13.2% in 1948 and to 9% in 1950. The loss of India shattered a whole structure of imperial power but left Britain still in control of the Indian Ocean and increased the importance of East Africa. It undermined the whole British position in the Middle East, eliminating the original purpose for the British presence and converting that sphere of influence into "a last barbican of Empire".[1] The loss of the Indian Army deprived Britain of a central strategic reserve which could operate to either east or west and formed the keystone of the arch of imperial defence. Britain lost its common frontier with Iran and the effective basis of its policy in Iran. The emerging arc of danger centred as in 1903 around the Persian Gulf rather than around the Suez Canal and provoked the first suggestion for the establishment of a northern screen against Russia on the model of N.A.T.O. which would embrace the non-Arab Moslem powers from Turkey to Pakistan.[2] The Canal Company also gained by the election to its board in 1948 of Sir Francis Verner Wylie, who after 34 years in the I.C.S. became the first ex-Indian Governor to serve as an official director.

The decline in the exports of edible fats from the two leading producers of India and China was only partly offset by the increase in their export from the Philippines and Ceylon, creating a severe shortage of raw materials for both the English margarine industry and the French oil-seed industry. Marseilles was compelled to draw its oil-seeds from Senegal rather than from India and to rely less on the Canal than formerly. In England the Ministry of Food in cooperation with Unilever developed from 1947 the Kongwa groundnut scheme as a military operation conducted first by a managing agency on the Indian model and then by the Overseas Food Corporation created in 1948. That scheme sought to produce short-term returns from a million empty and waterless acres through large-scale mechanisation

1. A.P. Thornton, The Imperial Idea and its Enemies (1959), 330.
2. O. Caroe, The Persian Gulf - A Romance. The Round Table, March 1949, 131-137.

and the cooperation of African labour. That last great effort made by Europeans in Africa independent of African participation was integrated not with the general economic development of East Africa but with an apparent attempt to create a new India in Africa with a strategic base in Kenya, an economic base in Tanganyika and an immense Nile Dam at the Great Lakes. Cement was shipped southwards through the Canal in 1947-49 to Mtwara, 248 miles south of Dar-es-Salaam, to build the new port of Mikindani for the exports which never developed. East Africa's supply of groundnuts to the traffic of the Canal rose from 3,000 tons in 1947 to 6,000 tons in 1948 and 8,000 tons in 1951. The revival of shipments from India and China, however, reduced their share in the total groundnut shipments from 8% in 1947 to 4% in 1951.[1] In place of the promised groundnuts Tanganyika exported sunflower seeds through the Canal in 1948-49 at a cost of £35,000,000 to the British tax-payer. The failure of the scheme saved Tanganyika from complete dependence on the British economy, Unilever and the Suez Canal.

The rise of oil production brought into the traffic of the Canal the two lands of Arabia and the U.S.A. which thitherto had always remained marginal to it. The share of the U.S.A. in Canal traffic increased after the United States Navy, merchant marine and tanker fleet rose to world supremacy between 1942 and 1944 and maintained the U.S. flag as second only to the British in Canal traffic from 1943 to 1949. The U.S.A. possessed a huge domestic oil industry and controlled the world price of oil as the largest single producer and consumer. The war had, however, created a tremendous drain on its domestic reserves and increased its interest in the oil reserves of the Middle East, especially because English influence had grown at the expense of American as production closed down at Bahrein and Qatar in 1940, in Saudi-Arabia in 1940-41 and in Kuwait in 1942. Standard Oil of California which had formed the Californian Arabian Standard Oil Company in 1933 and admitted the Texas Company to partnership in 1936 successfully opposed attempts by the U.S. Government to acquire oil reserves in Arabia and to build a pipeline to the Mediterranean to

1. Supplément au Bulletin Le Canal de Suez, 15 Juillet 1952. Oléagineux et Dérivés dans le Trafic Sud-Nord au Canal de Suez.

avoid Canal tolls.[1] C.A.S.O.C. became the great private beneficiary by the estimate of 1944 which revised the possible reserves of Arabia upwards to equal those of the U.S.A. It renamed itself from 1944 the Arabian American Oil Company, (or Aramco). The end of the war made possible the large-scale resumption of production throughout the Middle East, although the increase of production in the Persian Gulf was limited by the equalisation from 1945 of Persian Gulf prices with U.S. Gulf prices for the U.S. Navy. Aramco adopted the idea of a cost-cutting Trans-Arabian Pipeline (or Tapline) to the Mediterranean and began full operation at its Ras Tanura Refinery from December 1945 to supply the continued needs of the U.S. Navy.

The eruption of nationalism in Iran in 1946 after three years of competition for oil concessions by Russian interests, Royal Dutch-Shell and Jersey Standard compelled Anglo-Iranian to build up its production from Kuwait and Iraq. On June 30 1946 the British Tanker Company's 'British Fusilier' loaded the first commercial shipment of Burgan crude oil at the new oil port of Mina al Ahmadi for the British Petroleum Company's Refinery at Grangemouth. Thus Kuwait began to export the oil which it had discovered in 1938. It supplied the British market with sterling oil and expanded its shipments through the Canal even faster than Saudi Arabia. During 1946 British Canal tonnage first surpassed the levels of 1938 and 1929, shipments of crude oil first surpassed the record volume of 1927 and oil first exceeded half the volume of northbound cargo. The election of Sir Hubert Heath Eves (1883-1961) brought to the board of the Canal Company in 1946 the representative of its largest client. Eves had been General Manager in India of the Burmah Oil Company and Representative in India of Anglo-Iranian before he joined Anglo-Iranian in London in 1921. He served as its Managing Director from 1924 to 1941 and as its Deputy Chairman from 1941 to 1950 as well as the chairman of the Tanker Tonnage Committee of the Petroleum Board from 1940 to 1946.

The Iraq Petroleum Company began the construction of a second parallel pipeline to Haifa and Tripoli in October 1946 to supplement the pipelines built in 1932-34 and to anticipate the construction of

1. H. Feis, Seen From E.A. Three International Episodes. (New York, Knopf, 1947), 93-190. The Government Gives Attention to the Oil of the Middle East.

a Trans-Arabian pipeline. Thereupon the two American member companies of the Iraq Petroleum Company declared the anglocentric Red Line Agreement of 1928 dissolved so that they might be free to enter the oil industry of Saudi Arabia. The sharp rise in Saudi production and reserves required wide markets and enormous capital which could not be readily supplied by the alliance of California Standard and Texas. Jersey Standard desired access to Saudi supplies of low-cost crude free from output regulation so as to strengthen its position in the home market against the war-swollen independent producers and began discussions for the purchase of an interest in Aramco on September 4 1946. The completion of the contracts signed in 1947 to give Jersey Standard and Socony an interest in Aramco and Tapline was, however, held up by the objections of the Compagnie Française des Pétroles. The proposal by the U.S. Secretary of State Marshall in 1947 that the U.S. should help to revive a working economy in the world was intended to solve Europe's postwar dollar-shortage, to end the British drain on the Caribbean sources of oil-supply and to preserve them as a strategic reserve for the future use of the U.S.A. The Marshall Plan enabled the American oil companies to supply Western Europe with oil from the Middle East and began a new era in the extension of American influence in Europe as well as in the Middle East. Jersey Standard thereby extended its domestic war with the independents to the new fields of Arabia. The independents secured the suspension of the export licences necessary for the steel pipe for Tapline. Eight independents also founded the American Independent Oil Company (or Aminoil) in August 1947 for the particular purpose of foreign oil operations, especially in the Middle East. The regular shipment of oil from the Middle East to the U.S.A. began with the shipment of fuel oil from Bahrein through the Canal in June 1947 to Norfolk, Virginia, and with the first shipment of oil direct from Saudi Arabia in September 1947. During 1947 U.S. imports and exports of oil balanced as internal consumption grew and the U.S.A. imported 4.7% of the volume of oil carried through the Canal while France imported 10.8% and Britain 21.6%. Some of those imports were carried under the flag of Panama, which increased its Canal tonnage tenfold and rose from the tenth to the fifth client of the Company.

The Labour Government increased the British demand for oil as a deliberate policy to solve the social problem of the coal-mining areas and to offset the shortage of fuel felt acutely in the cold winter of 1946-47: it authorised in 1948 the construction of refineries at the ports to process imported crude. The Economic Cooperation Law of April 3 1948 stipulated for the purchase from the dollar aid granted to Europe of oil and oil products from sources outside the U.S.A. as well as for its transportation by American shipping. The European Recovery Programme assumed that Western Europe would import half the oil produced by the Middle East at falling prices. The production of oil responded to the new American-financed demand of Western Europe and made its largest single increase since the birth of the oil industry in the Middle East. The daily average of oil-tanker transits through the Canal first exceeded the number of transits by other ships in March and April 1948. For the year as a whole tankers supplied fourteen out of the daily average of twenty-five transits. During 1948 total transits first exceeded their 1929 level, tanker tonnage rose by 101%, northbound oil cargo by 109% and net register tonnage by 50.6% in a rate of increase which first surpassed the records of 1880-1881. Crude oil shipments through the Canal which had risen by 125% during 1947 rose by 197.5% during 1948 while oil production in the Middle East rose by 36%. Thus crude oil nearly trebled in volume, assuming in the first place in Canal shipments in October 1947, December 1947 and from March 1948 for the first time in thirty years. North bound shipments of oil which had been dominated sucessively by petrol (1907-21), crude oil (1922-25), petrol (1929-36) and fuel oil (1937-47) reflected the gathering momentum of the largest flow of crude in the history of the industry. Oil first supplied more than half the volume of the total Canal cargo and 73% of that of northbound cargo. From 1948 oil dominated the shipping, cargo, revenue, operation and improvement of the waterway. The Persian Gulf, which had risen from the third client-region of the Canal in 1939 to the first during the war and supplied more than half of Canal cargo from 1946, became the focus of more than half of the Canal's shipping tonnage from 1948. The rate of expansion of exports from Kuwait and Saudi Arabia was treble that from Iran, despite the allocation of dollars to Britain for the purchase of oil from Iran

and Iraq. Iran supplied for the first time less than half of the Canal's oil shipments and lost its primacy as Saudi Arabia rose to second place and even surpassed Iran in its volume of Canal shipments during December 1948. Thus the oil of the Middle East was diverted from the markets of Asia to those of Europe from 1947-48 and the trade of the Middle East from the orbit of Russia into that of Europe. The Marshall Plan encouraged the reactive consolidation of Soviet influence in Eastern Europe, which was symbolized by the end of the Danube Commission in 1948 and the final liquidation of the Crimean policy of the West.

The Middle East was a low-cost producer, like Baku, with a high ratio of fields discovered to the area explored, a high proportion of producing wells to wells drilled, a very high yield per well from its huge reservoirs of thick beds at low depth as well as under high pressure and a long life-cycle of primary production per well.[1] Export was facilitated by the proximity of the fields to the seaboard and the ease of access to the sea offered by the Gulf. The prices of Middle East oil which had risen more slowly and more gently than U.S. Gulf prices since 1946 began to decline from May 1948 under the pressure of the Economic Cooperation Administration.[2] Prices declined between June 1948 and September 1949 by 21.2% so that prices were equalised for Western Europe in 1948 between the Persian Gulf and the Gulf of Mexico. The price-watershed between the Gulf of Mexico and the Middle East shifted across the Atlantic to the eastern seaboard of the U.S.A. The price of Middle East and Venezuelan crude was however equalised on the basis of delivery in New York through the allotment of a theoretical freight rate between New York and London for tanker companies delivering Middle East oil in Western Europe so as to protect the domestic oil industry of the U.S.A. During 1948 the U.S.A. reduced its share in world production below 60% for the first time in forty years and became a net importer of oil. It increased its share of the oil carried through the Canal from 5% in 1947 to 16% in 1948, raised Panama from the fifth to the third largest client of the Canal with 9.4% of the total tonnage and helped to reduce the

1. R.C. Julien, Le Pétrole dans l'Economie du Moyen-Orient. Revue de Droit International pour le Moyen-Orient, Mai 1951, 54-55.
2. W.A. Leeman, The Price of Middle East Oil: an Essay in Political Economy (1962), 143-4.

British share therin from 63% in 1946 to 47% in 1947 and 37% in 1948. Canada began to import oil via Suez from 1948. The heavy American traffic encouraged American purchase of Suez shares from 1948 and led the Canal Company to elect its first American director with more readiness than it had shown to elect an Italian director in 1937-8. Somerville Pinckney Tuck had been Deputy Consul in Alexandria between 1913 and 1920, Envoy Extraordinary and Minister Pleinipotentiary to Egypt from April 1944, and the first American Ambassador to Egypt from 1946 to 1948. His unanimous election to the board in place of a Frenchman disturbed the New Zealand-born Labour back-bencher Platt-Mills, who would have preferred a British citizen to an American and asked "Is this part of the price we have to pay for the Americans giving us a little charity?"[1] The oil shortage in the U.S.A. made North America for the first time the largest single destination for oil shipped through the Canal in November and December 1948, its imports exceeding those of Britain and France. As home production caught up with demand during the mild winter of 1948-49 the U.S.A. reduced its imports of oil. World oil consumption was also slightly reduced during 1949 while oil shipments through the Canal continued to soar so that the total shipping and cargo tonnages of the Canal both exceeded the record levels of 1929.

Control of the oil of the Middle East was redistributed so that each member of the cartel of seven gained access to its reserves. Jersey Standard and Socony were finally freed in 1948 to complete their acquisition of an interest in Aramco in return for higher quotas of Iraqi crude to the Compagnie Française des Pétroles. Their acquisition of shares in Aramco on December 2 1948 gave that company the greatest distributing organisations in the world while it gave California Standard and Texas additional markets without the ordeal of competing for them.[2] The construction of the Trans-Arabian pipeline was facilitated by the entry of Jersey Standard into Aramco and by the resumption of the export of steel pipe from the U.S.A. on February 26 1949 after 20½ months. American influence was further extended into

1. Hansard, Commons Debates, June 21 1948, 934, Platt-Mills.
2. B. Shwadran, The Middle East, Oil and the Great Powers. (New York, Praeger, 1955), 349-352.

the oil industry of Arabia by the grant to Aminoil in 1948 of the Kuwaiti concession in the Neutral Zone between Kuwait and Saudi Arabia and by the grant to J.P. Getty in 1949 of the Saudi concession therein. The quest for those concessions had been stimulated by the expansion of Kuwait's production. Kuwait was estimated on January 6 1949 to have 14% of the world's reserves against the 11.4% of Saudi Arabia and assumed first place in Canal oil shipments in March, May, July and August 1949. By the end of the year Mina al-Ahmadi was in full operation, with the largest tanker-loading pier in the world and a refinery completed in November 1949 to supply furnace-oil and marine diesel-oil to the tankers loading there with crude.

The rise of American oil production in the Middle East disturbed the balance of production in the U.S.A. and the balance of payments of Britain. Oil imports into the U.S.A. aroused the opposition of the independents, the coal interests and the railroads. Texas served as the balance-wheel for home production and Texas interests proposed from May 1949 a quota on foreign oil imports which was imposed from January 1 1951. In Britain American oil increased to form 30% of the oil marketed as Esso, Regent, Gulf and Mobil petrol spread in competition with Shell and B.P. The dollar-content of 75-80% of its price made it the largest single drain on the dollar reserves of the sterling area and exacted a heavy and rising price for the increasing use of oil as the rise of American power diverted investment from the pound to the dollar. The Exchange Control Board could not stop that diversion of investment but began from the end of June 1949 to curtail the import of American oil together with all other dollar imports.[1] After the devaluation of the pound sterling on September 18 1949 the domestic price of fuel oil in Britain rose by 34% and the Government took steps to replace U.S. oil by British oil throughout the sterling area, raising the shipment of oil through the Canal from September 1949 and provoking strong protests from the American oil companies affected in their exports. As sterling oil replaced dollar oil in British imports Kuwait assumed the lead from Saudi Arabia as well as from Iran in oil shipments through the Canal in January, April, May

1. H. Mendershausen, Dollar Shortage and Oil Surplus in 1949-1950. (Princeton University Essays in International Finance No. 11, November 1950), 15.

and July-December 1950. Qatar supplied another source of sterling oil from the Dukhan field which had been discovered in 1939 but was only brought into production between 1947 and 1949 by a subsidiary of the Iraq Petroleum Company, the Qatar Petroleum Company, to which Anglo-Iranian had transferred its concession under the Red Line Agreement. Its oil was exported across the peninsula to Umm Said and through the Canal from January 1950. It shipped the bulk of its production through the Canal, its exports exceeding those from Bahrein in volume from 1951. The five Anglo-American oil agreements concluded between May 23 and July 18 1950[1] effected substantial reductions in the dollar-content of imported oil. Jersey Standard agreed on May 26 to expand the capacity of its Esso Refinery at Fawley fivefold while Aramco agreed on July 7 to pay up to 25% of its royalties in sterling. Thus Britain gained the largest refinery in Europe opened at Fawley on September 14 1951, an additional interest in its protectorates in the sheikhdoms of Kuwait, Qatar and Bahrein, a potential interest in all the other sheikhdoms of the Gulf and a great interest in the Canal despite the withdrawal of British troops from Iran in 1946 and from Iraq as well as from India in 1947.

The rise of Arabian and Kuwaiti production transformed the oil trade of the Canal with unprecedented speed. Wealth shifted within the Middle East from the fertile crescent to the infertile crescent of the Gulf, placing Iraq at a growing locational disadvantage. The Gulf became the major region in the traffic of the Canal. Its massive export surplus was balanced by the import surplus via the Canal of India, the Far East and East Africa while its demand was stimulated for building materials, machinery and cement as well as for the traditional sugar. The extension of oil production along the geo-syncline of the Gulf shifted its trade more than ever from the southern coast of Iran to the eastern shores of Arabia. It shattered Iran's monopoly of the oil production of the Gulf and diverted the bulk of the foreign trade of Saudi Arabia and Kuwait through the Canal in addition to that of Iran. Of the three great centres of production Kuwait became most dependent on the Canal through which it never shipped less than 90% of its production. Iran ranked first in the volume of its oil shipped through the waterway until 1949 when it was

1. H. Mendershausen, 30-31.

sed by Kuwait as well as Saudi Arabia and ranked third. e in Canal shipments of oil was reduced from 53% in 1947 to in 1950 while the share of Saudi Arabia rose from 17% to 29% and that of Kuwait from 15% to 33%.

Within Arabi the centre of gravity began to shift from the Hejaz towards the Gulf, which formed the peninsula's main outlet to the sea because of the mountains restricting access from the west. The Saudi fields of the province of Hasa were develcped faster than any other fields in the recorded history of the oil industry. Saudi Arabia's entry into the modern world was symbolized by the foundation of the Mecca Chamber of Commerce in 1948, the establishment in 1948 of direct radio-cable communication between New York and Jedda, the introduction of an income-tax and a national anthem in 1950 and the completion between 1947 and 1951 of the railway from the capital of Riyadh to the oil port of Dammam. The Saudi flag even increased its transits of the Canal from 4 in 1947 to 14 in 1950. The survey parties of Aramco began to penetrate from 1948 into the sheikhdoms of the Trucial coast east of Qatar in competition with those of the Iraq Petroleum Company. In 1949 Suadi Arabia proclaimed its right to the sub-soil and sea-bed adjacent to its coasts as the U.S.A. had done in 1945 and Iran a fortnight beforehand. It thereby anticipated the discovery in 1951 of the first submarine oilfield in the Gulf, which it began to transform into the Arabian Gulf. Thus the U.S.A. began a new phase in its imperial expansion at the expense of Britain.[1]

Along the seaboard of the Gulf the commercial civilization of the West was planted through a new series of oil ports which developed as tanker terminals from Unn Said and Ras Tanura to Mina al Ahmadi, Fao and Abadan, with their long jetties reaching out to deep water through the shallows of the western shores. The oil industry brought to the most undeveloped country of the Middle East the most advanced capitalism of the West and the mystery of an uncomprehensible technology The oil companies undertook an immense investment of capital and developed the export trade to serve the market of distant Europe in isolation from the economic life of the locality and region. Their

1. H.L. Hoskins, Background of the British Position in Arabia. Middle East Journal, April 1 1947, 137-147.

activity created only very few jobs for the local population, inhibited rather than fostered Arab entrepreneurship and did not diffuse the secondary benefits of manufacturing industry. They became closely associated with the kings, the sheikhs and the pashas rather than with the Arab masses to whom their industry appeared as the very type of alien exploitation by a parasitic alliance of Western producer and consumer. They made gross profits estimated at 75% of the total Persian Gulf price for oil,[1] were not over-generous in their royalty-payments and rapidly depreciated the ledger-value of their capital investments.

The Middle East increased its share in the world production of oil from 5.9% in 1938 to 12% in 1948 and to 16.5% in 1950 when it displaced the Caribbean as the leading exporter of oil. The Canal's share in the world production of crude oil rose from 0.6% in 1946 to 6.7% in 1950. The Middle East which had supplied 19% of Western Europe's needs of oil in 1938 and 25% in 1946 increased its share to supply 67% in 1950 and 69% in 1951 but did not furnish the 80% desired by the Economic Cooperation Administration. Oil from the Middle East replaced coal from Europe in the imports of Mediterranean ports, increasing their dependence on the Canal. England became the largest single market for the oil of the Middle East and raised its imports of crude from 5% of the volume of its total oil imports in 1945 to 47% in 1950. The British Tanker Company doubled its tonnage between 1945 and 1949 and maintained its primacy as the leading client of the Canal. Anglo-Iranian remained the largest single overseas investment in British commerce and the most profitable of British foreign investments. The import of oil increased as the mining, consumption and export of coal declined under the influence of the full employment and rising wages of postwar Europe. The decline of the coal industry encouraged Schuman's proposal in 1950 for a European Coal and Steel Alliance. The U.S.A. protected its own high-cost oil industry from the competition of oil produced at one-third of its cost as Britain did not protect its coal industry. It reduced its own exports of oil to Europe and increased its share of Middle East oil production from 12% in 1945 to 44% by the end of 1950 but retarded the

1. J.E. Hartshorn, Oil Companies and Governments. (London, Faber, 1962), 99-100.

full expansion of oil production in the Middle East. Thus the centre of oil production was not displaced from America. The Middle East became less important for its production than for its reserves which rose from 38% of the world's total reserves in 1945 to 45% in 1950.[1] The high proportion of reserves to production limited the need for expensive exploration by the oil companies. The rise of the oil trade nevertheless doubled the share of the Canal in the volume of world trade in general from 6.8% in 1947 to 13.2% in 1950.

The Share of the Oil Trade in the Traffic of the Canal, 1939-1955.

	1939	1946	1950	1951 *	1955
Tonnage of Persian Gulf as a proportion of total Canal tonnage	18.1	30.0	63.9	57.3	64.1
Tanker tonnage as a proportion of total Canal tonnage	19.8	30.3	63.7	58.2	65.5
Tonnage of crude oil as a proportion of world production of crude	0.06	0.6	6.7	6.06	8.0
Tonnage of crude oil as a proportion of northbound oil	3.2	26.8	73.7	84.0	92.7
Tonnage of northbound oil as a proportion of northbound cargo	29.1	52.6	78.6	72.3	76.5
Tonnage of northbound cargo as a proportion of total cargo	69.5	72.7	83.3	77.3	81.3

* Abadan Crisis

Source: Suez Canal Company, Le Canal de Suez (Documents Statistiques) 1950, 1956.

Oil was highly suitable to transport by tanker and to international trade as a cheap bulk commodity which was highly portable but could not be stored for long because of the cost of containers and the risk of deterioration. The expansion of the oil trade and the rise of tanker traffic established the supremacy of tramp over liner shipping in the traffic of the Canal. It increased the number of transits in ballast, especially on the southbound voyage, from which tankers returned northwards fully laden. It also increased the number of motor-vessels using the waterway, oil-burners reaching their maximum number of transits in 1950. It helped steadily to increase the average size of vessels especially of tankers using the Canal. By 1950 the average Canal tanker exceeded the average tonnage of transits by 9%, although it remained below the tonnage of the average tanker of the world fleet which had begun to grow towards its

1. B. Shwadran, The Middle East Oil and the Great Powers (1955), 352-3, 435.

optimum technical size. The tanker cargo of 47,637,000 tons carried through the waterway in 1950 represented the peak proportion of 21.2% of the total tanker cargo carried by the world fleet in external trade.[1] Tankers thus established a discontinuous pipeline by sea from the Persian Gulf to Europe. From 1948 tanker revenues became the major source of the receipts of the Canal Company, which itself became a large shareholder in oil companies, especially in Royal Dutch-Shell. The rise of Norwegian tanker tonnage made Norway the second client-state of the Canal from 1950. Flags of convenience developed strongly in the tanker traffic such as that of Panama from 1947 and those of Liberia, Honduras and Costa Rica from 1949.

The oil traffic more than compensated for the comparative decline in postwar shipments of non-oil traffic. Oil became the dominant commodity in northbound cargo from 1946 and in total cargo from 1948 while high-priced raw materials maintained the value of the total trade of the Canal. Its growing volume confirmed the dominance of primary produce in northbound cargo and accentuated the disproportion between the volumes of northbound and southbound cargo. The regularity of oil shipments throughout the year reduced seasonal and cyclical fluctuations in traffic. The sensitivity of the Canal's traffic to the world economic conjuncture was diminished as was the value of that traffic as an index to the trade-cycle. The increased importance of short-haul traffic made the Suez route far more economic than the Cape route but increased pressure for the reduction or avoidance of tolls on a cheap bulk commodity. The growth of the oil trade enabled the Canal Company to make concessions to shipping in general. The United Kingdom Chamber of Shipping had begun direct consultation over tolls with the Canal Company in 1947, with the support of the American Merchant Marine Institute and the National Federation of American Shipping. The Company agreed to increase from April 1 1948 the maximum allowance for crew and navigation spaces from 5% to 10% of the gross tonnage under the Constantinople rules of 1873. That concession was achieved by direct negotiation which by-passed the London committee. After renewed requests in 1949 to allow stewards' accommodation as deductible for tonnage-measurement

1. Le Canal de Suez, 15 Novembre 1952. Les navires-citernes au Canal de Suez.

the Company decided on January 10 1950 to abolish passenger-dues as an alternative, on condition that the shipping interests did not again raise the question of stewards' accommodation before the end of the concession or before a revision of the rules of 1873. More passengers used the Canal than before the war despite the increase in air-travel and a decline from the postwar record of over 900,000 in both 1945 and 1946. Passenger dues increased their share of total receipts from 1.74% in 1945 to 7.6% in 1948 and 9.2% in 1949 but never supplied a revenue comparable to that earned from passenger traffic by railway companies or by mail shipping lines. Their abolition from April 15 1950 coincided with a large increase in the dividends distributed for 1949 and was followed by a gradual decline in the number of passengers from the level of 1950. The concession of 1949 especially benefited mail-boats and enabled the Company to postpone a proper toll-reduction for a year.

The Company was compelled to improve the waterway and to extend its facilities to cope with the rapid expansion of traffic. It allowed tankers to use floating search-lights from 1947 and so to avoid stopping at Port Said on their homeward voyage. It introduced mirror-buoys to reflect the beam of the search-light and to demarcate the fairway. Above all, it drew up its seventh improvement programme in 1948 as the daily number of ships surpassed 25, the tonnage continued to rise faster than transits as ships became deeper and the maximum permissible draught became exclusive to tankers from 1947. That £5,000,000 five-year programme was the Company's first since its Panama programme of 1921 and planned a general deepening together with the construction of a by-pass canal at El-Ballah. Such a by-pass would permit a maximum capacity of forty vessels per day and enable convoys to cross in the north of the Canal at the by-pass as well as in the south in the Bitter Lakes. It would thus eliminate the one-way bottleneck of the first 45-mile section south of Port Said and avoid the passing of tankers with the danger of collision and fire. To relieve congestion the Company introduced the convoy system from May 24 1948, although Port Said had not been designed as a convoy port. From January 10 1949 it introduced two daily convoys in each direction, increasing the capacity of the waterway and reducing

the disturbance to dredgers. The general deepening by 20" to 42'10" and to 46 feet in the northern half was completed by July 23 1951 when the Farouk Canal was opened as a 7½-mile by-pass on the east side of the Canal at El-Ballah. The dream of 1883 was partly realised by the creation for the first time of two independent canals. Laden tankers from Suez were given the right of way through the by-pass while the southbound convoy anchored in the western branch and could thus proceed northwards non-stop and without deviation. The Company also sought to facilitate traffic by increasing the permissible speed from 7½ to 8 knots, an increase which proved too damaging to the banks to be maintained above a year from November 1951 to November 1952. It made its first speed tests of water turbulence and bank erosion in 1951 in the Neyrpic hydraulic laboratory at Grenoble on a scale-model of the Canal, 66 years after the first scale-model of a tidal river had been built by Osborne Reynolds in Manchester in 1885.

The greatest challenge to the Canal came with the completion of the Trans-Arabian Pipeline in 1951 after the establishment of Israel diverted all Arab oil and pipelines from Haifa. Tapline was intended to replace by a 1,068-mile transit by pipe the 7,200-mile 18-day round trip around "the Island of the Arabs" which was the largest peninsula in the world and half the size of India itself. It was also intended to avoid the Canal dues which were the equivalent of a further 1,000 miles of sea-voyage. It was all the more feasible because the oilfields of Arabia were on the east coast rather than on the west coast. It was favoured by the Lebanon but was at first opposed by Syria until the shock of defeat by Israel brought about the first military coup in the modern Arab world. Husni Zaim seized power in Damascus, was recognised by the U.S. Government and signed the Tapline Agreement on May 16 1949, six weeks after his coup. Tapline was the world's largest crude-oil pipeline and the first great pipeline to compete directly with ocean tankers and the Canal route. President Charles-Roux recognised it on June 13 1950 as a serious competitor of the Canal but hoped that its reduction of the Canal's oil traffic would prove to be temporary. After the final weld on September 25 1950 the first oil was carried on November 10 to Sidon, where the first tanker was loaded on December 3. The shares

of the Canal Company thereupon declined in price by 8.3% between December 11 and December 18. The use of the pipeline halved the length of a tanker-voyage, doubling the number of round trips possible per tanker per annum and the tonnage delivered per ton of capacity per annum. Thus it eliminated the employment of 70-80 tankers with 5% of world tanker-capacity,[1] reduced the costs of transport by as much as 63%[2] and created a large price-differential between prices in the Persian Gulf and prices at Sidon. It reduced single-voyage freights sharply from their 1950 peak and stimulated the development of the competitive capacity of tankers, especially through the creation of the economical super-tanker for the supply of the new refineries under construction in the ports of Western Europe.

The effects of Tapline on the traffic of the Canal were first felt during December 1950 and increased to a maximum by April 1951 as the pipeline reached capacity. Saudi Arabia had ranked first in the oil shipments of the Canal in June 1950 and retained second place to Kuwait from July but was relegated in December to the third place after Kuwait and Iran. The total volume of oil shipped through the Canal was reduced by 14% in December but the tonnage of crude oil was reduced by only 10% because Kuwait expanded its shipments. Arabia's shipments via the pipeline first exceeded the volume of its shipments via the Canal in January 1951 and first reached the maximum capacity of the pipeline in April 1951,[3] when its shipments via the Canal sank to one quarter of their level in April 1950. For 1951 as a whole Arabia reduced its shipments via the Canal by 7,221,000 tons or by 52.3% and its share in northbound oil cargo from 29% of the total in 1950 to 15% in 1951. Shipments from Bahrein also declined by 30% during 1951 because the Bahrein Patroleum Company was a subsidiary of California Standard and had drawn most of the oil for its refinery from Saudi Arabia. Thus Tapline enabled Qatar to replace Bahrein as the fourth largest source of Canal oil shipments. The imports of oil by the U.S.A. via Suez declined for the first time. Their reduction in volume by 49% reduced the U.S. share in northbound

1. R.C. Julien, Le Pétrole dans l'Economie du Moyen-Orient, 57.
2. W.A. Leeman, The Price of Middle East Oil (1962), 109.
3. Le Canal de Suez, Revue du Trafic: Premier Semestre 1951. 15 Aout 1951,

oil from 16.4% in 1950 to 7.8% in 1951 and increased the share of Europe in proportion. The U.S. flag was relegated from the third to the fifth place for the first time since the war. The completion of Tapline stimulated a competitive reaction by the Canal Company as well as by the Iraq Petroleum Company, which undertook to complete a new pipeline to the Mediterranean of comparable capacity to Tapline. The Canal Company decided on June 12 1951 to make from September 15 its first reduction of toll since the increase in 1941. It granted therein a more than proportionate reduction on ships in ballast and thus departed from the principle in effect between 1930 and 1950 whereby ships in ballast had paid half dues. Thus it sought to encourage the tanker companies whose vessels had been diverted from the Canal by the pipeline.

Tapline removed a bridle on production in Saudi Arabia, especially from the Abgaiq field located in 1940. It permitted the largest single increase in Saudi production in 1951 by 10,400,000 tons or 40% or by two-thirds of the capacity of the pipeline. The pipeline was however burdened by high capital costs and by fixed operating costs which did not fall with distance as in the case of tankers. Above all, its capacity was limited in contrast to the more flexible capacity of the Canal. Thus the pipeline carried only 39% of the total volume of Saudi production in 1951 and 69% of its volume of exports while the Canal carried the remaining 31%. The loss to the Canal was thus limited by the continuing expansion of Saudi production, especially from the vast Ghawar field located in 1948, extended by further discoveries in 1949 and 1951 and recognised in 1952 as a unity over 140 miles in length, or the largest oil-field in the world by area. As the limited capacity of the pipeline imposed a new bridle on production Saudi shipments via the Canal rose, especially from November 1951, and enabled Aramco to replace Creole, the Venezuelan subsidiary of Jersey Standard, as the world's leading producer of oil in 1952. The completion of Tapline coincided with the conclusion of the first profit-sharing agreement in the oil industry of the Middle East. The Jedda Agreement of December 30 1950 allotted the Government of Saudi Arabia a total share of one half in Aramco's net operating revenues on the model created in Venezuela in

1943. Saudi Arabia was thus able to extend a dollar development-loan to Syria in 1951, to reply to Iraq's establishment of its Development Board in 1950 and to fend off Iraqi plans for the union of Syria and Iraq. It abolished its pilgrim-dues from 1952, increasing the traffic to Mecca and its associated slave-trade. In 1952 it also established the Saudi Arabian Monetary Agency as a modified central bank under an American chairman and first issued gold sovereigns as a standard currency in place of its dual currency of British gold sovereigns and Saudi Arabian silver. Its eastward expansion into the Empty Quarter and into the oasis of Buraimi on August 1952 was justified by evidence supplied by Aramco. Aramco served Saudi Arabia with the same diligence with which the English East India Company had served the Mogul Empire. Its capital represented a quarter of the total investment in the whole Middle East oil industry in 1951.[1] It had become the greatest single overseas investment of the U.S.A. and the most remunerative of all oil investments. Its oil gave the U.S.A. a continuing interest in the Canal which it had never known before.

1. M. Yeganeh, Investment in the Petroleum Industry of the Middle East. Middle East Journal, Spring 1952, 244.

THE ABADAN CRISIS AND THE OIL BOOM IN KUWAIT, 1951-1956.

The small sheikhdom of Kuwait became the main source of oil shipped through the Canal during 1950 but only established a decisive supremacy when shipments were reduced from Arabia and Iran during 1951. It expanded its production during the Abadan crisis to fill the gap left by Iran and then revealed its overpowering comparative advantages. In Kuwait oil was easier to extract and nearer to the coast than it was in Saudi Arabia. Its oil-producing sands were over 1,000 feet in thickness or more than fivefold the thickness of those in Saudi Arabia. They were more porous and permeable than any other in the whole Middle East. Their oil was raised to the surface by a natural water-drive, pumped to the 300-feet high Ahmadi Ridge and then allowed to flow by gravity to the tanker terminal at Mina al Ahmadi. Such advantages made possible the extra-ordinarily rapid development of its production when the Anglo-Iranian Oil Company was nationalized ten years after the Anglo-Russian invasion of Iran in 1941. The publication of the new profit-sharing agreement of December 30 1950 between Saudi Arabia and Aramco increased Iranian discontent with Anglo-Iranian, which had paid Iran £122,000,000 in royalties for the 333,000,000 tons of oil worth £1,200,000,000 which it had extracted since 1913. On February 19 1951 the nationalization of Anglo-Iranian was proposed by the deputy Mossadek, who was an elderly conservative landowner, the son of a Qajar princess and an uncompromising opponent of Reza Shah. Nationalization was voted by the Chamber amidst general exultation which stimulated demands for nationalization in Iraq, Egypt and Syria and reduced Suez shares by 8% between March 16 and March 19. It produced a strike at Abadan lasting from March 26 to April 26 and necessitated the despatch of a British cruiser from Malta to the Gulf because Indian forces were no longer available as they had been in 1946. Oil shipments from Iran through the Canal remained stationary from January to March but fell by 5% during April from the level of April 1950 and by nearly 20% during May.

The appointment of Mossadek as Prime Minister on April 27 inspired the British Foreign Secretary to announce in the Commons on May 1 that the monthly oil royalties of £2,000,000 for May would be withheld. On the next day the Shah decreed the nationalization of the oil industry of Iran, "for the happiness and prosperity of the Iranian nation and for the purpose of securing world peace". Thereby the revised concession of 1933 which was due to expire in 1993 was revoked and control over the largest supply of crude in the Middle East as well as over the largest refinery in the world was transferred from the Anglo-Iranian Oil Company to the new National Iranian Oil Company. Anglo-Iranian supplied 10% of the National Income of Iran, 32% of the Government's income directly as well as another 18% indirectly and 80% of the foreign exchange earned by Iran. The British Government expected a popular revolt to overthrow Mossadek but was disappointed because the great mass of the population had gained nothing from the oil revenues and did not feel their loss. For Iran the triumph was pre-eminently symbolic rather than material, in Mossadek's addition on May 15 of the prefix "former" to the title of Anglo-Iranian and in the hoisting on June 11 of the Iranian flag over the head office of the Company at Khurramshahr, so completing the achievement of Reza Khan in 1925 and compelling Charles-Roux to deny on June 12 the rumours of nationalization in Cairo. After Iran demanded on June 14 75% of the Company's receipts from its sales, the output of the Abadan Refinery began to slow down from June 16 and all the tankers of the major oil companies were diverted from Abadan. During June the Canal lost 150,000 net register tons of tankers in ballast en route to Iran but gained 270,000 tons of tankers in ballast en route to Kuwait, which increased its oil shipments through the Canal by 36% in April and by 61% during June.

Iran's demand on June 28 for receipts from the captains of tankers ended all exports of oil from the 16 jetties at Abadan by July 1 although 54 tankers lay in Iraqi waters in the Shatt el Arab. The Refinery worked at half capacity from the end of June and stopped production completely on July 31, three weeks after Iranian officials took possession of British communications in Abadan. "The greatest

single overseas enterprise in British commerce had ground to a standstill".[1] Eighteen empty tankers with an aggregate tonnage of 14,000 returned through the Canal so reversing the trend of southbound tankers in ballast which had characterized the oil traffic of the waterway since 1914. Tanker transits through the Canal fell below the number of other ships for the first time since October 1949. Oil shipments from Iran through the Canal declined by 75% from the level of June while shipments from Kuwait rose by 71%. Kuwait could not, however, expand its shipments rapidly enough to replace Iran immediately so that total oil shipments declined during July by 15% from their level in July 1950, reducing their share in northbound cargo from 83% to 72%.[2] The closing of the most versatile refinery in the world also cut off the supply of petroleum products to the oiling stations along the Suez route and ended the northward shipment of refined oil. It disrupted the pattern of oil bunkering for all ships within the area between Cape Town, Port Said, Yokohama and Wellington and set in motion from July an increasing flow southwards of refined oil from the U.S.A. as well as from Europe. In August oil shipments from Iran disappeared from the Canal for the first time since 1913 so that Canal shipments remained 15% below their level for August 1950. In September Canal shipments of oil reached their low-point of 27% below the level of September 1950, although crude oil shipments were only 7% less.[3]

After the final break-down of negotiations Anglo-Iranian ordered on August 23 the evacuation of the oil-fields and announced on September 4 that it would sue anyone who attempted to buy Iranian oil. The British Government forbade on September 10 the export to Iran of such scarce goods as sugar, iron, steel, non-ferrous metals, alloys, railway trucks and material. Thus the Government joined the Company in its economic boycott of Iran and reduced exports, especially of sugar, through the Canal to the Gulf. After Mossadek notified the Company on September 25 of its definitive explusion Iranian troops occupied the Refinery on September 27 and the British Government

1. H. Longrigg, Adventure in Oil. The Story of B.P. (London, Sidgwick, 1959), 144.
2. Le Canal de Suez, 15 Septembre 1951, 9426.
3. Le Canal de Suez, 15 Octobre 1951, 9430.

announced its decision on October 1 to withdraw the remaining staff of Anglo-Iranian. The exodus of 268 Britons on the cruiser 'Mauritius' on October 4 marked the end of the Anglo-Persian saga begun in 1907. During October the shipments of refined products northwards through the Canal reached their lowest level since October 1927 and raised the share of crude oil to 98% of the total volume of northbound oil. From October however crude shipments began to expand from their low-point of September, maintained their rate of increase during November,[1] when tanker transits regained their primacy, and doubled their rate of increase during December. Only in January 1952 did the volume of total oil shipments end their six-months' depression and rise above the level for January 1951. The crisis thus made its main impact on the traffic of the Canal between May and December 1951, immediately after the impact of Tapline between December 1950 and April 1951.

During 1951 Iran's oil shipments through the Canal declined by 50% while its share in those shipments sank from 30% to 17%. The Persian Gulf became the sole region served by the Canal to record a decrease in its shipping tonnage and in its cargo tonnage, which declined respectively by 11.95% and 8.75%. Northbound oil shipments fell by 9.8%, tanker tonnage by 10.3% and southbound tanker tonnage in ballast by 20% while northbound tanker tonnage in ballast rose by 465%. That reduction in tanker tonnage was the first since the war and affected especially the flags of Panama, the U.S.A. and Britain. The Canal's proportion of the total tanker cargo-carried by the world fleet in external trade declined from the peak of 21.2% in 1950 to 17.6% in 1951. The 1,144 different tankers which made 5,913 transits through the waterway, or 5.2 each, nevertheless represented a gross tonnage of 11,000,000 or 60.5% of the world tanker fleet of 18,210,000 gross tons. The oil trade of the Persian Gulf was so influential in the general traffic of the Canal that the oil crisis of 1951 produced an overall reduction in British tonnage using the Canal by 1.3%, in total shipping tonnage by 1.8%, in northbound cargo tonnage by 1.9% and in receipts by 1.4%. The severity of the first postwar recession in traffic was largely mitigated by the Korean

1. Le Canal de Suez, 15 Novembre 1951, 9434; 15 Décembre 1951, 1938.

war boom and by the expansion of non-oil cargo by 28% and of southbound cargo by 44%. The volume of non-tanker shipping tonnage rose by 13.2% and exceeded its 1937 level for the first time in 1951. The Canal Company was able to avoid a reduction in its dividends for 1951 and even to increase them by 3%.

The nationalization of Anglo-Iranian was the greatest blow ever inflicted on the British economic empire in the Middle East. At a single stroke it reduced the British share of the capital invested in the Middle East oil industry from 49% to 14%[1] and the British share of Middle East oil production from 53% to 24%. It increased the U.S. share of Middle East oil production from 44% to 58%, left the American oil companies in control of 42% of the capital invested in the industry and encouraged them to aspire to extend their interests even further. It ruptured diplomatic relations between Britain and Iran, making Iraq under Nuri es Said more important than ever as a British base: the British embassy left Tehran on November 1 1952 for Bagdad along the road built in 1942 by British military engineers. The shock of nationalization to the other oil companies secured the speedy extension of the 50-50 profit-sharing agreement to Kuwait from 1951 as well as to Bahrein, Qatar and Iraq from 1952 so that Aramco won implicit recognition as the pioneer in making concessions to the Arab oil states. The increased interest in Arab oil led the Arab League to establish its Oil Experts Committee in September 1951 and two leading oil companies to pay homage to Arab pride by transferring their headquarters to Arab cities. The example of Anglo-Egyptian Oilfields Limited which had decided in 1950 to transfer its seat to Cairo was followed in 1952 by Aramco which transferred its H.Q. from New York to Dhahran and by the Iraq Petroleum Company which transferred its H.Q. from Tripoli to Bagdad. Aramco also encorced a total prohibition of alcoholic drinks on its employees from the end of 1952 in deference to Wahhabi susceptibilities. Thus American civilisation on the sub-tropical fringe of the heartland of Islam reverted to the older Puritan tradition of New England in order to maintain the security of American investments in the oil of the free world. The Iraq Petroleum Company also sought to integrate itself into the life of Iraq on the

1. M. Yeganeh, Investment in the Petroleum Industry of the Middle East. Middle East Journal, Spring 1952, 243.

pattern of partnership pursued by Aramco. It began the construction of refineries from 1952 and ceased to be wholly an export company. Lebanon was encouraged in 1952 to repudiate a new agreement on transit fees and to demand that the 50-50 principle should be extended to the transport of oil through the Lebanon. The reply of the Iraq Petroleum Company was to divert its new pipeline from Tripoli in Lebanon to Banias in Syria.

Anglo-Iranian suffered the nationalization of its assets in Iran without compensation other than its past profits. Cut off from its original base it was forced back into reliance upon its 65 subsidiary companies, and especially upon its half-share in the Kuwait Oil Company established in 1934. Galvanized into a new phase of expansion, it sought to enforce a boycott of Iranian oil in all the markets of the world and used the oil of Kuwait to make that boycott effective with the support of the cartel of the seven. It re-routed the tankers of the British Tanker Company, especially to Kuwait, and bought oil from Russia until Kuwait had expanded its production to replace Iran.[1] It intensified the search for oil in Kuwait and Iraq, decided to build a refinery at Aden to replace Abadan and undertook the construction of monster-tankers to ferry crude oil over long distances. Thus the refined oil and the crude oil of Iran would both be excluded from foreign markets. During 1951 Kuwait increased the volume of its production by 63%, and the volume of its exports through the Canal by 61% while the tankers loading at Kuwait rose in number by 74.5%. Kuwait increased its share in the oil shipments of the Canal from 32.6% in 1950 to 59% in 1951, reaching the proportion of 65% by July 1951. Although it could not immediately fill the gap left by Iran the expansion of its production raised aggregate oil shipments through the waterway in July-December 1951 above their level in January-June 1951 when the competition of Tapline had depressed their volume. British oil imports via the Canal rose during the oil crisis of 1951 by 21% and the British proportion of the Canal's oil shipments rose from 20% in 1950 to 32% in 1951 so that Britain became more dependent than ever on the Canal. The rapid expansion of production in Kuwait was encouraged by the extension of the concession of the

1. The Times, October 30 1951, 5vi. Closing the Oil Gap.

Kuwait Oil Company by 17 years until 2026, making it the longest concession on record, in return for the grant on November 30 1951 of 50% of the profits to Kuwait. At the same time the Anglo-American alliance of Anglo-Iranian and Gulf Oil in the Kuwait Oil Company was modified by the cancellation on November 30 1951 of their agreement of 1933 which restricted the marketing of Kuwaiti oil by either partner to the disturbance or injury of the other's trade and had been undermined by the Gulf-Shell contract of 1947 for the marketing of Gulf's Kuwaiti oil by Shell.[1] The profits of the Kuwait Oil Company were even greater than those of Aramco[2] because Kuwait had absorbed only 7% of the total capital of the Middle East oil industry but produced 36% of its total oil in 1952 and because its expansion did not reduce the price of Middle East oil in general. Angle-Iranian maintained its share of Middle East oil production unchanged and remained the price-leader in the Middle East oil market by the forbearance of Jersey Standard and Royal Dutch-Shell. Its British Tanker Company remained the largest single client of the Canal.

The closing of Abadan Refinery ushered in a new phase in the southbound oil traffic and ended the northbound shipment of petroleum products, which had supplied 26.2% of the total northbound tonnage during 1950. Crude oil which had increased in volume by 45% during 1950 rose by only 2.7% during 1951 but the share of crude in the total volume of northbound oil shipments rose from 74% to 84%. Kuwait as a simple exporter of crude thus displaced Iran as an exporter of both crude and refined oil. The closing of Abadan Refinery ushered in a new phase of refinery-construction east of Suez. It enabled India to insist on the construction of three refineries by Burma-Shell, Stanvac and Caltex in return for the modification of its restraints on foreign capital in 1952. It inspired Anglo-Iranian to undertake the construction of new major refineries on the periphery of the new Asia at Aden from September 1952 and at Kwinana near Fremantle from January 1953, in order to avoid giving hostages to Asian nationalism. It also encouraged the large-scale extension of refinery-capacity in Western Europe, with the aid of subsidies from the U.S.A. through the Organisation for European Economic Cooperation established in 1948

1. W.A. Leeman, The Price of Middle East Oil (1962), 26, 161.
2. Leeman, 74-75.

under the Marshall Plan. To supply the local markets thitherto supplied from Abadan refined oil products were shipped southwards through the Canal in increasing volume from July 1951. Such shipments came from Britain, the U.S.A., France and the Caribbean to supply fuel oil to India and petrol to India, increasing the loaded tankers in southbound tonnage twenty-fold and the shipments of southbound oil seventeen-fold from 111,000 tons in 1950 to 1,931,000 tons during 1951. That large revival of the southbound oil trade reflected the triumph of the motor-vessel and the oil-fired vessel at the expense of coal-fired steamships which had been in a minority since the war. It coincided with the reduction by 40% of southbound coal shipments from their postwar peak of 549,000 tons in 1950 and was largely responsible for the end of the revival of coal exports in 1948-52. It expanded during 1952 the volume of southbound cargo by 26.3%, the tonnage of loaded southbound tankers by 220% and the volume of southbound refined oil by 232%.

During 1952 northbound oil cargo which had fallen by 10% in 1951 rose by 7.2%. During January-June 1952 Kuwait's shipments through the Canal rose by almost enough to balance the deficit left by Iran from January-June 1951. The rise of Kuwait stimulated competition by all other producers east of Suez. Iraq made its first shipment through the Canal in January 1952 from the Zubair field which had been located in 1948 to the west of Basra. The Basrah Petroleum Company established in 1938 as a subsidiary of the Iraq Petroleum Company began production in 1951 and shipped its oil for export by a 75-mile pipeline to the oil terminal built at Fao between 1948 and 1951. Thus Iraq's complete dependence on the Syrian pipeline for its export of oil ended. During 1952 Iraq shipped 11% of its total oil production through the Canal, ranked fourth after Kuwait, Arabia and Qatar and opened another source of sterling oil to Britain. Kuwait continued to expand its production and shipment and raised its share of northbound oil cargo from 73% in 1952 to the peak proportion of 81% in 1953 when it became the leading producer of oil in the Middle East, the fourth largest in the world and the second greatest exporter after Venezuela. Kuwait raised its proved reserves above those of Saudi Arabia with the discovery of the fields at Magwa in 1951 and Ahmadi in 1952. It remained essentially a producer and exporter of crude oil. It supplied Britain with

sterling oil, with American dollars for oil sold outside the sterling area and with an expanding market for British exports and British oil equipment. Thus it was linked increasingly in economic interest to Britain which had been distrusted by Sheikh Ahmad (1921-1950) since the British-imposed Treaty of Uqair in 1922 had given two-thirds of Kuwait's territory to Ibn Saud of Nejd. Britain preserved the independence of the sheikhdom against the dynastic expansion of Saudi Arabia which aimed to complete the work of 1922. The rapid expansion of oil royalties from £4,000,000 in 1949 to £20,000,000 in 1952 and £60,000,000 in 1953 freed the Sabah Sheikh, however, from financial dependence on Britain and on the local merchant families. The Sheikh became the richest man in the world and the absolute ruler of a state with a very limited territory, an increasingly cosmopolitan population of unnaturalized foreigners and an Anglo-American town of Ahmadi. The growth of the oil industry diverted the local population increasingly from seafaring and permitted the establishment of a Development and Welfare Board in 1952 to supervise a six-year development plan. Therein Kuwait followed the example of Iraq rather than that of Saudi Arabia. The Kuwait Investment Board established in 1953 with its H.Q. in London became the largest single investor on the London Stock Exchange and gave invaluable support to the sterling area and to the function of sterling as a reserve-currency, despite investment by Kuwait in the Lebanon, the Switzerland of the Middle East. The Sheikh extended the sudden wealth earned through the boycott of the oil of Iran to his subjects in the blessings of distilled water as well as of technical education and in the proud creation in 1953 of Kuwait Airways, which employed all-British crews and worked in association with B.O.A.C.

Kuwait made no use of pipelines and became more dependent on the Canal than any other producer apart from the minor producer of Qatar. Iraq was more dependent on pipelines than any other producer while Saudi Arabia enjoyed the advantage of choice between pipeline and Canal. The Iraq Petroleum Company, which had built each of its first and second pipelines to Tripoli in three years in 1932-34 and 1948-51 completed the large-diameter pipeline from Kirkuk to Banias in seventeen months. The line was completed on April 10 and officially inaugurated on November 18 1952. With an annual capacity of

40,000,000 tons or 175% more than that of Tapline it lifted the restriction on the output of Kirkuk imposed by the closure of the line to Haifa in 1948 and trebled the oil production of Iraq between 1951 and 1953 when it reached the daily level of production reached by Kuwait in 1951. Because the Iraq Petroleum Company refined none of its export oil it ushered in a new phase in the competion for crude between the Canal and the pipelines, halting the steady rise in crude shipments via the Canal after May 1952. It stabilised the production of crude in Saudi Arabia, which rose from the third to the second exporter of oil through the Canal in 1952 only because of the boycott of Iran, and led the U.S.A. to decide on June 21 to suspend dollar-credits for the purchase of Middle East oil from August 31 1952. It had been estimated in 1949 that the completion of the three pipelines to Sidon, Tripoli and Banias would reduce oil traffic through the Canal by 50%. Despite the completion of the third pipeline and the almost complete absence of Iranian oil, northbound oil cargo declined only in March 1953, recovered in April and surpassed the record volume of July 1950 in May. For the year 1953 Middle East oil production rose by 14.4% while the volume of northbound oil rose by 7.6%, surpassed the record shipments of 1950 and employed 55.4% of the world gross tanker tonnage on the Suez route. During 1953 the three pipelines carried 38,800,000 tons of oil while the Canal carried 49,400,000 tons or 12% more than the pipelines. France reduced its imports via the Canal for the first time since 1947 and increased its imports from the Mediterranean terminals because the Compagnie Française des Pétroles could take full advantage of its Iraq quotas. Those pipelines deprived the Canal of any monopoly in the transport of oil to Western Europe and extended a small share in the profits of the oil industry to the transit states. They were all under the control of Syria and reached capacity in 1953-55. Thus during 1954 shipments by pipeline rose by 4.2% while shipments by the Canal rose by 15.3% although world trade rose only by 7% and industrial production in Europe by 9%. Saudi Arabia had reduced its shipments via the Canal by 52% in 1951, by 10.5% in 1952 and by 28.2% in 1953 but increased its shipments via the Canal from 1954.

The development of the large tanker from 1951 was stimulated by the increased shipment of low-cost crude oil to distant refineries and

enhanced the competitive capacity of the Canal but revealed the sharp limits imposed by the waterway on the size of ships in its maximum permissible draught of 34 feet. Tanker transits of that maximum draught rose from 11 in 1950 to 32 in 1951, 48 in 1952 and 67 in 1953. The first large 30,000 deadweight-ton tankers to use the Canal were all newly-built, the 'British Adventure' of the British Tanker Company in September 1951 with a net register tonnage of 18,950 compared to the average tanker tonnage of 10,470 and the 'Bérénice' of the Compagnie Auxiliaire de Navigation which passed southwards in March 1952 en route from Havre to Ras Tanura. The 'World Unity' of Stavros Niarchos returned northwards in 1952 with a record cargo of 31,000 tons of crude. The 'Tina Onassis' of Aristotle Onassis passed through in December 1953 with a cargo of 34,500 tons of crude from Kuwait for London and a net register tonnage of 23,000 when the average tanker tonnage was 11,420. Such super-tankers used only a small amount of oil fuel en route to Suez and were compelled by the limited depth of the waterway to use the Cape route for the return voyage in order to earn maximum freight. Their alternative was to pass through the Canal with a load below their capacity and then to fill up at the pipeline terminals 200 miles further north on the Mediterranean coast. Aristotle Onassis sought to save that additional voyage and began in 1953 engineering studies for a by-pass pipeline along the side of the Canal, comprising three parallel 32" lines with a roadway and pumping facilities. Such a line would have been most unwelcome to the Canal Company as a competitor and a standing reproof. Onassis also demonstrated the limitations of the Canal when after the death of Ibn Saud he established the Saudi Arabian Maritime Tankers Company on January 20 1954 against the violent objections of Aramco and launched in Hamburg on June 15 the world's largest tanker, the 'Al-Malik Saud Al-Awal", whose draught of 38' 11" and tonnage of 47,000 precluded its economic use of the Canal and confined it to the Banias-Havre route. He was compelled by Aramco's objections to charter it in 1955 to Socony.

The increase in the size of tankers raised the share of tankers in the tonnage of the Canal faster than it increased their share in the number of transits. It increased steadily the average tonnage of vessels in transit and made depth far more important than width to the biggest tankers. The Canal Company could not afford to lag behind

the adaptation of tanker terminals to super-tankers and was compelled to improve the facilities of the Canal anew as it approached the last fifteen years of its concession. It reached agreement with Egypt on new rules for the improved lighting and buoying of Suez Bay and introduced them with effect from December 1 1953 so as to facilitate the marshalling of convoys. From 1953 it maintained a 437-yard wide channel for big ships in the Great Bitter Lake. After the daily average number of ships reached the waterway's capacity of 39.2 in April 1954 the Company increased the maximum permissible draught for the first time since 1936 from 34 feet to 34' 6" from May 10 and to 35 feet from December 16 so as to facilitate passage by super-tankers. On December 7 1954 the board of directors decided to undertake the first section of an eighth works programme so as to create additional by-passes at Port Said and Kabrit, increase capacity to 48 transits daily and permit the passage of ships with a draught of 36 feet. That decision to recognise the Canal as a continuous creation followed the board's decision on April 16 to yield to the request of the United Kingdom Chamber of Shipping to reduce tolls from July 15 and to reduce the tolls on ships in ballast from 46.5% to 45.6% of the full tariff, for the benefit of tankers. To facilitate the control of convoys it introduced in 1955 the radio-telephone and the teleprinter between the Company offices and pilots as well as between ship and ship. The International Chamber of Shipping nevertheless requested a further reduction in dues in April 1955.

Tanker owners reduced their costs by registering their vessels under the flags of states with beneficial maritime codes such as the Liberian Maritime Code of December 1948, the first ship registered under which was the 'World Peace' of Niarchos in March 1949. Similar legislation had been passed by Costa Rica in 1941 and Honduras in 1943. The flags of Liberia and Costa Rica first appeared in the waterway in 1949 while the flag of Honduras expanded its tonnage in 1949-50. Such "flags of convenience" as the Organisation for European Economic Cooperation called them in 1954 increased their share in the tanker traffic of the Canal after the Abadan crisis. Liberia rose from the eighth client of the Canal in 1950 to that of the fifth in 1953 and the third in 1954 when it surpassed Panama as the leading

tanker-flag and contributed 9% of the total tonnage. It increased its tanker tonnage using the Canal nearly sixfold and its share in the total tanker tonnage from 5% in 1951 to 17% in 1955. Its tonnage was mainly employed by the oil companies of the U.S.A. and rose as that of the U.S.A. fell, although not in exact correlation. The U.S. share of the tanker-tonnage declined from 10.3% in 1951 to 3.6% in 1953 and 1.6% in 1955.

The first attempt to break the Anglo-Iranian blockade of Iranian oil failed when the Supreme Court of Aden ruled on January 9 1953 that the 900-ton oil cargo of the tanker 'Rose Mary' was the property of Anglo-Iranian, despite the nationalization of the oil-fields. The second attempt succeeded and brought Iranian oil through the Canal in February 1953 for the first time in nineteen months. The exclusion of Italy from direct access to the cheap oil of the Middle East led the Ente Petrolifero Italia-Medio-Oriente to conclude a contract with the National Iranian Oil Company in 1952. In fulfilment of that contract the Italian tanker 'Miriella' brought 4,600 tons of fuel from Abadan (January 20 - February 14 1953) to Venice where the Court rejected on March 11 Anglo-Iranian's demands for the judicial seizure of the cargo. In March a further 10,000 tons passed through the Canal en route from Bandar Mashur to Leghorn. Thus Iran was able to contribute 83,000 tons or 6% of her production to the Canal shipments of 1953. The cartel of the seven first extended their collective operations to the field of production after the Shah dismissed Mossadek on August 12 1953 and his new military government reopened diplomatic relations with Britain on December 5. The international oil companies formed the new consortium of Iranian Oil Participants on April 9 1954 with its seat in Holland to undertake the production of oil in Iran. In that consortium Anglo-Iranian enjoyed a share of 40%, the five big American companies 35%, Royal Dutch-Shell 14%, the Compagnie Française des Pétroles 6% and nine U.S. independents, including Getty and Aminoil, 5%. The consortium allotted Iran 50% of the profits and upheld the principle of nationalization but evaded direct control in practice. The National Iranian Oil Company, reduced to an ancillary role in production, sought to rescue as much as possible from the wreck of Mossadek's policy and became a great

innovator in the discovery, loading and transport of oil as well as in the formation of oil policy. The redistribution of control of the Middle East oil industry left Anglo-Iranian wholly dependent on the Middle East for its supplies of oil and Royal Dutch least dependent of all the seven. Socony, California Standard and Texaco relied on the region for a third of their supplies and Gulf for 60% but Jersey Standard for only 18%. Royal Dutch drew 15% of their supplies from the region but marketed Gulf's Kuwaiti oil under the contract of 1947.

Abadan failed to regain its former monopoly of refining for the ports of the Indian Ocean. The imports of southbound fuel oil to Aden reached their peak in 1952 and declined in 1953 as the refineries at Ras Tanura and Bahrein increased their output. Anglo-Iranian imported on July 19 1954 its first cargo of Kuwaiti crude to Little Aden, where it opened its new refinery on August 1. It so enabled Aden to end its imports of fuel oil from October and to become again one of the cheapest bunkering ports in the world. After the Final Agreement of September 19 with the Consortium was ratified by the Chamber on October 21 and approved by the Shah on October 29 tankers from eight companies led by the 'British Advocate' of the British Tanker Company began loading again at Abadan on October 30. Iran raised its oil shipments through the Canal from 43,000 tons in September to 127,000 tons in November when it surpassed Bahrein and to 185,000 tons in December when it surpassed Iraq to rank fourth. Anglo-Iranian received £25,000,000 from Iran in settlement of all its claims as well as an estimated £214,000,000 from the seven other members of the consortium. It announced on November 3 the distribution to its shareholders of a bonus of £80,550,000 from its general reserve and the change of its name from December 17 to the British Petroleum Company. Thus it responded to the Iranian challenge by achieving the greatest expansion in its history. It thereby reduced its Persian history to that of a mere episode in a continuing career of development which enabled its net income for 1955 to surpass that for 1950. The resumption of economic relations between Iran and the West was crowned by the conclusion of the Bagdad Pact in 1955. The British Government was encouraged to decide in 1955 on the rapid expansion of the use of oil in power-stations, the reinforcement

of the garrison in Aden and the eviction of Saudi forces from the Buraimi oasis, which was accomplished on October 26 1955. British interests became committed to the defence of the Sabah Sheikhs of Kuwait, the al Thani Sheikhs of Qatar against Saudi Arabia, the al Khalifah Sheikhs of Bahrein against Iran as well as to that of Aden against the tribes of the Hadhramaut.

The first commercial strike of oil in the Kuwait-Nejd Neutral Zone was made at Wafra in 1953 after U.S. oil imports via Suez began to rise again in 1952 and U.S. oil production first fell below 50% of the world total in 1953. The first shipment of Wafra crude was embarked at Mina al-Ahmadi for the U.S.A. and passed through the Canal in February 1954. Getty developed the new port of Mina Saud in 1955 because Saudi Arabia refused to allow him to pipe his share of oil from the Neutral Zone to Kuwait whose Sheikh retaliated by forcing Aminoil to separate its crude from Getty's and to build another terminal at Mina Abdullah, so creating three separate tanker terminals along thirty miles of coast. The first shipment of oil from Mina Saud passed through the Canal in April 1955. The expansion of production from the Neutral Zone was wholly the work of American enterprise and supplied Kuwait with dollars from Aminoil but facilitated the drain of dollars from the central reserves of the sterling area through Kuwait. After a shipment of Kuwaiti oil arrived in Houston, Texas, in February 1954 voluntary import quotas were accepted during the U.S. recession of 1954 to limit imports from 1955 to 10% of total U.S. demand, so forcing the excluded oil into other markets.

The southbound flow of bunker oil, especially of fuel oil, diesel oil and gas oil, began to decline from July 1954 and reached its pre-Abadan level in October 1954 when Aden made its first shipment of refined oil northwards to the Mediterranean and Abadan followed with another such shipment. Bahrein's shipments of refined oil via Suez also revived in 1954 for the first time since 1948. India reduced its imports of southbound refined oil from October 1954 after its first refinery came into operation from July and the Burma-Shell Refinery at Bombay began operations on March 17 1955. Southbound oil tonnage thus declined from its peak of 7,231,000 tons in 1953 by 16% in 1954

and by 69% in 1955 when northbound shipments of refined oil rose to their highest level since 1951 to form 7% of northbound oil tonnage. In April 1956 the first shipment of gas oil from British Petroleum's Kwinana Refinery, which had been opened in 1955, passed through the Canal en route to Genoa. Oil displaced coal in the fuel of transiting vessels as well as in the cargo of the Canal. From 1953 the number of transits by motor-vessel exceeded transits by steamship: from 1955 motor vessels first outweighed steamer tonnage. The rise of the oil trade of the Persian Gulf and the Gulf of Suez enabled the value of the trade of Suez to exceed that of Port Said from 1954 and stimulated Egypt to begin a dynamic search for oil from 1954. Suez gained a State Refinery with a pipeline to Cairo in July 1956 and began its long-delayed expansion as the oil port of the metropolis. It even began to import crude from Russia, which re-entered the world oil market with the shipment of oil from Batum to Siberia via Suez in August 1954 and with the shipment of lamp-oil from Russia to Egypt in November 1954. Egypt's first imports of crude oil from Russia and Rumania in July 1955 under barter agreements which paved the way for the supply of Russian arms created the first southbound passage of crude oil in the history of the Canal and marked the beginning of a new phase in the traffic which had begun in 1877.

The continued expansion of the oil trade reinforced the domination of the Persian Gulf in the traffic of the Canal and restored its pre-Abadan proportion of total tonnage in 1955. Iran seems to have expanded its exports at the expense of those from Qatar which declined in 1955 after five successive years of increase. Iran surpassed Qatar in January 1955 to rank third in Canal shipments of oil: it surpassed Saudi Arabia in July 1955 and January 1956 to rank second after Kuwait. Its production and shipments were not permitted to exceed those of Kuwait, which remained the leading producer in the Middle East from 1953 until 1965. Kuwait became a pure exporter whose exports were treble its National Income. In 1955 it supplied 39% of the crude exports of the Middle East and 63% of the crude shipments through the Canal while Saudi Arabia supplied 10%, Iran 7.4%, Iraq 6% and Qatar 6%. It developed as a pure producer of crude until the Kuwait Oil Company decided early in 1956 on a six-fold

expansion of the capacity of its refinery at Mina al-Ahmadi. Its counterpart were the refineries in Western Europe which trebled their capacity between 1950 and 1955 and made the leading producers of refined oil, Britain, France, the U.S.A., Italy and the Netherlands, into the leading importers of crude via the Canal. The concentration of the most profitable of the processes of the oil industry in Europe reduced the strain on reserves of foreign exchange but reduced the value of crude imports from the Middle East below the value of refined imports from North America and reduced the value of Canal oil shipments to a quarter of their share in the volume of northbound cargo. Oil formed 76.5% of the volume of northbound cargo in 1955 but less than 20% of its value, of which wool made up 20%, silk 20%, cotton 20%, rubber 10% and tea 5%. Textile fibres formed 2% of the volume but 60% of the value of northbound cargo and made the Canal into the lifeline of the textile industry as much as that of the oil industry. Britain imported through the Canal 70% of the volume of its oil imports but only 46% of their total value because of its expensive refined imports from America.

The Canal competed so effectively with the pipeline as to carry off the bulk of the annual increment in the oil production of the Middle East from 1954. Thus the oil production of the region rose by 18% during 1955 but pipeline shipments declined by 1.2% while northbound shipments of crude via the Canal rose by 14%. The Canal raised its proportion of world tanker cargo from 18.4% in 1952 to 19.1% in 1955 but did not regain its peak proportion of 1950. Tankers which formed 18% of the gross tonnage of the world fleet and 58.5% of that of the world tanker fleet provided 65.5% of the tonnage of the Canal in 1955. The 1370 tankers made 5.75 transits each on the average while 2,310 other vessels made three transits each on the average in 1955. Tanker tonnage remained dependent on the demand of the oil companies, but developed its own autonomy through the vast expansion in the trade in the most portable of fuels. Six flags supplied 81% of the Canal's tanker tonnage in 1955: Britain supplied 20.6%, Liberia and Norway 17% each, Panama and France 9% each and Italy 8%. Norway employed more than a third of its tanker tonnage in the transport of oil through the Canal to Europe and the U.S.A.:

it maintained its position as the second client of the Canal from 1950. The construction of more economical tankers increased the tonnage of the average tanker by 20% between 1951 and 1955 but the average tonnage by only 12.5%: the average tanker was 9% above the size of the average vessel in 1950 but 20% above in 1955. The expansion of tanker traffic strained the capacity of the waterway to its limits and made the bridge built in 1952-54 across the Canal for Egyptian military traffic to the Palestine front a grave hindrance which restricted the fairway to 315 feet and held up 150 ships for four full days from December 31 1954 to January 3 1955 when it was struck by Niarchos' tanker 'World Peace' two months after its opening on November 1. The oil boom raised the tonnage of the Suez Canal above that of the Sault Ste. Marie Canals in 1954 for the first time since 1889 as well as the oil tonnage of the Suez Canal above the iron ore tonnage of the Sault Ste. Marie Canals. It ranked Port Said from 1953 above all the ports of Europe and Asia by its transits and by its tonnage.

The seven great oil companies were largely liberated from the national yoke and rose to international status as never before. They cooperated in transportation, production and, above all, in marketing. Their administered prices restricted competition to competition in service through a high-cost distribution organisation, which formed the real basis of their power. Their high prices for Middle East oil were criticised by economists in Europe especially in 1955 but were essential in order to protect the high-cost oil industry of the U.S.A. Their high profits freed them from dependence on the world capital market and financed their further expansion. They were partners of the State in the West as well as in the Middle East.[1] They benefited from the absence of organised Arab nationalism and of organised trade unions in the oil states so that the Federation of Arab Labour Unions was established in 1956 by the mon-oil states. Their private ownership, commercial basis, profit-motivation and Western management decreased their efficiency as true international organisations and rendered them suspect of exploiting a gift of Allah in the interests of the oil-civilization of the West, especially in the transit-states of Egypt and Syria whose Arab nationalism became the fiercest in Asia. They competed not so much with each other as with other producers of energy, especially coal, and so encour-

the defensive formation of the European Coal and Steel Community in 1953. They encouraged the spread of oil fuel and discouraged the use of alternative fuels such as alcohol as well as of alternative sources of energy. They supplied fuel to the navies and air-forces of Europe and benefited vastly by the inelastic demand for petrol, which enjoyed a monopoly never attained by lamp-oil and never threatened by the commercial development of alternative engines for cars. Their new petrochemical industry used up the by-products of refining to manufacture rubber, plastics, artificial fibres, detergents and fertilisers. Thus they sought to maximise their share of the expanding markets of Western Europe for oil products and to minimise their share of the social costs. They fostered the myth that oil was the basis of civilization and as indispensable as salt.

The oil companies made the Middle East the source of 79% of Europe's oil imports by 1955 and encouraged the myth that oil resources were highly localised and that Europe, especially Britain, was utterly dependent on the oil of the Middle East. In effect their policies encouraged the use of low-cost foreign oil rather than of high-cost domestic oil but sterilised the oil resources of Europe, Africa and Asia Minor, subjugated such 'oil-less' lands to the hegemony of alien enterprise and created a structural strain on the reserves of foreign exchange necessary to pay for imported oil. In fact the sixteen countries of the Organisation for European Economic Cooperation used oil for only 16% of their total energy requirements in 1955. Germany and England were least dependent on oil while Austria, Norway, France, Switzerland, the Netherlands and Italy used oil for only 16-27% of their total energy needs. Portugal, France, Italy and Belgium were most dependent on the oil of the Middle East while the Netherlands was the least dependent because of its Caribbean resources. The Suez Canal carried 45% of the crude oil imported into Western Europe in 1955 but was not the oil lifeline of the West because alternative routes were available from the Syrian pipelines to the Cape route. Nor were oil resources as limited in extent as the concessions of the oil companies. The Middle East had increased its share in world production from 16.7% in 1950 to 21.2% in 1955 but its share of world reserves from 45% in 1950 to 65% in 1955 so that

its potential importance was treble its current importance as a source of supply. The Canal increased its potential importance in proportion, although its share in the volume of world production of oil had risen only from 6% in 1950 to 8% in 1955. It carried 43% of the oil production of the Middle East, 46% of its oil exports and 64% of its oil exports to the West. Thus Europe replaced the U.S.A. as the fastest-growing market for oil while the Communist world clung to coal. The oil companies hoped that the increasing dependence of Western Europe upon the Middle East would maximise the value of their investments in oil concessions as well as in refining capacity in Western Europe. Thus the Canal promised to become the oil route of the future even more than of the present.

EGYPT'S BATTLE FOR THE CANAL, 1951-1954.

The dissolution of the world empires of the European Powers ushered in a time of troubles for the West as the familiar landmarks of the preceding century in Asia disappeared amidst confusion and alarm. The disintegration of the British Empire began with the surrender of India and the Nile Delta in 1947, the Afrikaner victory in the South African general election of 1948 and the establishment of Israel in Arab Asia. Thus the Cape-Cairo-Calcutta axis of the greatest empire in world history was shattered, imperilling the security of the Suez route more than that of the Cape route. The end of the Vasco da Gama epoch of Asian history ushered in a new era of world history comparable only to the decline of the ancient world or to the waning of the Middle Ages. An era of Asian history ended with the Communist revolution in China which was carried to victory by the peasantry and culminated in the capture of Manchuria, sixteen years after its establishment as a Japanese puppet-state. Communist troops from the north crossed the Yangtze on April 20 1949 and disabled the sloop 'Amethyst', the last British gunboat on the "Son of the Ocean".[1] The reunion of China under Communist rule ended the longest civil war in modern history together with the era of the unequal treaties, the treaty ports and gunboat diplomacy. China's revolt against social hierarchy, property, family, religion, Christianity and Europe marked a turning-point in world history and created the greatest single breach in the structure of world capitalism since 1917. The occupation of Shanghai on May 27 1949 ended the great era of the international settlement and made Hong Kong once more a refugee camp and a rock of exile as it had been during the Tai-Ping Rebellion. The island became an asylum for Kuomintang capital, capitalists and workmen, the sole survivor of the unequal treaties and the new terminus for China-going P. & O. vessels. European firms in Asia began to shift their interests into Malaya, Australia, Canada, the U.S.A. and Europe. Thus the West migrated from the fringe of the treaty-ports to its island-bases on

1. D. Reed, Somewhere South of Suez. (London, Cape, 1950), 9, Dedication.

the periphery of the new Asia. The trade of the Canal was not adversely affected because China remained an autarchic state and had been exceeded in soya-production by the U.S.A. in 1949. Formosa which had been made by Japan into a major producer and exporter of sugar from the 1900s became the last base of the Kuomintang and exported sugar through the Canal from 1949 to 1953. Mainland China began its industrialization on a large scale, restricted its foreign trade to a State-to-State basis and shifted its industry and population from the coast to the hinterland. China replaced India as the great patron of revolution in Asia which was swept by its seventh wave of unrest since 1913. That unrest united the great cultures of the East, the Sinic, the Hindu-Buddhist and the Islamic, in a common hostility to the West and in a common sense of an Asian unity which had thitherto been lacking. The Canal became thenceforward the route by which the new Asia could threaten Europe and so reverse the pattern of the nineteenth century.[1]

The establishment of the independence of India in 1947 and of China in 1949 was followed by that of Indonesia, the greatest island-power in the world, despite the first postwar shipments from Java to the Netherlands of sugar in March 1948, molasses in January 1949 and bauxite in February 1949. The Netherlands sank from the fourth to the seventh largest client of the Canal during 1948 and reduced its trade via the Canal even more after the establishment in 1949 of independent Indonesia, the largest single producer of pepper, quinine, kapok and, from 1951, of rubber. Islam gained by the establishment of Indonesia and even more by the growth of Arab nationalism which revolutionised Western Asia as the Communist victory revolutionised Eastern Asia. Arab nationalism was religious rather than ethnic in origin and nearly always favoured Islam against any other creed. It spread within the sphere of the Arabic language which was the tongue of a world religion, a world empire and a culture with no music or painting to weaken the power of the spoken word. It found its greatest support in the historic capitals of Arab empire, Cairo, Damascus and Bagdad. Its standard-bearers became the hidden generation born between 1910 and 1920 who grew up under the European successors to the Ottoman

1. Moustapha El-Hefnaoui, Les Problèmes Contemporains Posés par le Canal de Suez. (Paris, Guillemot, 1951), 73.

Turks after 1918 and found locust-control to be no substitute for independence. In place of the divide-and-conquer policy of the new Turks, the material interests of the older generation and the Communism of the minority-communities the young nationalists offered their generation aspirations towards true independence, an indigenous radical nationalism and the ideal of Arab unity from the Arabian Gulf to the Maghrib. The intrusion of Israel reinforced the new Arab-Moslem community which overshadowed the deep divisions within the societies of Western Asia. The Arab culture of Nilotic Egypt was reinvigorated in response to the Iraqi and Saudi bids for the leadership of the Arab world as well as to the British attempt to maintain the Sudan in separation from Egypt. The West recognised the strategic unity of the Middle East but not the emerging moral unity of the Arab-Moslem world. The British in particular still believed in a mystical harmony of interests between themselves and the Arabs, as the Americans believed with as little basis in the special affection of the Chinese for themselves.

Anglo-Egyptian friction reached new heights over the Treaty of 1936 after Farouk became reconciled in 1949 to Nahas as the sole alternative to rule by martial law. The general election of 1950 was freer from administrative pressure than any previous election, returned the Wafd to power with an overwhelming majority and enabled Nahas to form his seventh Cabinet. British interests were simultaneously consolidated in the Canal Zone through the conversion in 1949-50 of their temporary barracks and camps into permanent constructions to house over 20,000 troops. Those interests were strategic rather than economic because trade could be diverted to the Cape route[1] but British troops could not be transferred to any other base because no Arab oil-state was eager to replace Egypt as a bastion of defence for the West. The Wafd, already abandoned by the younger generation, the intellectuals and the army officers, sought to end the British occupation and the 1936 Treaty by negotiation. It expended almost two years in repeated attempts at negotiation because its palace-oriented right wing hankered after some form of alignment with the West and feared the social consequences of an abrogation of the Treaty. The

1. S.J. Weinberger, The Suez Canal in Anglo-Egyptian Relations. Middle Eastern Affairs, December 1950, 356.

recurrent fluctuations in Suez shares in 1950-1951 reflected the varying temperature of Anglo-Egyptian relations as share-values slumped far more than dividends. The first discussions on the Suez base were undertaken on June 5 1950 between the C.I.G.S. General Slim, Nahas and Salah El-Din, who requested an immediate and total evacuation.[1] Slim demanded an alliance to maintain troops in Egypt for common defence in peacetime because Russian troops could reach Egypt in four months: he rejected Nahas' offer on June 6 of the right of re-entry to the base in an emergency. Egypt could recognise no other enemy than England save for Israel and could tolerate no foreign occupation masked beneath a defence-treaty. She had no interest in the defence of the West against Russia, regarded the Cold War as a civil war between rival exploiters and did not want to become a pawn in the Great Game of the Great Powers or to be defended against her own wishes.[2] The British ambassador suggested on July 8 a compromise by distinguishing between the fighting forces which would be evacuated and the technicians who would remain. Salah El-Din thought however that the technicians irreplaceable by Egyptians numbered some hundreds rather than thousands and that G.H.Q. might well be on board a ship.

The Foreign Office rejected Egypt's demand for evacuation on September 8. The failure of renewed talks between Nahas and the British ambassador in October was followed by the deterioration of Anglo-Egyptian relations and the decline of royal support for the Wafd. Nahas' threatened abrogation of the Treaty of 1936 in the Speech from the Throne on November 16 earned unanimous applause in the press of Damascus and Bagdad and precipitated attacks in Jordan on Glubb Pasha as well as on the treaty of alliance with Britain. Bevin's refusal to consider the unilateral abrogation of the Treaty because of the international importance of the Canal produced the first open rift between the Cairo students and the Wafd in the demonstrations on November 22. In renewed conversations in London Salah El-Din demanded from Bevin on December 9 the unity of Egypt and the Sudan and the

1. Farag Moussa, Les Négociations Anglo-Egyptiennes de 1950-1951 sur Suez et le Soudan. (Geneva, Droz, 1955), 21-24.
2. A.P. Thornton, The Imperial Idea and its Enemies (1959), 347.

evacuation of British troops within a year.[1] Egypt benefited by the tension between England and the U.S.A. in 1950-1951 and by the building-up of the U.S. Sixth Fleet in the Mediterranean to more than double the strength of the British Fleet. British attempts to secure transit-rights through Syria to link up her forces in the Canal Zone with those in Iraq were frustrated.[2] The impassioned debate of March 20 1951 on the Anglo-Egyptian Financial Agreement providing for the release of £150,000,000 of Egypt's sterling balances during the following ten years revealed a clear opposition between English and Egyptian nationalism and reduced the majority of the Labour Government to three. The British Notes of April 11 offered evacuation of its fighting forces by 1956 but were categorically rejected by Egypt on April 24 because opinion had hardened against alignment with the West after the revolt of Iran. On May 1 a Wafdist deputy tore up a copy of the 1936 Treaty in the Chamber amid sustained and unanimous applause and invited the Government to declare traitors any Egyptians who collaborated with the British forces.

Moustapha El-Hefnaoui, the Director of the Egyptian Press Office in Paris and a personal friend of Salah El-Din, mooted the possibility of unilateral denunciation with an international mandate[3] so as to regain in the Canal Zone "the nerve centre of Egyptian territory ... on which the life and death of the land depends".[4] He was inspired by Mossadek's example to recommend the conclusion of a new Convention with the Canal Company to replace that of 1949. He recognised that the remaining seventeen years of the Company's concession was a short time in the life of a nation and first suggested a procedure for the transfer of administration from the Company to Egypt through the early appointment of a joint technical commission of valuation and the creation of a duplicate technical and administrative personnel. On March 16 1951 he recommended to Nahas the creation of a new portfolio, a Minister of Suez Canal Affairs for the period from 1952 to 1968. His thesis was the most elaborate product of the first predominantly Arab and Arabic literature on the Canal called forth by

1. F. Moussa, 31-35.
2. P. Seale, The Struggle for Syria. A Study of Post-War Arab Politics. (London, Oxford University Press, 1965), 104.
3. M. El-Hefnaoui, Les Problèmes Contemporains posés par le Canal de Suez (1951), 126.
4. Ibidem, 190, 250.

the crisis in Anglo-Egyptian relations. The crisis stimulated the interest of Levantine intellectuals in the occupation of 1882 and in the barbarisation of the West in the East, reviving Flaubert's idea of the isthmus-of-Suez Orient in a study which won the Prix France-Egypte in 1953.[1] Zionist fears for the security of the Canal[2] were diffused through the mass-media of communication[3] and the first documentary film about the Canal.[4] The Egyptian cause was supported by both American and Russian scholars, who were disturbed by the passage of the "greatest hydrotechnic creation of the nineteenth century"[5] from the control of the monopoly-capitalism of England to that of the U.S.A.. France blamed Britain's difficulties on its consistently anti-French policy in the Levant and on its refusal ever since 1864[6] to accept the internationalization of the Canal. In the disenchantment with private capitalism inherited by the 1950s[7] from the 1930s the cause of the Company was publicly identified with the heroic figure of "the greatest entrepreneur in the world in the second half of the nineteenth century"[8] in the first biography based on the private papers of Lesseps[9] and in the first vessel named after him since 1880, the "Ferdinand de Lesseps" built for the Messageries in 1951.

The Korean War was produced by China's attempt to recover the

1. Hassan el Nouty, Le Proche-Orient dans la Littérature Française de Nerval à Barrès. (Paris, Nizet, 1958).
2. S.J. Weinberger, The Suez Canal in Anglo-Egyptian Relations. Middle Eastern Affairs, December 1950, 347-356.
3. A. Comstock, Nationalism Threatens the Canal. Current History, July 1951, 24-27.
   W.R. Moore, The Spotlight Swings to Suez. National Geographic Magazine, January 1952, 105-115.
   H.J. Schonfield, The Suez Canal in World Affairs. (London, Constellation, 1952).
   Life, November 5 1951, 32-38, The Suez Canal. Life, December 3 1951, 21 A Stand at Suez.
4. The Suez Canal (1952, based on the 'Life' articles).
5. I.A. Dementjew, Der Sueskanal. (Leipzig, Veb Bibliographisches Institut 1954 from the Russian edition of 1952), 13, 19, 22.
6. C.M. Bellet, A Propos de Suez. L'Arbitrage de Napoleon III (1864). Revue Politique et Parlementaire, Décembre 1951, 373-382.
7. G. Schwarzenberger, Power Politics. (London, Cape, 1951, second edition), 129.
8. L.H. Dupriez and D.C. Hague (ed). Economic Progress. Papers and Proceedings of a Round Table held by the International Economic Association. (Louvain, Institut de Recherches Economiques, 1955), 525.
9. G.E. Bonnet, Ferdinand de Lesseps - Le Canal de Suez 1854-1866. Revue des Deux Mondes, 15 Mars 1950.
   G.E. Bonnet, Ferdinand de Lesseps. Le Diplomate. Le Créateur de Suez. (Paris, Plon, 1951).

first of its tributary-states. It marked the beginning of China's resurgence in the world and of the efforts of the West to seal China off from the outside world, after a century of effort to open it to the world.[1] Charles-Roux's pessimistic reminder on June 13 1950 that the Company's dividend must include an element of capital repayment because the value of the share could not be reconstituted on the Bourse in eighteen years[2] reduced share-prices by 8.2% (June 12-16) the outbreak of war on June 25 reduced prices by 15% (June 23-July 18). The traffic of the Canal was, however, increased by the war which ended the recession of June 1950 and revived the shipment of oil after the decline in the world demand for oil and the oil surplus of 1949-50. The war increased the military consumption of oil and ended the clash between Britain and the U.S.A. over dollar-sterling oil. It extended the markets of the primary producers of jute, cotton, rubber, manganese, copper, tin, zinc, lead and bauxite. It increased shipments through the Canal to the U.S.A. of rubber, especially latex, and manganese, the Canal shipments of which doubled between 1949 and 1952. China and Manchuria were eliminated from the international market in oilseeds in which they had just reappeared in 1950 to supply the immense demand for soya meal generated by the expansion of the broiler chicken industry in the West. The resulting rise in the price of oils and fats increased shipments of oilseeds through the Canal in 1950 and 1951. The war coincided with shortages of coal and grain in Europe and Asia in the winter of 1950-51, peak shipments of American wheat via Suez in 1951-52 to India and Pakistan, the revival of India's share in the cargo tonnage of the Canal, the reduction of India's purchases of Australian wheat to nil and the expansion in Australia's wheat shipments via Suez by 124% in 1951.[3] It raised freights and ushered in a great boom in shipping. It led to the extension of large-scale military aid by Russia to China, diverted China's foreign trade from the capitalist tc the communist bloc and

1. O. Lattimore, From China Looking Outward. An Inaugural Lecture (Leeds University Press, 1964).
2. R. Thery, La Position du Canal de Suez Dix-Huit Ans avant l'Expiration de sa Concession. L'Economiste Européen, 23 Juillet 1950, 39-41.
3. Supplément au Bulletin Le Canal de Suez, 15 Mai 1953. Mouvement Maritime et Commercial avec l'Australie.
   Supplément au Bulletin Le Canal de Suez, 15 Octobre 1953. Trafic du Blé au Canal son Evolution de 1909 à 1952.

united Communist China and Russia in common opposition to the West. Ships with strategic materials for Communist China used the Canal despite the embargo-resolution of the United Nations of May 18 1951. The war ended the activity of British merchants and missionaries in China, making Hong Kong the home for another of the lost causes of Asia. The announcement by Eden as Foreign Secretary on May 20 1952 that the majority of British enterprises still operating in China had decided to withdraw from that country ended the era of Western dominance which had begun with the Opium War. The war transformed the economy of Hong Kong which was debarred from the entrepot trade with China and completely cut off from its traditional hinterland. Forced to develop new seaward hinterlands in Japan, Indo-China, Borneo, the Philippines and Malaya,[1] the island experienced prodigious industrial and financial development and became the Beirut of Eastern Asia. The revived fear of the yellow peril in Australia encouraged large-scale immigration via the Canal particularly from Germany and Italy in special emigrant vessels in 1951-52. The war stimulated the economic expansion of Japan and brought the first shipment of Japanese steel through the Canal in 1951 to Britain and Sweden. The Osaka Shoshen Kaisha reintroduced the flag of Japan to the waterway in October 1951 on the 'Eiroka Maru' en route from Yokohama to Hamburg and built the "Suez Maru" in 1953. The war was far more instrumental in expanding traffic through the Panama Canal whose transits rose by 19% between 1950 and 1952. It maintained the number of troops using the Canal at a high level up to 1953 but proved to be the last conflict east of Suez in which the West enjoyed the unrestricted use of "freedom's Suez".[2] It was followed by the first appearance in the Canal of two new flags in 1953, that of South Korea and that of Ethiopia, which had gained a seaboard in 1952 for the first time since 1890 in return for its yeoman services during the war to the U.N. and the U.S.A. The war also encouraged the West to project a Middle East Command on the model of N.A.T.O.

A secret conference of Defence Ministers of the old states of the

1. B. Boxer, Ocean Shipping in the Evolution of Hong Kong. (University of Chicago, Department of Geography Research Paper 72, 1961), 3-8.
2. P. Viereck, Shame and Glory of the Intellectuals. Babbit Jr. vs. the Rediscovery of Values. (Boston, Beacon, 1953), 239.

Commonwealth considered between June 21 and June 26 1951 the despatch of Australian, New Zealand and South African troops to the Canal Zone under such a new Middle East Command. In the Commons the Foreign Secretary Morrison insisted on British rights under the Treaty of 1936 to use the base until 1956 and called on U.S. support for the defence of Suez. Salah El-Din replied on August 6 that the British Government had closed the door to further discussion. For two more months the Wafd Government hesitated, despite the mass demonstrations on August 26, the fifteenth anniversary of the Treaty, against the Treaty, imperialism and the English.[1] Nahas, encouraged by Mossadek's resolute action against Anglo-Iranian, finally capitulated on October 4 to the pressure of public opinion.[2] On October 8 he introduced legislation to end the Treaty amid thunders of applause in the Assembly and further mass demonstrations in the streets. He cited eighteen precedents for unilateral denunciation, beginning with Russia's demunciation of the Black Sea clauses of the Treaty of Paris in 1870. The capitulation of the Wafd to the national cause reduced Suez shares by 6.8% (October 8-10), unleashed a great wave of popular enthusiasm and necessitated the despatch of auxiliary police to the Canal towns. Nahas won the support of every Arab state except the Sudan and rejected on October 15 the offer by N.A.T.O. of the occupation of Egyptian soil by four powers in place of one under a Middle East Defence Organisation, which had been projected in Ottawa on September 18. Britain refused to surrender its position as the chief guardian of the Middle East[3] and clung to its rights under the Treaty, compelling Egypt to reveal the complete dependence of the Canal Zone on the Delta and the dependence of British rights on Egyptian acquiescence.

After the Treaty was abrogated by the unanimous vote of Parliament on October 15 large parties of students from Cairo arrived on October 16 by road and rail in Ismailia, where riots began with the burning of six British buses in the Place Champollion and looters of a N.A.A.F.I. canteen were aided by the Egyptian police. At Abu Sueir

1. F. Moussa, 236.
2. F. Moussa, 241.
3. The Times, October 10 1951, 5iii.

contractor's labour left the R.A.F. station as non-cooperation began on the Indian pattern. Throughout the zone military traffic was refused by civilian telephone exchanges and the State Railways.[1] The total damage to British property was £500,000.[2] General Erskine, the commander of the British garrison suppressed the riots and, on his own initiative, seized control of the bridge at El Firdan so cutting off the Egyptian Army in the Gaza strip from the Delta and compelling the Labour Government to take resolute action in his support.[3] Britain sent immediate reinforcements of troops and warships to the Canal Zone and prohibited the export of arms to Egypt on October 22. Egypt reinforced its police in Ismailia by an army regiment of auxiliary police. Its Customs ceased to clear British Army goods from October 17, compelling the British Army to take over Adabiya Port on October 18. It blacklisted from October 18 all ships violating its decree on the treatment of the British forces in the Canal Zone and subjected them to the same disadvantages as those that had trouched at Israeli ports. A boycott of British goods was launched on October 19 throughout Egypt and extended in the Canal Zone to a boycott of English shoppers. The Egyptian labour force working for the British forces continued to decline, especially after the Moslem Brethren established road-blocks for the confiscation of passes to military camps. The British Army was compelled to isolate the Canal Zone as far as possible from the rest of Egypt and to rely increasingly upon its own resources to handle its own rail traffic, shipping, communications, supplies and oil. The Canal Company was placed in a dilemma and was compelled to choose between Britain and Egypt when asked by the Egyptian Customs on October 23 to deny pilots to ships working for the British forces in the Canal Zone. The Company recognised that the zone had virtually passed under British martial law and accepted the use of the Canal by British ships without pilots, although they were refused clearance from October 24. It so provoked attacks in the Egyptian press and a suggestion in 'El Ahram' on October 27 that it should be nationalized.[4] The Free Officers and Sirag ud Din, the Minister of the Interior, even

1. The Times, October 17, 6vi.
2. The Times, October 20, 6ii.
3. The Times, October 17, 7ii. Time For Firmness.
   K. Martin, The Gambit in Egypt. New Statesman, October 20 1951,423
4. The Times, October 29 1951, 4vi.

planned for the Canal to be permanently blocked by the mining of a British ship in transit.[1] The labour force at the British depot at Tel el Kebir declined from a 75% turn-out on October 22 to one of 40% on October 25 after Sirag ud Din organised the return to Cairo of 18,000 Egyptian workers and their families.

The general election of October 25 1951 converted the Conservative minority of six into a majority of seventeen and opposed the electoral democracies of England and Egypt as never before. The new Churchill-Eden Government poured more reinforcements into the Canal Zone and imported labour from Mauritius and Cyprus, which also supplied the eggs and fresh vegetables denied by the Delta. A strike by the Egyptian search-light operators and mooring boat workers then compelled the Company to end night convoys through the Canal after October 29 and to restrict night navigation to vessels operating their own search-lights.[2] General Erskine told his troops on October 30 that "we are standing on our rights and have no intention of being starved out, forced out or knocked out".[3] A guerilla was then launched on October 31 by 'liberation battalions' of nationalists and Moslem Brethren, producing bloody clashes at Port Said, Ismailia and Suez. The landing of reinforcements at Port Said on November 6 raised Suez shares by 6% (November 5-7). The guerilla was directed not against a State but against an army of occupation. Its operations of sniping, cable-cutting and night attack avoided the concentrated forces of the British Army in favour of their outposts, detachments, families, individual members and communications. The guerilla fighters lacked the shelter of mountain or forest but enjoyed the protection of the villages of the isthmus and the support of their fellow-Moslems against the infidel. Ismailia as the great centre of communications of the zone became the focus of conflict, like Alexandria in 1882. Erskine was compelled to recognise on November 12 that the town was no longer safe for its 1100 British service families and to evacuate them between November 20 and November 23. At Suez pitched battles were fought on December 3, when Egyptian police joined civilians in fighting the British and the total of Egyptians killed between October 16 and

1. The Times, December 14 1953, 8iv; December 15 1953, 6vii.
2. The Times, October 30 1951, 4v.
3. The Times, October 31 1951, 6vi; October 30, 4v.

December 4 rose to 117. After attacks on the water-reservoir at Kafr Abdu the British Army demolished on December 8-9 fifty Arab brick houses, despite the objection of the British ambassador, in order to create a new and safer road to the waterworks.[1] The Wafd Government, which had vainly ordered the Governor of Suez with his 800 police to give battle to 8,000 British troops,[2] decided on December 9 to dismiss all the 500 British subjects in its service and to authorise all citizens to bear arms. It protested to the U.N. on December 11 as well as to Britain on December 14 and recalled its ambassador from London on December 13. Egypt ceased to send its officers to England for training and recruited a German military mission.[3] Guerillas derailed a military train in the Canal Zone for the first time on December 16 and forced Erskine to forbid movement by night throughout the zone from December 20. 60,000 Egyptian workers were withdrawn from the zone while Cypriot and Greek labour in British employment was intimidated from serving the British without protection. The despatch of the first batch of Cairo University students as youth commandos to the zone provoked Erskine's warning on December 26 that he would be obliged to crush them with the powerful forces he had not yet used.[4] The Government newspaper 'Gumhour al Misri' then reported on December 31 plans for a general attack from the Canal Zone by the Western Powers on Russia and offered £E1,000 to the Egyptian who killed "the red-faced thief Erskine"[5] as well as £E100 for each British officer.

British opinion failed to recognise that pressure from the police, the army officers, the students and the Moslem Brethren was shifting Egyptian resistance from the Indian to the Zionist pattern.[6] On January 4 Centurion tanks fired 20-pounder shells into buildings at Suez used by guerillas and so brought out all the 1500 Egyptian

1. The Times, December 10, 4i.
2. The Times, December 15 1953, 6vii.
3. Y. Famchon & M. Leruth, L'Allemagne et le Moyen-Orient. Analyse d'une Pénétration Economique Contemporaine. (Paris, Editions des Relations Internationales, 1957), 33
4. The Times, December 27 1951, 6i.
5. The Times, January 1 1952, 6vi.
6. The Times, December 28 1951, 5vi-vii. British Task on the Suez Canal Zone. A Vital Holding Operation. The Times, January 10 1952, 5iii. Disorders in Egypt. The Times, January 17 1952,6v.

employees of the Canal Company on strike from January 7,[1] leaving no Egyptians engaged in maintaining the flow of traffic. The workers of Port Said assumed their traditional place in the vanguard of the battle for independence while civilians in Ismailia marched about with tommy-guns in open challenge to the Government of Egypt.[2] The Canal Company feared a general strike by all its workmen for three days (January 8-10) until it became a token stoppage of one hour per day.[3] The Navy established control over traffic at Port Said.[4] The Company's communications between Ismailia and Cairo were cut by skirmishes. Pilots secured police protection when returning along the Canal road after duty. The Residency and the Company offices at Ismailia were damaged on January 10 by automatic fire which nearly killed President Charles-Roux.[5] One hundred guerillas of the National Liberation Army fought their first major action on January 12 against a military train near Tel el Kebir. The British used tanks in order to win the second battle of Tel el Kebir but created the first student-martyrs and precipitated a general exodus from the village to the Delta.[6] The road from Moascar to Tel el Kebir had become so exposed to attack from the villages through which it passed that the Army was forced to construct an alternative by-pass road, to use 25-pounder field guns against the snipers on January 15[7] and to arrest 170 armed Egyptian police on January 16 in the two villages of El Hamada and Tel el Kebir South.

The escalation of the conflict increased the strain on the Army, despite the reinforcement of the 43,000 troops by another 40,000. Churchill was compelled to appeal on January 10 for the despatch of a brigade or battalion of U.S. Marines to the Canal Zone[8] and on January 12 for the despatch of naval help by Norway and the Netherlands.[9] In his address to a joint session of Congress on January 17 he asked for

1. The Times, January 8 1952, 6vi.
2. The Times, January 9 1952, 5iii.
3. The Times, January 10, 4v.
4. The Times, January 10, 3ii.
5. The Times, January 11, 4v.
6. The Times, January 14, 4i-ii. Manchester Guardian, January 14, 4i-ii.
7. Manchester Guardian, January 16 1952, 5vii.
8. Lord Moran, Winston Churchill. The Struggle for Survival 1940-1965. (London, Constable, 1966), 362.
9. The Times, January 14 1952, 4ii.

the despatch of token forces by the U.S.A., France and Turkey. "We do not seek to be masters of Egypt. We are there only as servants and guardians of the commerce of the world".[1] His suggestion was received in stony silence by Congress and emphatically rejected by the State Department while Egypt sent Notes on January 19 to the U.S.A., France, Norway, Holland and Sweden declaring that the despatch of warships to the Canal Zone would be a clearly hostile act against Egypt. The climax to hostilities was reached in Ismailia after Erskine evicted 8,000 Egyptians from the south-west quarter, one of the main guerilla centres, and then found it necessary to disarm the auxiliary police who had been ordered to resist arrest by Sirag ud Din. In the battle of Ismailia on January 25 Erskine's forces captured the Police H.Q., killing 41, taking 790 into custody[2] and raising Suez shares by 7.8% (January 23-28). That military action was far more important than the demolitions at Kafr Abdu. It finally destroyed any possibility of agreement between Egypt and England on the presence in peacetime of British troops in the Canal Zone[3]: it saved Ismailia and lost the Canal Zone. It provoked suggestions for a transfer to the Gaza strip[4] and for the construction of a Gaza-Akaba Canal.[5] Above all, it transformed the fellahin-police from petty tyrants into popular heroes and precipitated the riots of Black Saturday, January 26, when the Moslem Brethren, the Socialists and the students attacked the European quarter of Cairo to the cry "Allah akbar" and "We want arms to fight for the Canal". The rioters were joined by the police in revolt against the sacrifice of their comrades at Ismailia by the Wafd Government. Their systematic onslaught on the symbols of European civilisation, including Shepheard's Hotel, Thomas Cook's and B.O.A.C. which symbolized the three successive stages of the occupation, destroyed 400 buildings at a cost of £10,000,000 and killed 17 British subjects. Farouk used the demonstration to dismiss the Wafd Ministry and replaced Nahas by Aly Maher. The new government ordered the National Liberation Army to

1. Manchester Guardian, January 18 1952, 7i1.
2. The Times, January 26, 4i-ii. Manchester Guardian, January 26,5i1.
3. Hansard, Commons Debates, February 5 1952, Peter Freeman.
4. Manchester Guardian, January 26, 4i; The Times, January 28, 5i1.
5. Hansard, Commons Debates, February 5 1952, 911-912, G. Wigg.

evacuate its positions in the Canal Zone, re-opening communications between Cairo and Suez and ushering in a détente in Anglo-Egyptian relations.

At Port Said the search-light electricians began to resume work on February 1[1] and were followed by some of the mooring men, by the Customs officials on February 4 and by the stevedores on February 12 when the first ship worked by Egyptian labour passed through the port. The Company paid its employees a special bonus in recognition of their achievement in facilitating the passage of a record number of ships, of which 37% were British, during the four months of the crisis. Its shares rose by 22.6% between January 29 and February 27 although they declined by 6% (March 21-26) after the British occupation of Ismailia ended. British opinion still could not recognise that direct foreign control of the Canal Zone was only possible through direct foreign control of Egypt itself.[2] The Cairo riots shattered the foundations of the monarchical State and inspired the Free Officers to advance their date for the seizure of power from 1954-55 to 1952. On July 23 1952 the Free Officers took the fate of Egypt into Egyptian hands for the first time in twenty-seven centuries.[3] They were borne to power on the seventh and greatest wave of Egyptian unrest since 1882 and sought to fulfil the hopes of the previous national movements of 1892, 1908, 1919, 1926, 1935 and 1946, because the Army had become increasingly more representative of the inarticulate peasantry than either the Assembly or the Wafd. Farouk relied upon intervention in his favour by the British troops from the Canal Zone which was never made. Thus he paid the price for the humiliation of Egypt at Abdin, Falluja and Ismailia. On July 27 he sailed into exile from a deserted quayside at Alexandria[4] on the same yacht which had carried Ismail into exile in 1879. The Macedonian dynasty of Mehemet Ali came to an end with its tenth ruler, having lasted for 93 years longer than the ten years after his death foretold by its founder.

1. The Times, February 4 1952, 4iii.
2. The Times, February 13, 5v. A.H. Hourani, Control of Suez. The Times, March 3, 5vii. Middle East Defence: Strategic Importance of the Canal Zone.
3. J. & S. Lacouture, Egypt in Transition. (London, Methuen, 1956), 277-279.
4. The Times, July 28 1952, 6ii.

The establishment of a government of Egyptians by Egyptians for Egyptians stirred new life within the most fertile of river valleys, ended the identification of the abundance of the Delta with resignation of the spirit and began the sustained shift of the civilization of the Nile to a new level. The Army's function as the great vehicle of modernization, frustrated and shattered in 1882, was restored in 1952 so as to open new channels of social mobility and reinforce the drive for the modernization of society as a whole. The resulting militarization of society, economy and bureaucracy inspired the people of the Nile to look to the Government as an army to its leader rather than as a bird at the hunter. To prevent the capture of society by the Moslem Brethren the new regime placed less emphasis on the Moslem past of Egypt than on its Pharaonic past developing a mass interest therein comparable to that engendered among European intellectuals in the 1840s and Levantine intellectuals in the 1920s. The rise of an Arabic-speaking intelligentsia undermined the predominance of the Levantine intellectuals and of French culture in Egypt[1] and facilitated the dismissal of Mohammed Sabry Bey who had given powerful support to the Egyptian renaissance in his revisionist histories of the Egyptian Empire under Mehemet Ali and Ismail and had become Professor of History at the Fuad I University of Cairo. The Egyptian revolution as the symbolic achievement of self-determination by one third of the population of the Arab world created an Arab rival to progressive Israel and revolutionized the aspirations of the younger generation in Amman, Beirut and Bagdad. It sent Egypt's greatest landowner into exile and triumphed over the Parliament of the pashas, which had overwhelmingly defeated the three agrarian bills of 1945 and 1950. Its abolition on July 30 of the civil titles of the Ottoman regime was intended to end the reign of the hundred families and set an example followed in Jordan, Lebanon and Libya. Its Law of Agrarian Reform of September 8 compelled the resignation of Aly Maher and encouraged the first proposals for an Aswan High Dam which would give Egypt control of her own water.

The Canal Company had experienced a crisis on almost every change of ruler in Egypt but was more seriously weakened by the Egyptian

1. G. Ketman, Du papier et des fèves, Portrait de l'intelligentsia égyptienne. Preuves, Janvier 1957, 16-22.

renaissance than by the battle for the Canal. It lost the services of Elias Andraus Pasha, who had been the fifth pasha appointed since 1913 as the Special Commissioner of the Egyptian Government with the Company and whose resignation as royal councillor was announced on July 25,[1] shortly before his arrest. The shares of the Company dropped by only 2.2% between July 25 and July 30, rising thereafter by 9% by August 6. The new Government raised the Egyptian tax on the Company's revenue from 16% to 17% on August 13. It fulfilled Hefnaoui's recommendation of 1951 and created on October 15 a new Suez Canal Department attached to the Ministry of Commerce and Industry to prepare for the end of the concession in 1968 and to acquaint itself with the operations of the Company, reducing the price of Suez shares by only 3.8% (October 14-16). It also began to refuse entry visas for foreign pilots to accelerate the appointment of qualified Egyptians. The Company's response followed its traditional pattern: it renamed the Farouk Canal the Ballah By-Pass, published its first brochure on the Canal in Arabic for local consumption, expanded its medical services and built a Medical Centre at Ismailia in 1952-53. The Municipal Council of Port Said renamed the main street, which had begun as the Rue du Commerce and had become the Rue Farouk, the Rue du 23 Juillet to commemorate the dawn of a new era and to extend to all inhabitants the luxury of self-respect. Although the Company repaid its 75-year loan of 1887 by 1952 ten years before its due date and opened a New York office in 1952 to handle its American investments its investment policy was attacked at the shareholders' meeting in 1953 because it brought in only 3% on 28,000,000,000 francs and made no provision to free the Company's reserves from Egyptian control through the establishment of a separate French investment trust.[2] Thenceforward the Company accelerated the amortisation of its shares.

The boycott of Israeli shipping which had been established by a minority ministry in 1948 and strengthened by the Wafd Ministry was maintained by the military regime of General Naguib. Under the Conservative Government Labour M.P.s pleaded for forceful action as Conservative M.P.s had under the Labour Government. Thus George Jeger asked Selwyn Lloyd to force a passage through the Canal for Haifa-bound

1. The Times, July 26 1952, 4iii.
2. Le Canal de Suez, 15 Juin 1953, 9524.

tankers, adding that the Foreign Secretary "when he was in opposition, roared like a rabbit for resolute action".[1] The need of the military regime for arms and the revival of a scheme for a Middle East Defence Organisation brought the Minister of War to Cairo. Head re-affirmed that Egypt was the logical place for a Middle East base[2] and that the Canal Zone was "absolutely vital strategically" because Cyprus could be only a station but not a base.[3] Naguib denounced his "hateful and horrible" statement, concluded on September 30 that "at need the British troops would evacuate the United Kingdom but not the Canal Zone of Egypt"[4] and emphasized on December 28 that Egyptians could defend their own fatherland better than others to the last man.[5] By January 1953 G.H.Q., Middle East, at Fayid had recognised that the Canal Zone base with its £700,000,000 of equipment was useless without active Egyptian cooperation. The number of troops had been raised to 80,000 of whom 50,000 were employed in defending the 30,000 in the base against the Egyptian Army, aided and trained by German instructors and staff officers while 12,000 Mauritian and East African pioneers had been imported to perform the services thitherto performed by Egyptian labour. The defence of the Canal Zone had increased its costs to over £50,000,000 per annum while it had also increased friction with Jordan and Iraq and retarded recruiting to the Regular Army. The Army's reappraisal of its needs was encouraged by the Egyptian General Staff's Note of January 9 1953 on the strategic importance of the Canal. That Note emphasized Egypt's capacity to defend the Canal herself, the incapacity of England and France to defend their possessions in the Far East and the dependence of the security of the Canal on the security of the Mediterranean route. Its message was reinforced by Nasser's threat of a resumption of the guerilla if England did not evacuate the Canal Zone and by American pressure upon Britain. The Anglo-Egyptian agreement of February 12 1953 on the Sudan was concluded by the British Government in the hope to secure better terms of agreement on the Canal Zone[6] but brought

1. Hansard, Commons Debates, May 26 1952, G. Jeger.
2. The Times, September 22 1952, 4iv.
3. Manchester Guardian, September 25, 7vi.
4. The Times, October 1, 6iii.
5. The Times, December 29, 6v; December 30, 5vii.
6. The Spectator, February 20 1953, 204-5, East of Suez. Major-General L.O. Lyne, Strategy and the Suez Canal. The Listener, March 19 1953.

together a number of rebel Tory M.P.s led by Julian Amery in opposition to the idea of evacuation. Israel also became alarmed at the prospect of the disappearance of the British buffer between Egypt and Palestine: she vainly demanded on April 14 to be consulted by Britain and the U.S.A. in any negotiations over the Canal and then sought to develop an entente with France.

Talks began in Cairo on April 27 after Nasser referred on April 25 to an Arab collective security pact stemming from the Suez Canal base but were suspended on May 6 after six meetings because Egypt insisted on British acceptance of the principle of evacuation while Britain refused to accept less than an agreement for 25 years. A new crisis in Anglo-Egyptian relations began after Churchill's affirmation in the Commons on May 11 that Britain intended to stay in the Canal Zone. Egypt forbade on May 13 the supply of provisions to the British Army without special authority, commandos began to land from Cyprus at Port Said from May 14 while the youth of Suez welcomed two officers of the Revolutionary Council on May 15 with the cry "We want to be the Mau-Mau of the Canal! We want to liberate the Canal!" Official British opinion doubted whether Egyptians could achieve in the Canal Zone what the Greeks failed to achieve in the Piraeus or the French in Bordeaux[1] and did not shirk the comparison between the anti-German resistance movements and the anti-British movement in the Canal Zone in its wish to retain control of "the Clapham Junction of the British Commonwealth".[2] In Anglo-American talks on the Canal in Washington Dulles, however, persuaded the British to surrender their insistence on the permanent maintenance of technicians to service the base[3] and proposed on July 11 evacuation within 18 months and the retention of 4,000 technicians for five years at most. Under heavy American pressure England accepted the principle of evacuation within 18 months while Egypt accepted the presence of 4,000 technicians for three years.[4] Nasser made a "death or victory" speech on August 2 at Ismailia "this dearest part of our sacred country"[5] and proposed to the Arab League that an Arab Army of 150,000 should be raised and based

1. The Round Table, June 1953, 226. The Future of the Suez Canal Zone.
2. Ibidem, 222.
3. The Times, July 13 1953, 6iii; July 14, 6i-ii; July 20, 7vi-vii.
4. T.R. Little, Britain, Egypt and the Canal Zone since July 1952. The World Today, May 1954, 194-195.
5. The Times, August 3 1953, 6iii.

in the Canal Zone.[1] The readiness of the Government to capitulate to American pressure and Egyptian threats aroused growing opposition among its own supporters. At the Conservative Party Conference Julian Amery warned the Government on October 8 that the nation which had already endured "the scuttle from Palestine and the shame of Abadan "would not tolerate the evacuation of "the hinge of our imperial strength".[2] Salisbury's readiness to accept a permanent commitment of 70,000 troops to the Canal Zone[2] provoked a fierce retort on October 9 from Nasser, who threatened "a popular organised struggle by millions of Egyptians".[3] Negotiations then broke down on October 21 over the question of the uniform of the technicians. Egyptian hostility was manifested in the 254 attacks made during 1953 on British personnel with non-explosive weapons, killing eleven.

On December 15 1953 39 Conservative M.P.s tabled a motion of protest against the resumption of negotiations with Egypt[4] and were joined on December 16 by two more[5] who made up "the gallant 41" members of the Suez Group. That rebel group included "embittered ex-Ministers and young newly-elected back-benchers anxious to cut a figure in Parliament"[6] together with one viscount, the son of a baronet, seven knights and two Privy Councillors. They represented the industrial areas as well as the counties and included a substantial element from the West Country, South Wales and the Scottish Lowlands

1. The Times, August 26 1953, 5i.
2. The Times, October 9 1953, 2v.
3. The Times, October 10, 5iv; October 22, 8iii.
4. House of Commons, Notices of Motion Given on Tuesday 15th December 1953 No.31 839. The six sponsors were Julian Amery, R. Assheton, C.J. Holland-Martin, John Morrison, Captain C. Waterhouse and Charles Williams. The other signatories were P.A.D. Baker, P. Bell, W.H. Bromley-Davenport, F.F.A. Burden, T. Clarke, R.F. Crouch, P. Donner, J.A.L. Duncan, A. Fell, F. Graham, R. Grimston, J. Hall, Frederic Harris, Reader Harris, W.W. Hicks-Beach, Viscount Hinchingbrooke, I.M. Horobin, H.M. Hyde, H.W. Kerr, E.A.H. Legge-Bourke, G. Lloyd, F. Maclean, P. Maitland, D. Marshall, A. Maude, J. Mellor, G.D.N. Nabarro, E.J. Powell, W.R. Rees-Davies, D. Savory, W. Teeling, Herbert Williams, Paul Williams.
5. I.J. Pitman and Brigadier Rayner.
6. A. Nutting, No End of a Lesson. The Story of Suez. (London, Constable, 1967), 22.

but no representatives of the Highlands, of Welsh Wales or of Ulster and no sailors to counterbalance the very strong military element. They included Zionist sympathisers but neither of the two Jewish members of the Parliamentary Conservative Party. They included three of the keenest minds in the party in Amery, Maude and Powell and enjoyed strong support in the constituency associations, the party organisation and the committees of the House. Captain Waterhouse's explicit denial that they formed a group enhanced their influence in the same way as the Wafd's denial that it constituted a party. The Suez Group spoke for the country and gave the press a popular cause. The rebel M.P.s objected to the pursuit of a Labour policy of evacuation by a Conservative Government and sought to call a halt to the long succession of retreats and withdrawals by the British Government since VE-Day. In particular they thought it possible to hold Port Said or Suez with one or two brigades whilst evacuating the rest of the Canal Zone.[1] Thus they would have maintained "Suez as a sore in the side of Africa".[2] They would have enjoyed even greater influence over the party leadership if the Labour Left led by Bevan in opposition to Shinwell had not promised support to the Government and so produced a convulsive closure of the Conservative ranks.

The Egyptian revolution of 1952 achieved a great triumph for the new Asia in bringing the British Government to the brink of evacuation and in compelling a reappraisal of imperial strategy. It also strengthened the Egyptian tradition of the history of the Canal at the expense of the shattered nationalist traditions of Europe.[3] It reawakened interest in the military revolution of 1882 and[4] "the third British occupation of Egypt"[5] and even encouraged Egyptian acceptance of the construction of the Canal as a triumph for economic progress.[6] The rebirth of Egyptian power over the Canal alarmed the economic

1. Hansard, Commons Debates, December 17 1953, 599, Waterhouse; 612-613, Maclay.
2. Hansard, Commons Debates, December 17 1953, 622, Viscount Lambton.
3. P. Herrmann, Conquest by Man. (London, Hamilton, 1954), 359.
4. A. Gréiss, La Crise de 1882 et le Mouvement Orabi. Cahiers d'Histoire Egyptienne, Mars 1953, 47-74.
5. M.M. Safwat, The Background of the British Occupation of the Suez Canal and Egypt in 1882. Islamic Review, December 1953, 24-28
6. C. Issawi, Egypt at Mid-Century. (London, Oxford University Press, 1954), 22-23, 146, 274.

elites of Europe and the U.S.A.[1] as well as the Zionists and encouraged Kimche to urge the British to defend the Canal as "the base of the Commonwealth".[2] It diverted interest to the alternative routes via Canada and the Cape.[3] London was linked to Johannesburg by a regular service of Comet jets from May 2 1952 and to Cape Town by a Canberra jet in 12'21" on December 17 1953 as well as by the 'Edinburgh Castle', which first broke the 1938 Cape record in 11 days 21 hours in January 1954. Thus the reappraisal of imperial strategy enhanced the importance of the Cape as well as of Cyprus: it encouraged the creation of a self-governing Sudan in 1952 and a South Arabian Federation in 1953.

In the Canal Zone 21 attacks during January 1954 inaugurated a resumption of the guerilla, which encouraged a suggestion for the transfer of the British base to Israeli territory south of the Beersheba-Gaza line[4] and revived complaints against Egyptian restrictions on Israeli cargo, especially by members of the Suez Group.[5] The Israeli representative at the Security Council claimed on March 12 that Egypt's restrictions had throttled 95% of the shipping to Israel and 100% of its crude oil imports. A resolution in condemnation of Egypt was moved by New Zealand and secured eight votes in favour but was vetoed on March 29 by Lebanon and Russia while Nationalist China abstained, preventing Israel from repeating its diplomatic triumph of 1951. Within Egypt Nasser, supported by the Army, established his supremacy over Naguib, supported by the Moslem Brethren, and was appointed Prime Minister on April 17. Nasser achieved a great triumph by ending the guerilla after five months and reaching agreement with Anthony Nutting on the principle of evacuation which official British opinion had come reluctantly to accept.[6] After the Ministry

1. A. Siegfried, The Suez: International Roadway. Foreign Affairs, July 1953, 616-617, 631-2.
   H.L. Hoskins, Some Aspects of the Security Problem in the Middle East. American Political Science Review, March 1953, 188-198
2. J. Kimche, Seven Fallen Pillars. The Middle East, 1945-1952. (London, Secker, 1953, second edition), 395.
   H.J. Schonfield, Egypt, Cross Road on a World Highway. (Peace News Pamphlet, 1953, 16pp).
3. W.G. East, The Mediterranean: Pivot of Peace and War. Foreign Affairs, July 1953, 623.
4. R.H. Crossman, Breakdown of the Suez Talks. New Statesman, January 30 1954, 121.
5. Hansard, Commons Debates, January 25 1954, P. Maitland, H. Williams; February 3, P. Williams; February 10 P. Maitland; February 17, P. Maitland; March 11, Harris; May 17, H. Williams.
6. The Round Table, June 1954, 223-235. Cross Purposes in Egypt. Two Years of the Revolution.

of Defence announced on June 23 its intention to transfer the H.Q. of Middle East Forces from the Canal Zone to Cyprus[1] Anglo-Egyptian talks began on July 11 and ended in an agreement initialled on July 27 while Suez shares rose by 23.6% (July 5-27) to the benefit of the British Treasury as well as of the French shareholders. On the evening before the agreement was initialled William Teeling of the Suez Group suggested to Nutting the establishment of a neutral zone in the Canal area on the Panama pattern of 1903 as a separate nation, "a neutral nation, probably with an Arab prince as ruler"[2]. Such a revival of the feudal idea of T.J. Lawrence in 1884 and of D. Sladen in 1908 was in opposition to the unifying aspirations of radical Arab nationalism.

The Anglo-Egyptian agreement of 1954 was not called a treaty because of the odium attached in Egypt to the Treaty of 1936, which Britain thereby agreed to terminate. It was to last for seven years and it provided for the withdrawal of British troops within months of its signature, for the maintenance of the base by 1200 civilian technicians, of whom 800 could be from outside Egypt, and for its remilitarization in the limited emergency of an attack by a foreign power excluding Israel. Thus Britain could only secure re-entry which Nahas had offered in 1950 while Egypt secured evacuation by 1956 which Britain had offered in 1951. Egypt also secured the reduction in the number of British technicians from 4,000 to 800. The agreement also recognised the Canal as an integral part of Egypt but not as vital to the British Empire as in the Treaty of 1936. It nevertheless paid homage to the international importance of the waterway, both Governments expressing their determination to uphold the Convention of Constantinople which had been devized against Britain in 1888 but became from 1954 a protection for British interests. It was approved by the Commons on July 29 by 257 to 26 votes cast by the most stalwart members of the Suez Group. "This is not a sell-out. It is a give-away"[3]. The Government won the votes of four[4] of the original 41 rebels while nine were absent or abstained, like all of the Labour M.P.s. The 26 dissenters upheld the Churchillian concept of empire

1. The Times, June 24 1954, 61v.
2. Hansard, Commons Debates, July 26 1954, 21, W. Teeling.
3. Hansard, Commons Debates, July 29 1954, 739, C. Waterhouse.
4. P. Bell, W.H. Bromley-Davenport, F. Maclean, D. Marshall.

as enunciated in 1929 and 1946 against a Churchill who appeared to be emulating Peel repealing the Corn Laws or Wellington trying to pass the Reform Bill[1] but who was really capitulating to the policy of Eden and all the Cabinet.[2] The English era in Egypt ended with the evacuation of material equipment from the base from August 4 and the evacuation of troops from August 11. British hegemony over the Middle East was not destroyed but was transformed through the building-up of bases in Cyprus, Jordan and Aden. Cyprus became the first great island-base of Western Asia on the pattern of Eastern Asia and was publicly denied for ever the right of self-determination,[3] although the local population was as hostile as in Egypt and revolted openly from 1955.

In Egypt the agreement was welcomed by the workmen and employees of the Canal Company but aroused the opposition of Naguib, the Wafd, the Communists and the Moslem Brethren, whose Supreme Guide denounced it on August 2 as treasonable becaue it provided for re-entry by Britain and it recognised the Canal as an international passage to the benefit of Israel. Egypt had nevertheless emerged as the victor in its defence of "the Egyptian Stalingrad" and acquired its own liberators, heroes and martyrs of the Canal. It benefited by the lifting of the British embargo on the shipment of arms on August 30 and remained thenceforward the sole power responsible for the maintenance of the liberty of navigation enshrined in the Convention of Constantinople. Israel established an entente with France after Mendès-France became Prime Minister[4] and determined to test the new regime by sending the first Israeli-owned vessel since 1949 to attempt the passage of the Canal. The 'Bat Galim' carried meat, plywood and hides from Massawa for Haifa but was seized at Port Tewfik on September 28 after allegedly firing on Egyptian fishermen in the Gulf of Suez.[5] Its seizure confirmed Egypt's boycott of Israel and reduced Suez shares by 4.8% between October 31 and November 4. The incident encouraged the

1. A. Bryant, Our Note Book. Illustrated London News, August 14 1954, 242.
2. Lord Moran, Winston Churchill. The Struggle for Survival (1966), 478, 580, 733. The Prime Minister and the Suez Rebels.
3. Hansard, Commons Debates, July 28 1954, H. Hopkinson.
4. M. Bar-Zohar, Suez Ultra-Secret. (Paris, Fayard, 1964), 65.
5. E. Ereli, The Bat Galim Case before the Security Council. Middle Eastern Affairs, April 1955, 108-117.

Canal Company to ask the Harvard Law School in October 1954 to undertake a study of the law of international waterways,[1] and Israel to pursue its successful negotiations with France for the supply of Mystère jet fighters.[2] The opening of the new military bridge across the Canal on November 1 1954 paid homage to Egypt's new popular slogan "After Suez, Palestine". Nasser's foreign policy however moved towards the U.S.A. and Britain in order to prevent the capture of the revolution by Communism. Egypt asked on September 24 for a loan from the World Bank to finance the Aswan High Dam and accepted on November 2 a new and cheaper plan for the dam.

The decline of the British Empire was followed by that of its great rival, the French Empire, after the end of the Korean war in 1953 diverted Russian and Chinese interest to the war against France in Indo-China. The fall of Dien-Bien Phu on May 7 1954 ended an eight-year war, an empire established in 1860 and a medieval dream of the regeneration of the East by France. It reduced the tonnage of French military transports using the Canal en route to Indo-China by 37% during 1954 and produced a marked reduction in the number of troops using the Canal during 1954 and 1955. The Oriental phase of French history ended amid the laments of the remaining French colonies and enclaves of French culture at the prospect that nothing more might remain in the East of the Western revolution than remained of Nestorian Christianity.[3] France became thenceforward increasingly sensitive to threats to its surviving power and influence especially after open revolt broke out in its African Ireland on October 31 1954 with the encouragement of Nasser.[4] France nevertheless retained its Polynesian island-empire, based on New Caledonia and Tahiti, protected from the mainland by the Anglo-American island bases and supplemented by Jibuti, a free port since 1949. French shipping tonnage using the Canal rose by 15% during 1955 as the oil trade offset the decline of imperial trade. France imported through the Canal in 1955 22.5% of the total volume of its imports, all of its jute, 38.6% of its imports of manganese, 72% of its imports of rubber and 47% of its imports of

1. R.R. Baxter, The Law of International Waterways. (Harvard University Press, 1964), v.
2. M. Bar-Zohar, 66-67, 76, 79.
3. F. Léger, Les Influences Occidentales dans la Révolution de l'Orient 1850-1950, (Paris, Plon, 1955), II, 242.
4. Supplément au Canal de Suez, 15 Juin 1954.

crude oil. The Canal route employed 90% of French tanker tonnage, which formed 70% of France's total Canal tonnage. French trade via Suez became overwhelmingly an import trade from the Persian Gulf. The predominance of oil in that trade encouraged the Canal Company to elect to its board in 1955 Victor de Metz who had been Manager of the Compagnie Française des Pétroles since 1937 and its President since 1945. Metz secured for his company a 6% share in the Iranian Consortium of 1954 and began to explore for oil in the Sahara so as to fulful the original aim of the company to secure control of a French oil supply. The increased economic interest of France in North Africa as well as in Syria enhanced the value of the isthmus as a central focus of French achievement and civilisation.

The resurgence of Asia was clearly shown in the flood of duty-free textile imports which began to pour through the Canal from 1954-55 into the English market, benefiting the Manchester merchants, destroying the Lancashire cotton industry and restoring the pre-1813 balance of the textile trade between East and West. The victory of the Viet-Minh threatened to expose Asia to a new expansion of Communist power, symbolized by the first shipment of Russian oil through the Canal to North Viet-Nam in 1955. The U.S.A. sought to defend the free world by extending military aid to Iraq and Pakistan, by refusing to supply arms to Egypt unless it adhered to a military pact and encouraging the formation of new regional pacts on the model of N.A.T.O. in South East Asia in 1954 and in the Middle East in 1955. The Bagdad Pact made possible the large-scale flow of American arms to Iraq and destroyed the balance of power in the Middle East precariously maintained since 1950[1]: it aroused the violent antagonism of France, Russia and Egypt. Its creation of a northern tier of defence implied the existence of a southern tier based on Egypt. It accentuated the conflict between Nasser and Nuri for dominion in the Arab world, and especially for the control of Jordan and Syria. It failed to revive the old dream of Anglo-Moslem solidarity and ended Egypt's brief honeymoon with Britain after the 1954 Agreement.[2]

Nasser appointed in October 1954 a Suez Canal Committee under

1. M. Bar-Zohar, Suez (1964), 82.
2. M.A. Fitzsimons, Empire by Treaty. Britain and the Middle East in the Twentieth Century. (University of Notre Dame Press, 1964), 107-135.

Dr. Helmy Bahgat Badaoui (1904-1957), who had been the Minister of Commerce from 1952 to 1954 under whom the Suez Canal Department had been created and became first for some months the Special Commissioner of the Government with the Canal Company and then a director in 1955. After the Colonel of Engineers Mahmud Yunus undertook a secret survey of the Company Nasser announced on November 17 1954 the preparation of an agenda for discussions with the Company. The continued refusal of visas for foreign pilots increased the pressure on the Company, whose function was defended in traditional international terms[1] against the rising tide of Egyptian nationalism. The Company completed the amortisation of over half its shares for the first time by December 31 1954, created in the summer of 1955 the Société des Investissements Mobiliers as a French company under French law and secured its admission to quotation on the Bourse as an investment trust from August 2 1955 to manage its long-term investments. In September 1955 Egypt informed the Company that it no longer recognised the agreement of 1947 exempting the Company from currency-control regulations and declared itself ready to negotiate a new agreement, demanding the construction of a harbour in Lake Timsah as well as the doubling of the number of Egyptian pilots and so reducing the value of Suez shares by 9.5% (October 5-25). In December 1955 Egypt demanded the investment of the Company's entire reserves in Egyptian undertakings, the appointment by the Government of half of the board of directors and the appointment of the Government's own representatives to the executive committee.[2] The Company's payments to the Government of Egypt had risen from £E3,000,000 in 1951 to £E6,000,000 in 1955 but provided a constant 2% of the Government's receipts. Its long-term investments held in Egyptian pounds had risen from 455,000,000 francs in 1952 to 521,000,000 francs in 1955 but their share in its total portfolio had fallen from 4.7% to 3.2%.[3] The Company agreed in March 1956 to engage 32 Egyptian pilots sithin a year and on May 30 1956 to increase its reserves in Egypt by £E16,000,000 between 1956 and 1963 by investment in development projects.

1. P. Bineau, Le Canal de Suez. (Paris, Minuit, 1954), 190-191. H. Poydenot, Le Canal de Suez. (Paris, Presses Universitaires de France, 1955), 116.
2. T. Robertson, Crisis, The Inside Story of the Suez Conspiracy. (London, Hutchinson, 1965), 29.
3. Le Canal de Suez, 15 Juin 1953, 9525.

The Anglo-Egyptian Agreement was signed in Cairo on October 19 1954, ratified on December 6 and followed by the first massive departure of troops from the Canal Zone on December 10. By February 18 1955 the first phase of evacuation had removed 21,000 out of 80,000. The Canal had been built from the north to the south: the evacuation of the Canal Zone proceeded from south to north, making possible the hoisting of the Egyptian flag over the former British barracks at Chalouf by Nasser on March 22 and leaving no British troops south of Geneifa by April 2. In the second phase of the operation the British Government enlisted the cooperation of large business firms to undertake the conversion of the base from military to civilian operation. The firms included Vickers-Armstrongs, Associated Commercial Vehicles, Austin Motors, Rootes Motors, Imperial Chemical Industries, Power Securities Corporation, Balfour, Beatty and Company, George Wimpey and Company, Holloway Brothers (London), John Laing and Son, and International Aeradio. The Suez Consortium of those firms formed six operating companies for the main activities of the base[1] with a co-ordinating management company.[2] Thus the Canal Zone ended its role in British military history under administration through a complex of limited liability companies. By October 18 1955 the third phase of evacuation had been completed: 49,000 troops had left Egypt while 31,000 remained. The disappearance of the market provided by British troops damaged the trade of Ismailia much more than that of Suez or Port Said. The evacuation prevented the complete Egyptianization of British policy but left Egypt with a lower standard of living than in 1882 and was followed by no literature of justification comparable to that which blossomed in the wake of the British withdrawal from India.

The end of England's mission in Egypt removed the protection of

1. Suez Contractors (Engineers) Limited, registered on January 13 1955
   Suez Contractors (Vehicles) Limited, registered on February 7 1955.
   Suez Contractors (Ammunition) Limited, registered on February 9 1955.
   Suez Contractors (Electricity) Limited, registered on February 24 1955.
   Suez Contractors (Maintenance) Limited, registered on March 21 1955
   Suez Contractors (Aviation Services) Limited, registered on April 30 1955.
2. Suez Contractors Management Company Limited, registered on March 1 1955 and renamed on January 26 1956 Suez Contractors (Services) Limited.

military power which had overshadowed the Canal Company since 1882 and left Egypt as the protector and defender of the Canal. It strengthened Egypt's control over Sinai, extending Egyptian administration without interruption from the Delta to Arabia and leaving Israel face to face with Egypt. The crew of the 'Bat Galim' were released on January 1 1955 but its cargo was confiscated in defiance of a promise made to return it to Israel. Ben Gurion became Minister of Defence on February 17 and sent Israeli paratroops to raid Gaza on February 28. That massive reprisal encouraged Nasser to turn for arms from the U.S.A. to Russia, after conversations with Tito on board the 'Galeb' in the Canal on February 5, and increased the tension between Egypt and Israel. The Governor of the Canal area asked the Canal Company on September 9 to send to the Customs a daily list of ships expected at the ports of the Canal before their arrival, so introducing inspection outside the Canal ports and keeping all unannounced vessels outside the limits of the Canal. New regulations were also introduced on September 11 restricting ships from entering the Gulf of Akaba and El Al planes from using the Gulf en route to South Africa. Israel's reply was to occupy the El Auja triangle on September 21 in preparation for an invasion of Sinai. Nasser revealed on September 21 that Egypt had received £150,000,000 of arms from Russia. Russia thus by-passed the precarious northern defensive tier established against it at Bagdad and completed the destruction of the balance of power in the Middle East initiated by the U.S.A. Thenceforward the region became a theatre of conflict between the two world-powers with Egypt in precarious poise between them. The U.S.A. offered from November 1955 to finance the construction of the Aswan High Dam[1] but failed to buy off Egyptian opposition to the inclusion of Jordan in the Bagdad Pact. The announcement of British and American aid for the dam on December 17 1955 involved the West once more in the Nile Valley but entailed incalculable political risks and should have been made, if at all, for economic rather than for political reasons. Egypt's comprehensive law of October 19 on the economic boycott of Israel was accepted on practical grounds by the U.S. Navy and by the British Government.[2] Egypt's victory in the battle for the

1. N. Deney, Les Etats-Unis et le Financement du Barrage d'Assouan. Revue française de Science Politique, Juin 1962, 366-367
2. Hansard, Commons Debates, November 30 1955, 2287, H. Macmillan.

Canal had enhanced the effectiveness of its economic boycott but did not divert Israel's fixed attention from the Gulf of Akaba. Under Ben Gurion as Prime Minister from November 2 Israel moved towards conflict with the guardian of the Straits of Tiran[1] with the support of French tanks and French Mystère 4 fighters under the secret agreement of November 12 1955.[2]

1. M. Dayan, Diary of the Sinai Campaign. (London, Weidenfeld, 1966), 13.
   R. Meinertzhagen, Middle East Diary 1917-1956. (London, Cresset, 1959), 275-8, November 2 1955.
2. M. Bar-Zohar, Suez (1964), 110.

THE SUEZ CRISES, 1956.

The nationalization of the Canal Company on July 26 1956 was precipitated by America's refusal to finance the construction of the Aswan High Dam and removed the basis for the existence of the Company in Egyptian law.[1] It reduced the value of Suez shares by 26% between July 27 and July 31 and occasioned the first Suez crisis of 1956. The Company had survived for 98 years in Egypt as one of the greatest of fiefs and had paid the highest wages in the land but had never won the hearts of the people or overcome the hostility of the State. Its cause was abandoned in the West because its moral basis had been undermined by its own success, by the Panama Scandal, by the anti-capitalist crusade of the 1930s, by its pro-Italian policy in 1935 and by its pro-Vichy regime in 1940-1944. No power or people proposed a war for its restoration. The Company's supreme challenge to the new Egyptian Suez Canal Authority was the withdrawal of its pilots on September 15. That challenge was expected to paralyse the waterway and failed completely, demonstrating that technology knew no frontiers.

The "tripartite aggression" followed the secret Anglo-French-Israeli "Treaty of Sèvres" of October 24[2] and began with an Israeli offensive directed not against Suez but against the Straits of Tiran.[3] That operation precipitated the second Suez Crisis of 1956 which blocked the Canal from November 1956 until April 9 1957 or for longer than ever before in its history. Egypt used its territorial sovereignty

1. D. Rauschning, Der Streit um den Suezkanal. (Hamburg, 1956), xx, xxvi.
   E. Brüel, Die Völkerrechtliche Stellung des Suezkanals und die Nationalisierung der Kanalgesellschaft. Archiv des Völkerrechts, Juli 1958, 48, 55.
   Y. van der Mensbrugghe, Les Garanties de la Liberté de Navigation dans le Canal de Suez. (Paris, Pichon, 1964), 218.
2. T. Robertson, Crisis, The Inside Story of the Suez Conspiracy. (London, Hutchinson, 1965), 162-163.
   E.B. Childers, The Ultimatum. The Spectator, October 30 1959.
   E.B. Childers, The Road to Suez. (London, MacGibbon, 1962).
   A. Nutting, No End of a Lesson. The Story of Suez. (London, Constable, 1967), 104.
   P. Calvocoressi, Suez Ten Years After. (London, B.B.C., 1967), 83-107. Some Evidence of Collusion.
3. M. Dayan, Diary of the Sinai Campaign (1966), 22, 159-160, 160-162.

to delay the final clearing of the Canal until Israel had been forced to evacuate the Gaza strip. Thus it first used its control over the Canal as a diplomatic weapon in the same way that the U.S.A. used its control over the oil and currency of Britain to force its acceptance of the evacuation of the isthmus. Egypt could not however prevent the re-opening of the Gulf of Akaba to Israeli shipping. The blockage of the Canal closed the whole Mediterranean route to the East to the benefit of the Panama Canal and the Cape route. It raised shipping freights, encouraged shipbuilding, especially in Japan, and benefited shipping lines, tanker companies and oil companies.[1] It also stimulated the development of alternative routes to the Canal especially by pipeline to the Mediterranean, and the resurrection of the schemes of the 1850s for the construction of Cape leviathans in the form of the "super-tanker" (1957). The re-opening of the Canal discouraged such schemes and contributed to the oil-surplus of 1958, the fall in freight-rates, the slump in the tanker-market and the successive depression of shipping in 1958 and of shipbuilding in 1959.

Although the issue at stake in the second Suez crisis of 1956 was the dominion of Egypt and of the Middle East the concentration of unprecedented military force against the Canal helped to diffuse a whole complex of myths such as the assumptions that freedom of navigation through the Canal was the essential issue, that the road to India was the key to British foreign policy as well as to the history of the Mediterranean, that the Canal had been the cause of the occupation of Egypt in 1882 as well as of the maintenance of that occupation until 1956, that the year 1869 marked a turning-point in the history of all the lands and seas bordering upon the Canal and that contemporary history emerged between the Suez crisis of 1882 and the Suez crisis of 1956.[2]

The Canal Company had spent the whole of its long existence in coping with successive crises. Nationalization proved a therapeutic shock which spared the Company a decade of conflict with Egypt and galvanized it into a new phase of activity, as the Abadan crisis had

1. P.H. Frankel, Oil Supplies during the Suez Crisis. Journal of Industrial Economics, February 1958, 85-100.
2. G. Barraclough, An Introduction to Contemporary History. (London, Watts, 1964), 62.

transformed Anglo-Iranian. On July 26 1956 the Company formed at its Paris offices the Channel Tunnel Study Group with a 30% shareholding therein. "A Channel tunnel could mean as much to the Europe of tomorrow as the Suez Canal meant to the British Empire of yesterday".[1] The Company was reorganised on October 16 1957 as the Suez Finance Company, a French investment trust under French law as never before in its history, but was forbidden by Egypt to include the word 'Canal' in its title. The Canal remained under the control of the Suez Canal Authority, which made a sharp reduction in the wages of Canal pilots and first increased its toll in peacetime in 1964 after the opening of the first stage of the Aswan High Dam. It became the heir of the Western technology which the Suez Canal Company had bequeathed to Egypt and which Francois Charles-Roux overlooked in the pessimism of the immediate aftermath: "The only French survival in the isthmus is the cemeteries".[2]

1. Glasgow Herald, May 7 1957, 6ii, Through Line to Paris?
2. F. Charles-Roux, Ce qui disparait d'Egypte avec la Compagnie Universelle du Canal Maritime de Suez. Revue des travaux de l'Académie des Sciences Morales et Politiques, 1 Juillet 1957, 5.

SHIPPING TONNAGE OF THE SUEZ CANAL 1869-1955

Year	Suez Tonnage	Annual % Increase	British Tonnage	Annual % Increase	British % of Total Tonnage
1869	11,280				
1870	436,609	3770.65	289,234		66.25
1871	761,467	74.41	546,453		71.76
1872	1,160,744	52.44	1,059,926		73.65
1873	1,367,768	17.84	1,499,792	41.5	71.93
1874	1,631,650	19.29	1,797,495	19.8	74.16
1875	2,009,984	23.19	2,181,387	21.4	74.18
1876	2,096,772	4.32	2,343,523	7.44	76.28
1877	2,355,448	12.34	2,698,878	15.1	78.94
1878	2,269,678	- 3.64	2,630,285	- 2.52	79.91
1879	2,263,332	- 0.28	2,508,525	- 4.63	77.50
1880	3,057,422	35.08	3,446,431	37.4	79.33
1881	4,136,780	35.30	4,792,118	39	82.70
1882	5,074,809	22.68	4,126,253	21	81.31
1883	5,775,862	13.81	4,406,088	6.77	76.29
1884	5,871,501	1.66	4,466,930	1.38	76.08
1885	6,335,753	7.91	4,864,049	8.9	76.77
1886	5,767,656	- 8.97	4,436,688	- 8.79	76.92
1887	5,903,024	2.35	4,516,773	1.8	76.52
1888	6,640,834	12.50	5,223,255	15.65	78.65
1889	6,783,187	2.14	5,352,886	2.48	78.91
1890	6,890,094	1.58	5,331,095	- 0.46	77.37
1891	8,698,777	26.25	6,837,665	28.2	78.61
1892	7,712,029	-11.34	5,826,862	-14.9	75.56
1893	7,659,060	- 0.69	5,752,934	- 1.27	75.11
1894	8,039,175	4.96	5,996,796	4.24	74.60
1895	8,448,383	5.09	6,062,587	1.1	71.76
1896	8,560,284	1.32	5,817,769	- 4.4	67.96
1897	7,899,374	- 7.72	5,319,136	- 8.57	67.34
1898	9,238,603	16.95	6,297,743	18.4	68.17
1899	9,895,630	7.11	6,586,311	4.59	66.56
1900	9,738,152	- 1.59	5,605,421	-14.9	57.56
1901	10,823,840	11.15	6,252,819	11.53	57.77
1902	11,248,413	3.92	6,772,911	8.15	60.21
1903	11,907,288	5.86	7,403,553	9.3	62.18
1904	13,401,835	12.55	8,833,929	19.35	65.92
1905	13,134,105	- 2.00	8,356,940	- 5.4	63.63
1906	13,445,504	2.37	8,299,931	- 0.68	61.73
1907	14,728,434	9.54	9,495,868	14.4	64.47
1908	13,633,283	- 7.44	8,302,802	-12.6	60.90
1909	15,407,527	13.01	9,592,387	15.5	62.26
1910	16,581,898	7.62	10,423,610	8.66	62.86
1911	18,324,794	10.51	11,715,947	12.4	63.94
1912	20,275,120	10.64	12,847,621	9.65	63.37
1913	20,033,884	- 1.19	12,052,484	- 6.19	60.16
1914	19,409,495	- 3.12	12,910,278	7.11	66.52
1915	15,266,155	-21.35	11,656,038	- 9.7	76.35
1916	12,325,347	-19.26	9,788,190	-16.00	79.42
1917	8,368,918	-32.10	6,164,201	-37.00	73.66
1918	9,251,601	10.55	7,356,371	19.35	79.51
1919	16,013,802	73.09	11,355,067	54.3	70.91
1920	17,574,657	9.75	10,838,842	- 4.55	61.67
1921	18,118,999	3.10	11,397,019	5.15	62.90
1922	20,743,245	14.48	13,382,710	17.42	64.52
1923	22,730,162	9.58	14,264,214	6.6	62.76
1924	25,109,882	10.47	14,994,681	5.13	59.72
1925	26,761,935	6.58	16,016,439	6.81	59.85

Year	Suez Tonnage	Annual % Increase	British Tonnage	Annual % Increase	British % of Total Tonnage
1926	26,060,377	- 2,62	14,968,938	- 6.54	57.44
1927	28,962,048	11.13	16,534,445	10.47	57.09
1928	31,905,902	10.16	18,124,074	9.6	56.80
1929	33,466,014	4.89	19,114,282	5.45	57.12
1930	31,668,759	- 5.37	17,600,483	- 7.93	55.58
1931	30,027,966	- 5.18	16,624,352	- 5.54	55.36
1932	28,340,290	- 5.62	15,721,294	- 5.43	55.47
1933	30,676,672	8.24	16,733,484	6.4	54.55
1934	31,750,802	3.50	17,238,128	3.0	54.29
1935	32,810,968	3.34	15,734,818	- 8.72	47.96
1936	32,378,883	- 1.32	15,052,138	- 4.34	46.49
1937	36,491,332	12.70	17,254,182	14.63	47.28
1938	34,418,187	- 5.68	17,357,743	0.6	50.43
1939	29,573,394	-14.08	15,208,712	-12.4	51.43
1940	13,535,712	-54.23	7,449,913	-50.8	55.04
1941	8,262,841	-38.96	5,632,544	-24.4	68.17
1942	7,027,763	-14.95	4,578,441	-18.72	65.15
1943	11,273,802	60.42	6,711,511	46.5	59.53
1944	18,124,952	60.77	10,344,856	54.1	57.08
1945	25,064,966	38.29	15,149,927	46.5	60.44
1946	32,731,631	30.59	20,485,786	35.2	62.59
1947	36,576,581	11.75	17,276,262	-15.15	47.23
1948	55,081,056	50.59	20,726,246	20.0	37.63
1949	68,861,548	25.02	24,883,987	20.5	36.14
1950	81,795,523	18.78	26,557,386	6.72	32.47
1951	80,356,338	- 1.76	26,900,063	1.29	33.48
1952	86,137,037	7.19	28,496,661	5.93	33.08
1953	92,905,439	7.86	31,262,257	9.7	33.65
1954	102,493,851	10.32	32,909,191	5.26	32.11
1955	115,756,398	12.94	32,789,874	- 0.364	28.33

Source: Le Canal de Suez, 1870-1957.

NORTHBOUND AND SOUTHBOUND CARGO, 1906-1955

Year	Northbound Tonnage	Annual % Increase	Southbound Tonnage	Annual % Increase
1906	9,821,000		8,246,000	
1907	11,618,000	18.30	8,497,000	3.04
1908	10,314,000	-11.22	8,129,000	- 4.34
1909	11,935,000	15.72	7,986,000	- 1.76
1910	14,006,000	17.35	8,429,000	5.55
1911	15,052,000	7.47	9,496,000	12.63
1912	15,662,000	4.05	9,782,000	2.98
1913	14,455,000	- 7.71	11,320,000	15.7
1914	12,296,000	-14.94	9,039,000	-20.1
1915	9,774,000	-20.51	5,365,000	-40.6
1916	7,178,000	-26.56	3,415,000	-36.3
1917	5,436,000	-24.27	1,339,000	-10.8
1918	6,222,000	14.46	1,610,000	20.2
1919	10,211,000	64.11	3,762,000	134
1920	10,729,000	5.07	6,318,000	67.8
1921	10,933,000	1.90	6,576,000	4.08
1922	13,168,000	20.44	8,192,000	24.6
1923	15,073,000	14.47	7,704,000	- 5.96
1924	16,711,000	10.87	8,818,000	14.45
1925	17,777,000	6.38	8,801,000	- 0.193
1926	15,605,000	-12.22	9,804,000	11.4
1927	18,442,000	18.18	11,082,000	13
1928	20,659,000	12.02	11,963,000	7.96
1929	21,620,000	4.65	12,896,000	7.8
1930	19,077,000	-11.76	9,434,000	-26.9
1931	17,955,000	- 5.88	7,377,000	-22
1932	17,318,000	- 3.55	6,314,000	-14.4
1933	19,712,000	13.82	7,203,000	14.1
1934	20,464,000	3.81	7,984,000	10.8
1935	17,404,000	-14.95	8,924,000	11.8
1936	16,727,000	- 3.89	8,829,000	- 1.06
1937	22,619,000	35.22	10.157,000	15
1938	21,011,000	- 7.11	7,768,000	-23.6
1939	17,161,000	-18.32	7,517,000	- 3.23
1946	15,931,000		5,995,000	
1947	22,767,000	42.91	7,821,000	30.4
1948	39,653,000	74.17	9,716,000	24.2
1949	48,027,000	21.12	13,028,000	34
1950	60,468,000	25.90	12,141,000	- 6.8
1951	59,333,000	- 1.88	17,420,000	43.5
1952	61,447,000	3.56	22,001,000	26.28
1953	67,881,000	10.47	22,518,000	2.32
1954	74,511,000	9.77	22,370,000	- 0.66
1955	87,426,000	17.33	20,082,000	-10.24

Source: Le Canal de Suez, 1908-1956

SHARE OF CANAL CARGO IN WORLD TRADE, 1920-1965

Year	Canal Cargo Tonnage (million metric tons)	Volume of External World Trade (million metric tons)	Canal Share of World Trade
1913	25.775	348	7.4
1920	17,047	288	5.92
1921	17.509	285	6.14
1922	21.360	320	6.67
1923	22.777	327	6.95
1924	25.529	369	6.92
1925	26.578	397	6.68
1926	25.409	400	6.36
1927	29.524	442	6.68
1928	32.622	453	7.2
1929	34.516	470	7.35
1930	28.511	440	6.48
1931	25.332	380	6.67
1932	23.632	350	6.75
1933	26.915	360	7.48
1934	28.448	390	7.29
1935	26.328	410	6.42
1936	25.556	430	5.94
1937	32.776	490	6.69
1938	28.779	470	6.12
1947	30.588	450	6.80
1948	49.369	490	10.08
1949	61.055	510	11.97
1950	72.609	550	13.20
1951	76.753	640	11.99
1952	83.448	660	12.64
1953	90.399	690	13.10
1954	96.881	740	19.09
1955	107.508	840	12.80
1956	100.983	920	10.98
1957	81.323	960	11.7
1958	139.373	930	15.00
1959	148.254	990	15.00
1960	168.883	1100	15.33
1961	172.394	1170	14.73
1962	182.397	1260	14.5
1963	193.532	1360	14.2
1964	210.981	1520	13.97
1965	225.442		

Source: Le Canal de Suez (Documents Statistiques), 1956.

RECEIPTS AND DIVIDENDS OF THE CANAL COMPANY 1870-1955

Year	Annual Receipts fr	c	% Increase	Dividends fr	c	% Increase	Share of dividends in total receipts
1870	9,274,328	87					
1871	13,276,074	50	43.15				
1872	18,325,024	46	38.03				
1873	24,831,126		35.50				
1874	26,726,144	71	7.63				
1875	30,844,635	91	15.41	1,061,709	35		3.44
1876	31,174,694	35	1.07	2,002,913	51	88.65	6.43
1877	33,975,648	15	8.98	4,500,080	26	124.68	13.25
1878	32,496,335	33	- 4.35	3,627,109	76	- 19.40	11.16
1879	30,949,148	85	- 4.76	2,744,880	98	- 24.32	8.87
1880	41,820,899	96	35.13	12,330,142	07	349.20	29.48
1881	54,676,189	26	30.74	24,678,046	38	100.14	45.13
1882	63,409,593	44	15.97	31,674,313	22	28.35	49.95
1883	68,523,344	73	8.06	35,863,541	26	13.23	52.34
1884	65,408,294	56	- 4.55	35,071,850	93	- 2.21	53.62
1885	65,049,945	21	- 0.55	34,028,767	02	- 2.97	52.31
1886	59,022,626	28	- 9.27	28,358,166	14	- 16.67	48.05
1887	60,510,328	60	2.52	29,988,495	52	5.75	47.56
1888	67,705,348	16	11.89	36,271,477	11	20.95	53.57
1889	69,765,492	40	3.04	37,212,821	03	2.60	53.33
1890	70,460,910	30	1.00	38,133,384	13	2.47	54.12
1891	86,866,913	55	23.28	49,091,892	53	28.74	56.51
1892	77,809,780	77	-10.43	41,728,543	28	- 15.00	53.63
1893	76,579,992	02	- 1.58	40,615,536	74	- 2.67	53.04
1894	76,951,153	91	0.48	40,367,323	94	- 0.61	52.46
1895	80,702,787	35	4.88	41,969,014	08	3.97	52.00
1896	82,222,855	26	1.88	42,283,380	28	0.75	51.43
1897	75,607,029	40	- 8.05	40,913,802	81	- 3.24	54.11
1898	87,906,254	99	16.27	46,618,028	17	13.94	53.03
1899	94,317,505	30	7.29	51,538,028	16	10.55	54.64
1900	93,451,403	12	- 0.92	51,568,450	70	0.06	55.18
1901	103,121,726	38	10.35	61,330,704	22	18.93	59.47
1902	106,849,760	29	3.62	61,497,464	78	0.27	57.56
1903	106,875,865	95	0.02	64,565,633	80	4.99	60.41
1904	119,176,398	45	11.51	70,926,197	18	9.85	59.51
1905	117,308,196	82	- 1.57	71, 173,521	12	0.35	60.67
1906	111,989,122	98	- 4.54	71,377,464	78	0.29	63.74
1907	120,118,521	06	7.26	71,385,915	49	0.01	59.43
1908	111,490,959	54	- 7.18	71,451,830	98	0.09	64.09
1909	123,477,833	88	10.75	77,483,380	28	8.44	62.75
1910	133,704,212	09	8.28	82,427,042	25	6.38	61.65
1911	138,038,224	74	3.24	87,075,492	95	5.64	63.08
1912	139,922,639	23	1.37	87,292,957	74	0.25	62.39
1913	129,925,949		- 7.14	87,862,535	21	0.65	67.63
1914	125,121,237	54	- 3.70	61,456,338	02	- 29.83	49.28
1915	98,228,098	87	-21.49	61,567,887	33	- 0.14	62.68
1916	89,044,276	83	- 9.35	43,707,042	26	- 29.01	49.08
1917	72,019,026	97	-19.12	29,356,619	71	- 32.83	40.76
1918	92,969,910	09	29.09	49,920,503	38	70.05	53.70
1919	184,708,395	03	98.68	104,225,352	11	108.78	56.43
1920	267,460,679	06	44.80	143,601,971	83	37.84	53.71
1921	260,135,996	61	- 2.74	149,261,971	83	3.90	57.38
1922	305,455,608	72	17.42	192,641,126	76	29.06	63.07
1923	419,250,419	65	37.25	264,061,971	83	37.07	62.98
1924	508,584,356	42	21.31	354,573,521	12	34.28	69.72
1925	608,677,855	31	19.68	464,770,704	22	31.08	76.36
1926	746,547,805	80	22.65	598,892,394	36	28.86	80.22
1927	784,595,099	54	5.10	636,642,253	52	6.30	81.14

Year	Annual Receipts	% Increase	Dividends	% Increase	Share of dividends in total receipts
	fr c		fr c		
1928	1,167,112,088 03	48.75	712,192,676 05	11.87	61.02
1929	1,189,958,441 03	1.96	737,478,309 86	3.55	61.98
1930	1,098,547,518 64	- 7.68	718,309,859 15	- 2.60	65.39
1931	979,877,486 54	-10.80	612,326,760 56	-14.75	62.49
1932	834,158,270 93	-14.87	505,284,507 04	-17.48	60.57
1933	886,983,266 76	6.33	522,185,915 49	3.34	58.87
1934	895,130,847 47	0.92	522,185,915 49		58.34
1935	927,746,902 82	3.64	552,878,873 23	5.88	59.59
1936	986,213,234 43	6.30	625,791,549 29	13.19	63.45
1937	1,448,484,829 90	46.87	852,236,619 71	36.19	58.84
1938	1,784,278,090 60	23.18	914,861,971 83	7.35	51.27
1940	713,813,965				
1941	627,120,908	-12.2			
1942	640,312,917	2.1			
1943	922,791,162 30	44.00			
1944	1,477,980,393 47	60.03			
1945	2,687,510,074 65	82.00			
1946	6,253,785,799 02		4,394,366,197 18		70.27
1947	6,754,467,862 27	8.01	3,605,633,802 80	-17.95	53.38
1948	19,935,442,100 93	195.14	7,887,323,943 65	118.75	39.56
1949	25,936,945,898 22	30.10	8,450,704,225 35	7.14	32.58
1950	28,020,286,230	8.03	9,859,154,930	16.67	35.18
1951	27,633,623,806	- 1.38	10,140,845,070	2.86	36.70
1952	28,379,481,562	2.70	10,140,845,070		35.73
1953	30,853,530,514	8.72	10,422,535,211	2.78	33.78
1954	32,455,700,791	5.19	10,422,535,211		32.11
1955	34,538,854,701	6.42	10,704,225,352	2.70	30.99

Source: Le Canal de Suez, 1870-1957

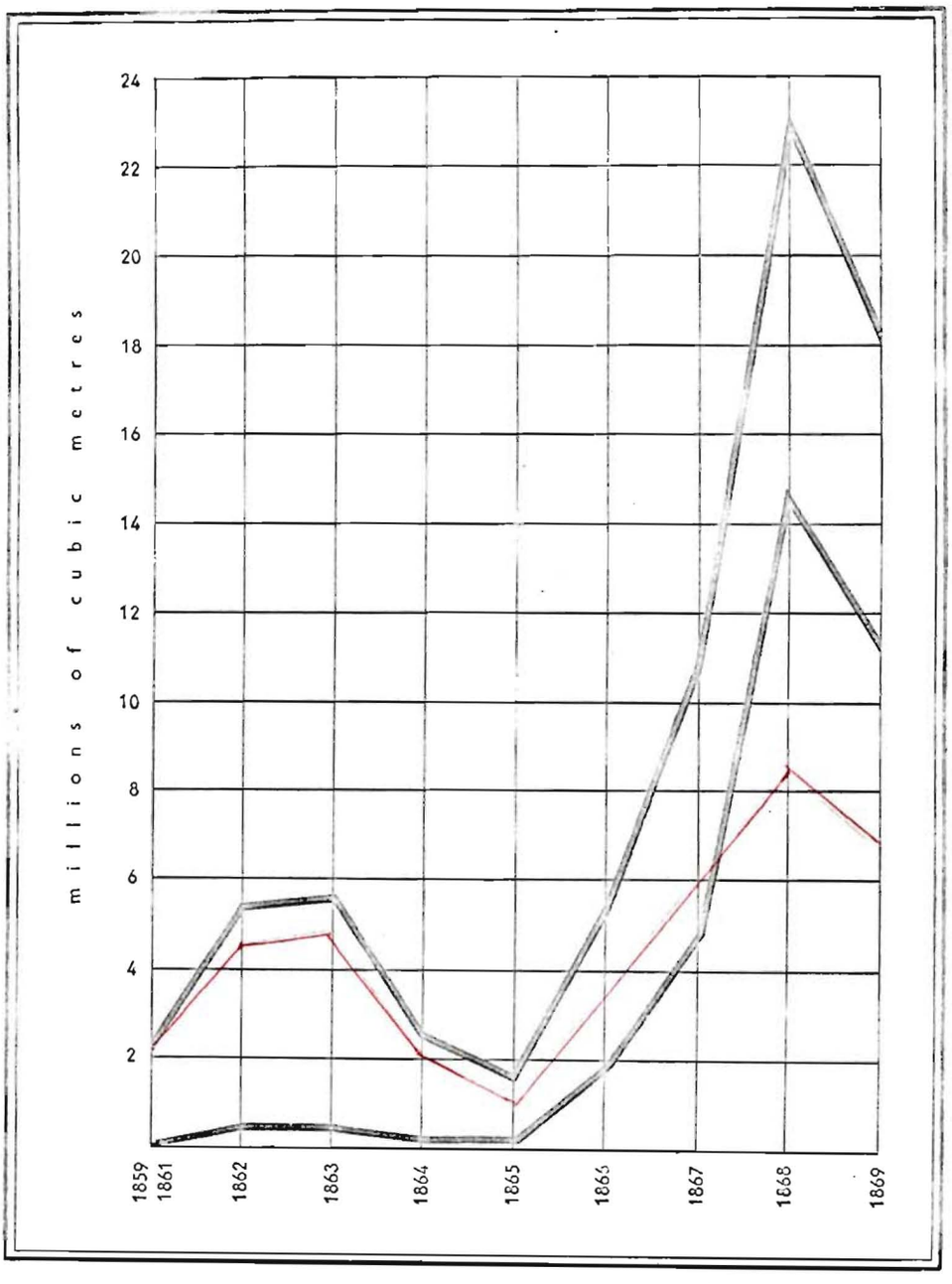
DIVIDENDS PAID TO THE BRITISH GOVERNMENT, 1895-1960

Year ending 31 March	Annual Dividend	Market Value of Government's Shares on 31 March	Annual % Increase in Market Value
	£	£	
Half year ending 1 Jan 1895	279,011. 8. 5	23,892,955	
1896	673,417.19. 3	22,627,000	- 5.30
1897	694,075. 8. 6	22,299,000	- 1.45
1898	698,684. 0. 8	24,435,000	9.58
1899	678,856. 9. 8	26,451,000	8.25
1900	801,818. 2. 4	24,312,000	- 8.09
1901	814,760.17. 4	25,806,000	6.15
1902	847,570. 9. 7	27,935,000	8.25
1903	933,778. 1. 4	26,485,000	- 5.19
1904	936,151. 0. 0	28,910,000	9.16
1905	990,198.17. 1	30,857,000	6.73
1906	1,053,323. 2. 3	31,080,000	0.72
1907	1,054,027.17. 1	31,796,000	2.30
1908	1,127,821. 7. 4	31,055,000	- 2.33
1909	1,058,374. 0. 2	32,607,000	5.19
1910	1,056,207. 5. 5	35,295,000	8.04
1911	1,129,200. 0. 0	37,608,000	6.55
1912	1,187,934. 9. 4	44,046,000	17.12
1913	1,318,685.11. 6	39,015,000	-11.42
1914	1,246,370. 8. 0	34,929,000	-10.47
1915	1,154,275.17. 5	29,993,000	-14.13
1916	858,151.16. 8	24,858,000	-17.12
1917	773,486. 7. 1	27,464,000	10.48
1918	524,318.11.11	29,628,000	7.88
1919	617,214. 6. 8	32,818,000	10.77
1920	682,497. 8. 7	23,192,000	-29.33
1921	798,566. 9. 0	19,364,000	-16.51
1922	1,094,303. 8.10	19,740,125	1.94
1923	919,753.10. 4	19,206,335	- 2.70
1924	878,202.11. 7	22,416,737	16.72
1925	1,090,263.10. 9	35,022,750	56.23
1926	1,115,161. 2. 8	32,121,885	- 8.28
1927	1,099,750.14.11	36,194,585	12.68
1928	1,546,272. 5. 3	51,343,115	41.85
1929	1,696,932. 8. 2	72,258,844	40.74
1930	1,834,139.10.10	54,574,331	-24.47
1931	1,870,696.12. 2	42,690,310	-21.78
1932	2,238,879. 4.11	52,947,640	24.03
1933	2,254,979.12. 9	65,588,792	23.87
1934	2,078,590. 4. 8	88,694,717	35,23
1935	2,394,827.17. 5	93,199,777	5.08
1936	2,449,072.15.10	88,345,135	- 5.20
1937	2,248,436.10.11	78,622,059	-11.01
1938	1,975,657.11. 0	46,396,999	-40.99
1939	1,699,269. 6. 1	27,683,263	-40.33
1940	1,410,957.16. 8	32,035,239	15.72
1941		32,035,239	
1942	606,605.15. 9	32,035,239	
1943	Nil	32,035,239	
1944	Nil	32,035,239	
1945	Nil	32,035,239	
1946	Nil	44,250,000	38.13
1.1.41 to 1.1.47	755,729.15. 2	31,855,000	-28.01
1948	4,683,003.16. 5	24,592,310	-22.80
1949	1,580,080.15.11	27,988,440	13.81

Year ending 31 March	Annual Dividend	Market Value of Government's Shares	Annual % Increase in Market Value
1950	2,453,404. 7. 0	43,683,420	56.08
1951	2,650,688. 0. 0	24,585,808	-43.72
1952	2,875,799. 0. 0	32,627,954	32.71
1953	2,861,495. 0. 0	26,986,068	-17.29
1954	2,852,796. 0. 0	27,301,130	1.17
1955	2,925,414 0. 0	36,542,450	33.85
1956	2,916,500. 0. 0	29,285,478	-19.86
1957	2,145,336. 0. 0	15,023,764	-48.70
1958	196,199. 0. 0	13,608,499	- 9.42
1959	728,571. 0. 0	14,730,772	8.25
1960	3,662,623. 0. 0	15,342,579	4.15
1961	1,802,707. 0. 0		

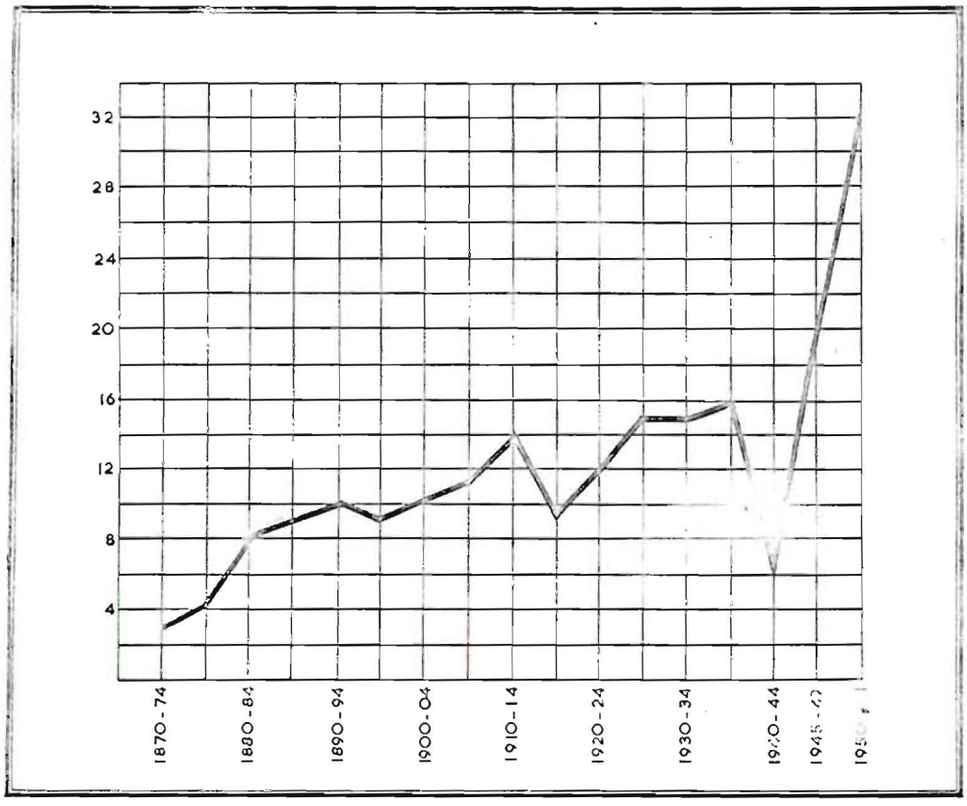
Source: Finance Accounts of the United Kingdom, 1895-1962.

ANNUAL VOLUME OF EXCAVATION AND DREDGING
DURING THE DIGGING OF THE CANAL

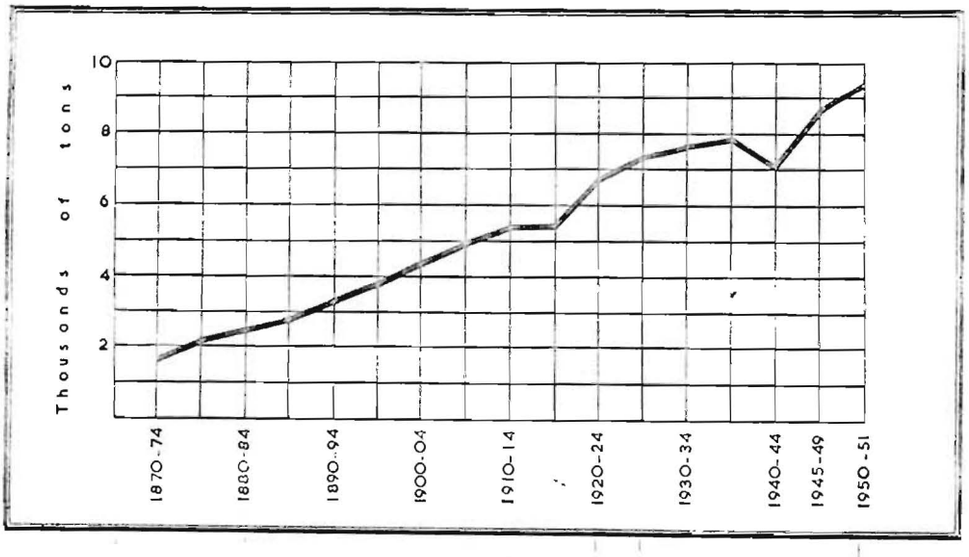


SUEZ CANAL TRAFFIC IN QUINQUENNIAL PERIODS

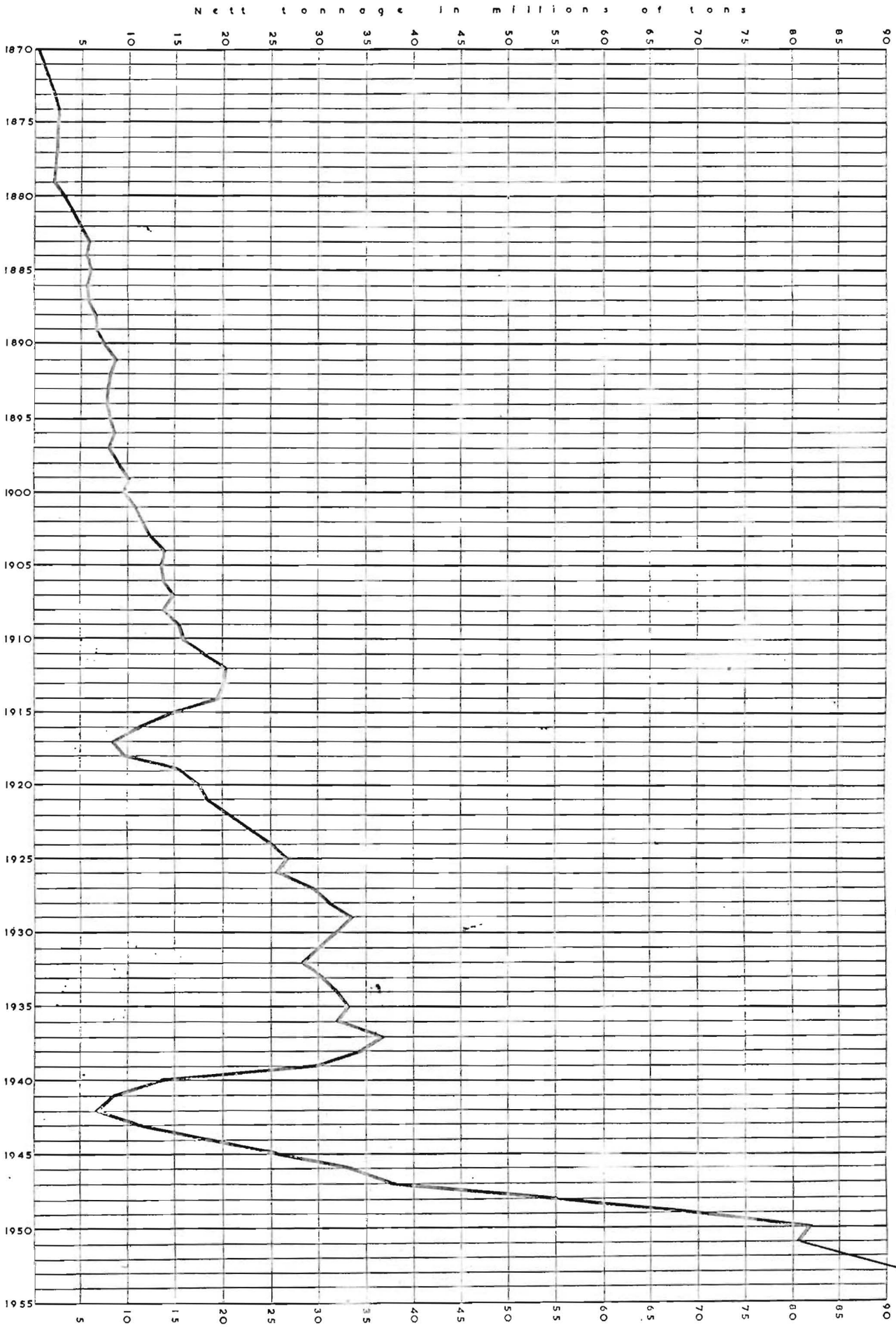
Daily number of ships



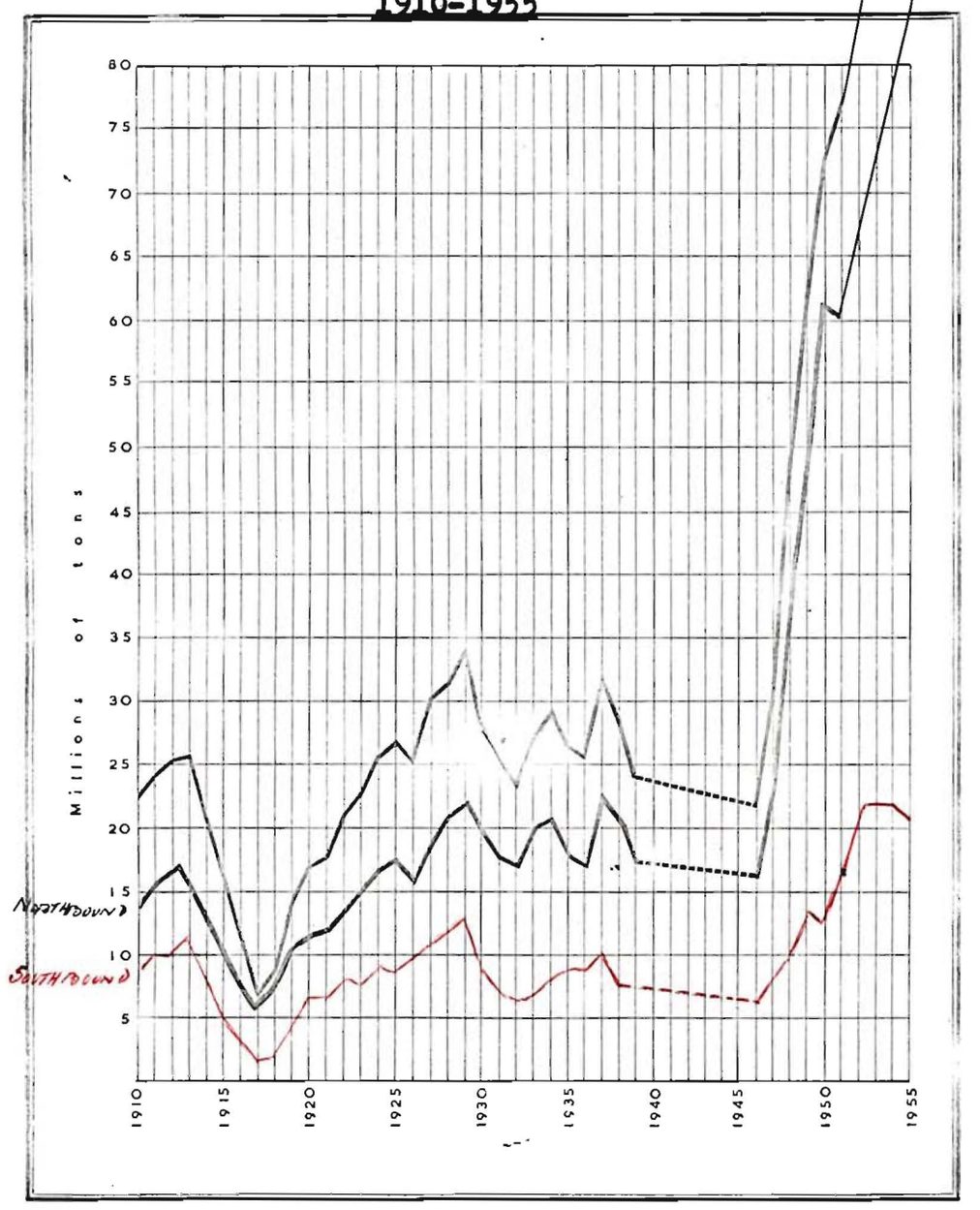
Average gross tonnage



SUEZ CANAL SHIPPING TONNAGE, 1870-1955



NORTHBOUND AND SOUTHBOUND GOODS TRAFFIC 1910-1955



Southbound
Northbound
Total

MEDITERRANEAN SEA

PORT SAID

BAY OF TINEH or PELUSIUM

El Gels El Makrisch

Mt CASSIUS

SERBONIAN LAKE

SABAKAT BARDOWAL

Ras el Esh

Lake Menzaleh

SUEZ CANAL

Spur of Tell Farag (the Tanitic Mouth)

Plain of Tineh or Pelusium

Tineh or Pelusiac Mouth

Tel el Farama

Tel el Nir

Bir el Abd

Drift-sand

Telegraph

Bir el Mazar

Katia

Bir el Duweidar

Bir el Nuss

Kantara

Drift-sand EL-JIFAR

Bir Lagama

Bir Mahadat

Djebel Magara

Drift-sand

Ismailia

El Gisr

Djebel Um Mergam

Bir Hamma

Katayib el Kheil

Tussum

Bir Rod Salem

Serapeum

Bir Habeita

Drift-sand

Er Rigm

TURKISH MAIN ADVANCE

Bir Gifgaffa

Drift-sand

Djebel Velleg

GREAT BITTER LAKE

Last Camel & Water Pool

Djebel Um Muksheib

Moia Harab

Shebrewet Mt

Djebel Geneffa

LITTLE BITTER LAKE

Shaluf

Shaluf el Terraba

Drift-sand

Caravan Route to Mecca

Kubri

Wilderness of Et-Tih

Telegraph Line

SUEZ

Bir Nabeiuk

Djebel Raha

Ain Sudr

SINAI PENINSULA

GULF OF SUEZ

Reference

Turkish Main Advance

Turkish advance on Kantara

Turkish advance on Nakhl-Suez

Engagements Chief Wells Roads

Scale of Miles. 0 5 10 20 30

340

MAP TO ILLUSTRATE

SEA

PALESTINE

RAFA

Beersheba TURKISH BASE.

El Arish

Khalassa

Ruheiba

Bir Lahfan

Bir el Magdhaba

El Audja

Bir AbuAweigila

Bir Ruafa

TURKISH MAIN ADVANCE

Djebel Hellal

Ain Muweilleh

Kossaima

The Negeb

SYRIA

open plain

Bir Hassana

Maysin

Ruisat el Hudor

Telephone Line

Kuntilla

NAKHL

Telephone

DARB EL HAJ or PILGRIMS ROAD

Themed

Karakra

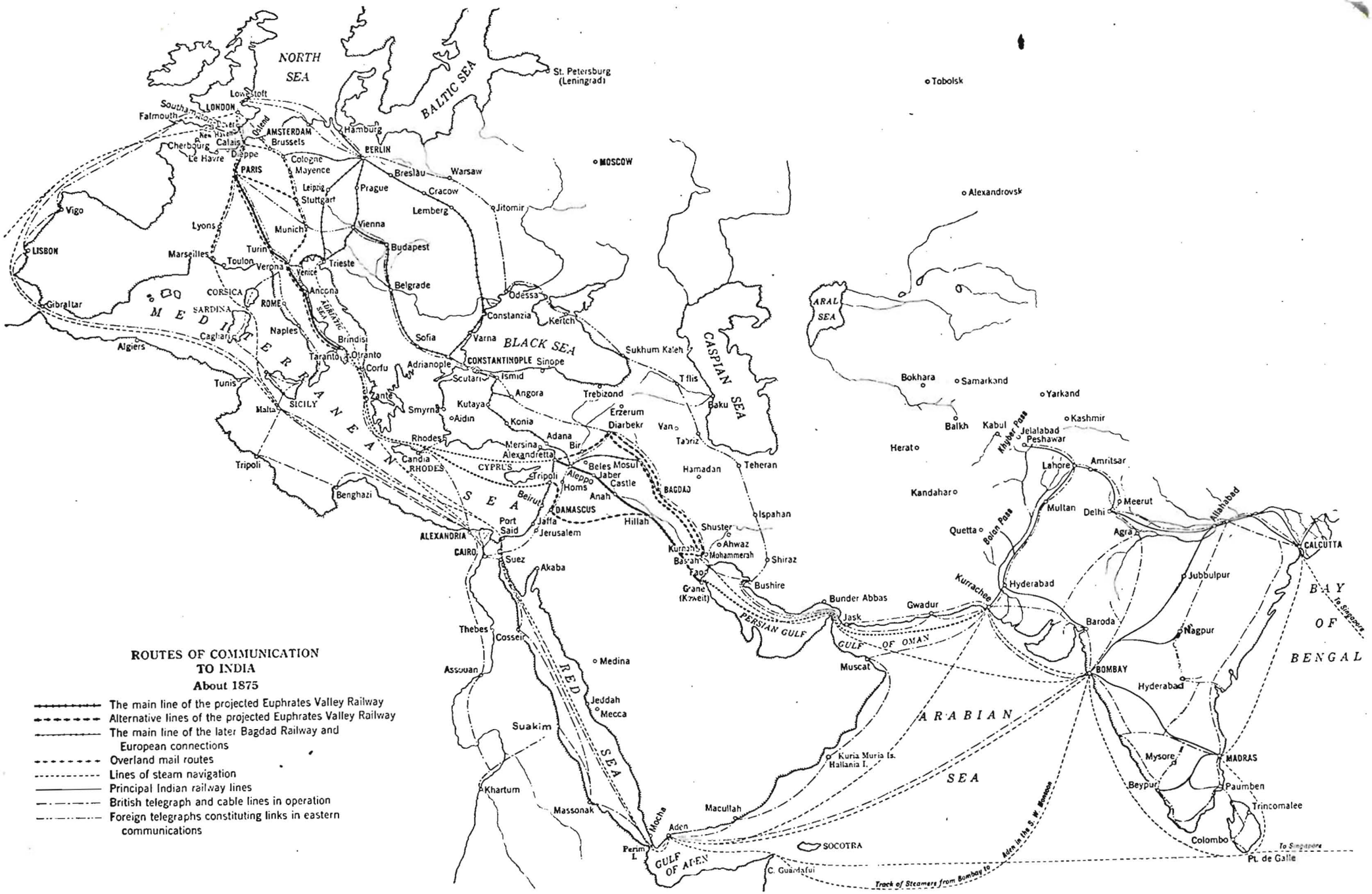
Fort Akaba

GULF OF AKABA

780

THE TURKISH ADVANCE.

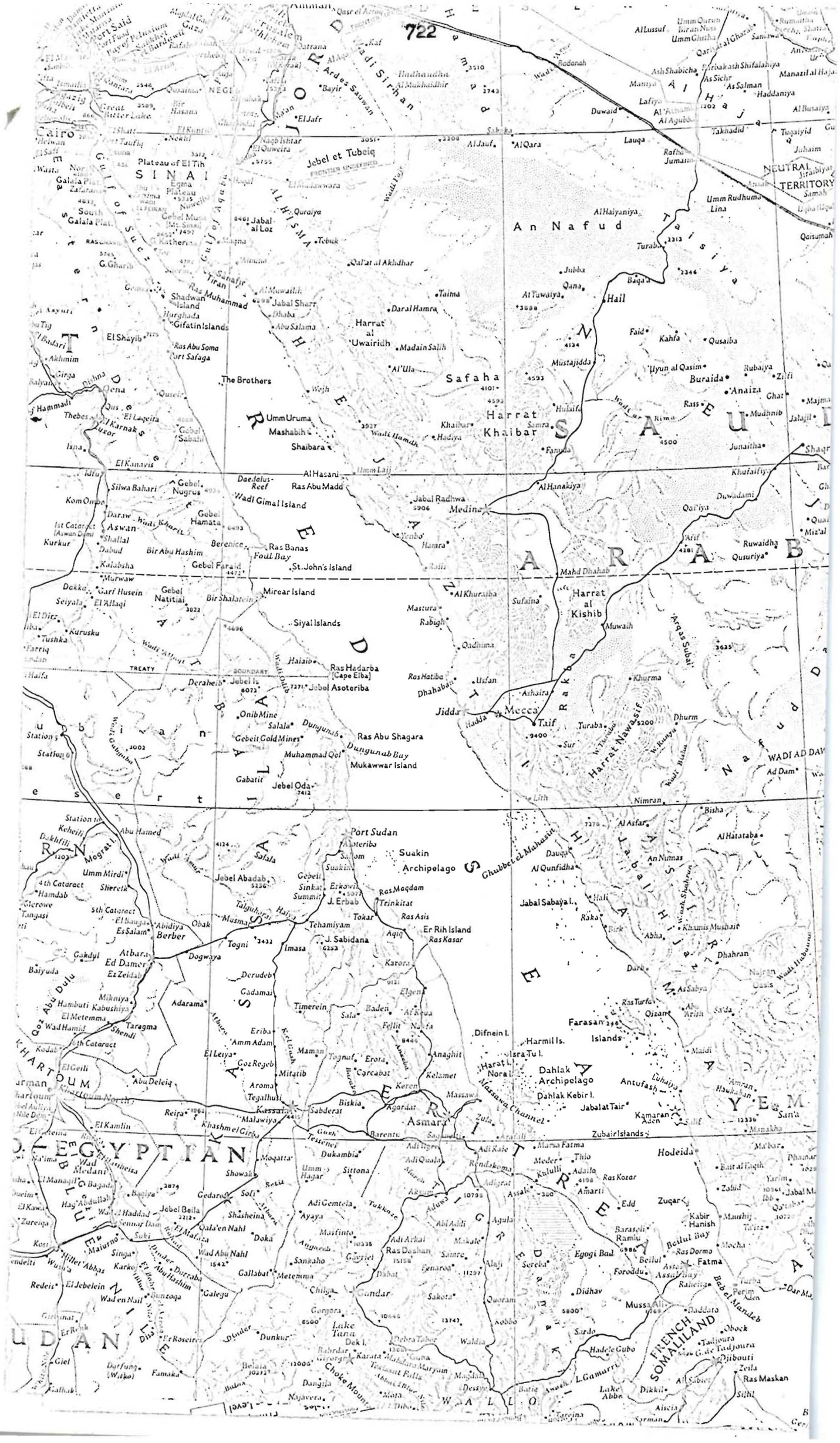
341



ROUTES OF COMMUNICATION TO INDIA

About 1875

- The main line of the projected Euphrates Valley Railway
- Alternative lines of the projected Euphrates Valley Railway
- The main line of the later Bagdad Railway and European connections
- Overland mail routes
- Lines of steam navigation
- Principal Indian railway lines
- British telegraph and cable lines in operation
- Foreign telegraphs constituting links in eastern communications


722
Cairo
Port Said
Suez
Gulf of Suez
Gulf of Aqaba
SINAI
Plateau of El Tih
Jebel et Tubeiq
Jabal al Loz
Qal'at al Akhdhar
Shadwan Island
Gifatin Islands
The Brothers
Ras Abu Soma
Port Safaga
El Shayib
Ras Muhammad
Sanafir
Tiran
Tiran Island
Jabal Sharr
Dhaba
Abu Salama
Harrat al Uwairidh
Madain Salih
Al 'Ula
Taima
Daral Hamra
Safaha
Harrat Khaibar
Khaibar
Hadiya
Wadi Hamdh
Umm Uruma
Mashabih
Shaibara
Wejh
Thebes
Luxor
Karnak
Isna
El Kanayis
Qena
Dendera
Abydos
Girga
Akhmim
Gebel Sohag
Gebel Nugrus
Silwa Bahari
Kom Ombo
Aswan
1st Cataract (Aswan Dam)
Shallal
Kurkur
Daraw
Wadi Kharit
Gebel Hamata
Bir Abu Hashim
Berenice
Ras Banas
Foul Bay
St. John's Island
Gebel Farasid
Kalabsha
Murwaw
Dakka
Garf Husein
Seiyala
El 'Allaqi
Gebel Natitiai
Mircar Island
Bir Shalatein
Siyal Islands
Kurusku
Tushka
Farriq
Wadi Allaqi
Wadi Qitan
Halaib
Ras Hadarba (Cape Elba)
TREATY BOUNDARY
Derabeib
Jebel Is.
Jebel Asoteriba
Onib Mine
Salala
Dungunab
Gebeit Gold Mines
Ras Abu Shagara
Dungunab Bay
Muhammad Qol
Mukawwar Island
Gabatit
Jebel Oda
Nubian Desert
Station 5
Station 6
Wadi Gabgaba
Keheili
Dakhfili
Abu Hamed
Mograt I.
Umm Mirdi
4th Cataract
Hamdab
Shereik
5th Cataract
Sierowe
Tangasi
El Bauga
Es Salam
Abidiya
Berber
Obak
Atbara
Ed Damer
Ez Zeidab
Gakdyl
Baiyuda
Goz Abu Dulu
Mikniya
Kabushiya
Hambuti
El Metemma
Wad Hamid
Shendi
Taragma
Abu Deleiq
El Gerli
KHARTOUM
Khartoum North
Omdurman
El Kamlin
Reira
Khashm el Girba
Kassala
Malawiya
Aroma
Tegalhusi
Mitatib
Goz Regeb
El Leiya
Amm Adam
Eriba
Gash
Atbara
Adarama
Derudeb
Gadamai
Timerein
Sala
Baden
Al Kova
Fellit
Nakfa
Anaghit
Tegnuf
Erora
Carcabat
Kelamet
Keren
Biskia
Sabderat
Agordat
Asmara
Massawa
Zula
Arafali
Barentu
Gash
Tesenei
Dukambia
Mogattar
Showak
Sofi
Gedaref
Bagara
Hag Abdullah
Wad el Haddad
Jebel Beila
Qala'en Nahl
Doka
Wad Abu Nahl
Shasheina
Ayaya
Adi Gemtela
Tukkuse
Adi Qualo
Sittona
Umm Hagar
Adi Ugri
Adi Kaie
Rendakoma
Adigrat
Assale
Marsa Fatma
Meder
Thio
Kalulli
Adailo
Ras Kozar
Amarti
Edd
Zuqar
Hodeida
Zubair Islands
Mocha
Beilul Bay
Ras Dorma
Fatma
Foroddu
Assab Bay
Raheita
Bab el Mandeb
Perim
Aden
Dar Ma
Didhav
Musa Alli
Daddato
Obock
Tadjoura
Djibouti
Zeila
Ras Maskan
Sihl
Dikkil
Lake Abbe
Hadele Gubo
Sardo
Aobbo
Quoram
Sakota
Gondar
Lake Tana
Dek I.
Debra Tabor
Waldia
Gangara
Dunkur
Dinder
Er Roseires
Giel
Darfung (Wako)
Famaka
Belaia
Choke Mountains
Najavera
Motta
Dangila
Bahardar
Gorgora
Karata
Tankwa Falls
Abbai (Blue Nile)
Magdala
Dessye
Tarcuina
Batie
Awash
L. Gamarri
WALLO
Jebel Abadab
Port Sudan
Aloteriba
Salom
Suakin
Suakin Archipelago
Ghubbet el Mahasin
Gebeit
Sinkat
Erkowit
Summit
J. Erbab
Ras Maqdam
Trinkitat
Tokar
Ras Asis
Er Rih Island
Ras Kasar
Tehamiyam
Musmar
Aqiq
J. Sabidana
Imasa
Togni
Dogwaya
Karora
Elgeni
Difnein I.
Harmil Is.
Farasan Islands
Isra Tu I.
Harat I.
Nora I.
Dahlak Archipelago
Dahlak Kebir I.
Jabalat Tair
Massawa Channel
Antufash
Luhaiya
Kamaran
Aden
Zubair Islands
Jabal Sabaya I.
Rasa
Birk
Abha
Khamis Mushait
Dhahran
Najran
Wadi Habbuna
Oasis
As Sabya
Ras Turfa
Qizan
Abu Arish
Sa'da
Haukaban
Amran
Sana'a
Manakha
Maidi
Ras Kasar
Hali
Wadi Shahran
Al Asfar
Al Hatataba
Bisha
Dauqa
An Numas
Al Qunfidha
Nimran
Lith
Ad Dam
WADI AD DAWASIR
Nafud
Harrat Nawasif
W. Turaiba
W. Banya
Wadi Bisha
Khurma
Asharia
Ras Hatiba
Dhahaban
Usfan
Jidda
Hadda
Mecca
T.aif
Turaba
Sur
Dhurm
Rakaba
Arqas Subai
Harrat al Kishib
Sufaina
Muwaih
Mastura
Rabigh
Qadhima
Al Khuraiba
Mahd Dhahab
Medina
Jabal Radhwa
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Al Hasani
Umm Lajj
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Khufaifiya
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Qusuriya
Ruwaidha
Mizʻal
Junaitha
Shaqra
Mudhnib
Jalajil
Rass
Rima
Samra
Faraida
Hulaifa
Wadi Ar
Faid
Kahfa
Qusaiba
Mustajidda
'Uyun al Qasim
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Ash Shabicha
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Umm Ghutha
Umm Qurun
Iiran Nuss
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Al Mukhaddhir
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Qizan
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Adarama
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Gadamai
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Nakfa
Anaghit
Tegnuf
Erora
Carcabat
Kelamet
Keren
Biskia
Sabderat
Agordat
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Massawa
Zula
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Dukambia
Mogattar
Showak
Sofi
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Adigrat
Assale
Marsa Fatma
Meder
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Tarcuina
Batie
Awash
L. Gamarri
WALLO

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