

**Interpreting Pre-canal Planning and
British Financial Involvement in Works Published
Before and After the Suez Crisis.**

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The Suez Canal is the most important piece of engineering for the British Empire that the British did not build. Most historical accounts revolve around the Suez crisis and the end of British Imperialism. Few attempt to explain the tumultuous time in British politics the days before the Suez opened, the French debt and the English buy up of Egyptian shares. What do historians reveal about this process, who were the most important players and just how important were they. The answers to those questions depend strongly on the time the text were written, as well as the broader theme of an author's research. Here, an attempt is made to show that the interpretation of British involvement in pre-canal planning and financing changes drastically in works published after the Suez Crisis.

Zachary Karabell's book *Parting the Desert: The Creation of the Suez Canal* is the most recent scholarship dealing with the genesis of the canal and the ensuing international strife. Karabell believes that the canal is one of the most important cogs in the British's imperial machine. He writes that much more was at stake at the beginning of canal construction than simply a shorter route to the East. During the ten years of construction on the canal British economic might tripled, "from just over 80 million pounds to more than 240 million pounds a year."ⁱ

The British economy was booming in spite of the tortuous route around the African Cape. Was there any reason to take the risk of financing a construction project in the desert of Egypt? Not according to Lord Palmerston. Karabell labels Palmerston an "unrepentant Whig" for his conservative leanings as foreign minister. Lord Stratford Canning de Redcliffe operating in Constantinople had no desire for any trade route that

did not go through his jurisdiction. “Palmerston,” writes Karabell, “concluded that ‘It would be a suicidal act on the part of England to assent to the construction of this canal.’”ⁱⁱ

Two jaunts as Prime minister and frequent tense meetings with Ferdinand de Lesseps did not soften Palmerston’s opposition to either Lesseps or his canal. Lesseps stayed in England from April to late summer 1857 desperately scratching for English financial backing for his canal. “He appeared at dozens of public meetings, and hundreds of thousands of people either met him, heard him, or read about him.”ⁱⁱⁱ What kind of effect did Lesseps relentless public relations campaign have? Enough to start some dissention from Palmerston’s idea of the canal as a “suicidal act.”

Karabell accounts how once the British popular opinion began to shift in favor of the canal, prominent voices began to separate themselves from Palmerston. One of the most powerful voices of the new endorsement came from a man named Gladstone. The chambers council meeting in Newcastle-Upon-Tyre agreed with Gladstone as they “voted in favor of the Suez Canal and declared “it would be the most advantageous to the world...If the present long and tedious route for shipping between Europe and India could be superceded.”^{iv}

Not everyone was sold on just how advantageous the endeavor was. Even after one final early July meeting with Lesseps, Gladstone still referred to the whole idea as “one of those bubble schemes.” The issue remained a contentious issue within Parliament for several meetings.

The events that led up to Britain’s eventual buy in to the Suez Canal received a bit more study from William Longood in 1957. Longood ignores most of Lesseps; meetings in 1857, and instead focuses on the actual purchasing of shares. He also cares less for

mentioning individuals such as Palmerston and Redcliffe, than exposing the high-handedness of one Benjamin Disraeli. “After a fortnight of the most increasing labour and anxiety,” Longood quotes one of Disraeli’s letters, “I (for between ourselves, and ourselves only, I may be egotistical in this matter) – I have purchased for England the Khedive of Egypt’s interest in the Suez Canal.”^v

Longood writes how far from the meetings with Lesseps, Disraeli was meeting with cabinet members, gaining allies, and making bargains. Immediately following his cabinet’s decision, and before putting the issue before Parliament, Disraeli sent an assistant to the bank of Lionel Rothschild with a request for a four million pound loan. When Rothschild asked what Disraeli had in way of collateral, the reply was “The British Government.”

The loan was approved and Disraeli was chastised on the floor in Parliament, but only mildly according to Longood. Disraeli was very proud of himself and what he had done for England, and Lesseps was absolutely thrilled. Longood recounts Lesseps relief upon hearing the news. “The powerful solidarity which has now been established between the French and British capital invested,” Lesseps says of the deal, “Will ensure that this international canal will be run on purely businesslike and peaceful lines.”^{vi}

The British government purchased 176,602 shares of this peaceful businesslike industry. The shares totaled 44% of the entire stock of the company and cost 3,976,582 pounds. The Bond issues were set to avoid a French financial crisis in 1870. The bond terms ended in 1872, the same year the canal first showed a profit.

Longood’s book was published the year following the Suez Crisis. By avoiding the cold reception that Lesseps received in London, he effectively showed that Britain

was interested in the canal from the onset. Disraeli, by Longood's account purchases the canal shares Parliament be damned. Disraeli cast the die, and the government just had to catch up.

What was the point of this type of interpretation of the events in the late 1860s early 1870s? Was Longood trying to show that Britain was more favorable to the canal than previously thought, or just to show how badly the Khedive of Egypt handled finances? In either case, Longood's research and emphasis on this partnership, reinforces British interest within the Canal Zone during the Suez crisis. The work also provides another picture on the ineffective stewardship of Egyptian leaders. Couple these interpretations with the date of copyright and it is not a stretch to believe Longood was attempting to justify many aspects of the Suez Crisis, by revealing historical legacy of rightness.

Another canal scholar, Arnold T. Wilson wrote *The Suez Canal* twenty years after Longood's justification of the crisis was released. While Arnold's work mentions some of Lesseps' problems in London, his work reinforces some of Longood's standing implications. "Lesseps," Arnold says, "sent a letter to Lord Granville, which was received 'very coldly.'"^{vii} Arnold also mentions that even when Lesseps came to London to discuss the terms of the deal Lord Granville with backing from Lord Gladstone refused to even see him.

Arnold also mentions the involvement of the Rothschilds and their profit margin for the Canal Loan. Rothschild received a 2-½ % commission plus 5% interest until date of repayment for the loan to the British Government of 4 million pounds. Arnold's focus

here indicated that Britain had strong financial roots in the canal and carried justification of involvement in the Suez Crisis.

Arnold also insists that the Khedive, while in a dire financial predicament, was not blind to the implications of the sale. “This is the best investment financially and politically ever made even by your government,” says the Khedive to the British, “but a very bad one for us.” Another overshadowing echo to the Khedive’s words came from Mr. Sheldon Amos in 1876. “It is,” he wrote, “the duty and interest of England to treat the question of profits as one of no concern whatever if a conflict arises.”^{viii} Luckily for the British there was ninety years before a conflict arose.

Arnold specifically states that it was “unquestionably to prevent acquisition by France that Disraeli was so quick to make the purchase.”^{ix} Implicitly, however Arnold’s interpretations mirror that of Longood’s. The British obviously wanted a canal and control of that canal for quite awhile, and it was only Disraeli’s quick thinking (and power) in addition to the Khedives horrible finances that led to them getting their fair share in 1875. Here again is evidence that works on the history of the canal written after 1956 were attempting to legitimize British “aggression” in the Suez.

Another work published between Longood and Arnold attempts to uncover even more entriquer and governmental involvement in purchasing, or stopping the purchase of, the canal shares. Hugh J. Schonfield released *The Suez Canal in Peace and War* in 1969. In it, Schonfield mentions some of the same Disraeli letters to his friend Lady Bradford. Absent are Disraeli’s egotistical accounts of having single-handedly bought the Suez Canal for Britain. What are present in these letters are numerous references to other politicians’, Disraeli allies and enemies, involvement in the ordeal. Disraeli writes to

Lady Bradford that he must act fast because there were “secret emissaries in every corner.”^x Whether these emissaries were trying to prevent Disraeli’s purchase in order to prevent involvement with the canal, or to just prevent Disraeli’s success Schonfield never says.

Interestingly, Schonfield discredits all of Disraeli’s reports to his lady friends as “extravagant and inaccurate reports” capping the discussion with a declaration from Lord Derby: “there was no deep-laid scheme in the matter.”^{xi} What then of the matter between France and England? Arnold hints at another scheme not mentioned in Disraeli’s letters, or Derby’s declarations. The French, he says were balanced on the precipice of financial failure, and with the canal turning a profit after 1872, Britain theoretically could have purchased French shares.

France still held majority shares in the canal, but had they needed a bailout from England, the French government would have repeated the Khedives lament. Schonfield reveals, “The canal would have come under the domination of a single Great Power, the very thing of which the British government itself had formerly been afraid.”^{xii} Why present this hypothetical situation at all, especially since according to Derby there was no kind of grand scheme? Schonfield is again showing the while the British could have controlled the entire Canal Zone from the outset, the government showed restraint and allowed the industry to work internationally as Lesseps had envisioned. Schonfield absolves England from any kind of greed, indicating that they only stepped in to take control of Egyptian shares when there was no other option, and then ran the canal as strictly a business endeavor.

How could England be protector and benefactor at the same time? Schonfield adds to the schizophrenic study of Britain's acquisition of a near majority of shares in the Suez Canal Company. Attempting to, at once, relieve Britain of any blame for the present (1969) state of Egypt and the Suez and justify the action that had been threatened during the Suez Crisis. At best, Schonfield's is an unstable history of an unstable alliance in an unstable land.

H. Th. De Booy wrote an article for *Public Affairs* in 1937. *Life Lines of the Empire* was a holistic approach to survey all-important geographic fixtures that were essential to the success of the welfare of the British Empire. De Booy focuses on the canal only briefly, but his study reveals that there were warning signs that the Crown, and the world's interest in the Canal was a contentious issue. By 1930s British control was waning in the Mediterranean and the empire was already looking to take care of other, less jointly controlled trade routes. De Booy writes: "Although there is no question of abdicating the British position in the Mediterranean, which on the contrary it is intended to make more secure than ever, in spite of the fact that Italy, established in Abyssinia, can already threaten the Suez Canal, it is certainly a fact that Great Britain is preparing at the same time to maintain the security of the Cape route, which would have to be used if traffic through the Mediterranean were ever to become impossible."^{xiii} What is interesting to note here is that the British were already preparing to shift their economic focus from sea to air, effectively leaving the Mediterranean region by this time, according to De Booy. De Booy writes how Mediterranean airspace was becoming more and more prominent for British trade throughout the 1930s. They also were aware that trouble was

in store for the canal and Egypt. However, the threat that they saw was from Italy, as they attempted to set themselves up in what was then Abyssinia.

In fact, De Booy claims that for England in the 1930s Palestine was as important to the Crown for control of a Mediterranean air route as Egypt was for the control of the Suez Canal. He laments that this position was receiving the same cold reception that Lesseps' canal had in parliament. "It took a long time for England to reconsider its position in the world. In recent years the Conservatives, who dominate the Government, have been attempting to adapt themselves to emergencies rather than to execute any special theory or policy."^{xiv} This indicates that maybe the British were even more distant towards action in the Canal Zone than authors like Longood and Schonfield made out after the crisis.

Looking even further back in the literature, evidence of the cold reception, indifference, and even contempt that the canal received is even more obvious. In 1904 William Sloane wrote critically of the Khedive's spending habits: "In fact money was spent so lavishly on all occasions that the public debt, secured by successive bond issues, became tremendous. At the same time it was found that he and his favorites were accumulating enormous private fortunes. The public finances were soon in distress, and in order to raise the wind Ismail sold to England in Disraeli's administration (1875) all his Suez shares, 176,602 in number. There being all told 400,000 shares, this purchase, along with what was already held by individuals, gave to British shareholders a controlling interest in the French company."^{xv} Sloane derides the Egyptian leader as careless and spoiled, and effectively ruining his country for his own ambitions. Clearly, at the turn of

the twentieth century the government that controlled the land that the Canal cut through was still treated as a contemptible child, with no chance of maturity.

The most important facts from Sloane's article come from his interpretation of how and why the British got involved with the Canal at all. He does not mention Lesseps' frantic meetings to London, or the meeting with the Khedive that resulted in the poorest deal for his nation. What Sloane does write about is how the British were pulled in at the behest of the French. "In 1878," he writes, "France urged the cooperation of Great Britain in securing control of Egyptian finances and a joint commission of inquiry was appointed."^{xvi} The French government, and neither Lesseps nor Disraeli's action personally were the sole reason for British "cooperation" in Egyptian Canal financing. This interpretation bridges the gap between the personal gain (Disraeli) interpretations and the author's views that legitimized political control and action in the Canal Zone in the 1950s.

Sloane's political science entry shows the beginning of a transition in understanding the change in British involvement within the whole Suez Canal question. At the onset it appears that the British were preoccupied with other routes and enjoying relatively stable economic growth. Nothing warranted such a risky venture as digging a canal through the desert. Trends began to shift shortly after Britain took over Egyptian shares. First, Britain was acting as a benevolent parent saving Egyptians from their spoiled immature ruler. Later, we see that another shift in thought brings British into the canal mix as soon as Lesseps presented his ideas in London. These interpretations give Britain a vested political and substantial financial interest in the canal from its outset.

While the Suez Canal was always viewed as a source of conflict, the idea of whom that conflict would entail changed. Early works indicate that the threat may have come from another European power struggling for empire. Works written after the Suez canal interpret English involvement as necessary to protect their interests and only done as a means of humanitarian aid and in the interest of keeping the area under peaceful control, and keeping the canal open.

Notes:

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- ⁱ Zachary, Karabell. *Parting the Desert: The Creation of the Suez Canal*. (New York: Alfred A. Knopf, 2003), 97.
- ⁱⁱ Karabell, 110
- ⁱⁱⁱ *Ibid.*, 117
- ^{iv} *Ibid.*
- ^v William Longood. *Suez Story*. (New York: Greenburg, 1957), 68.
- ^{vi} Longood, 70
- ^{vii} Arnold T. Wilson. *The Suez Canal*. (New York: Arno Press, 1977)
- ^{viii} Wilson, 57
- ^{ix} *Ibid.*, 55
- ^x Hugh J. Schonfield. *The Suez Canal in Peace and War*. (Caral Gables, Florida: University of Miami Press, 1969) 40.
- ^{xi} Schonfield, 47.
- ^{xii} *Ibid.*
- ^{xiii} H. Th. De Booy. Life Lines of the Empire. *Public Affairs*. Vol 10, No. 2 (Jun. 1937), 164
- ^{xiv} De Booy, 161
- ^{xv} William M Sloane. Egypt and England. *Political Science Quarterly*, Vol 19, No. 3 (Sep, 1904) , 460
- ^{xvi} Sloane, 460

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De Booy, H. Theodore. "Life Lines of the Empire." *Public Affairs*. Vol 10, No. 2 (Jun. 1937)

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