

of Soviet power."⁸ To prevent Soviet intrusion, America had to act.

Eisenhower's Secretary of State discussed the direction Middle Eastern foreign policy would take in a commencement address. Speaking before the 1956 graduating class of Iowa State, Dulles explained America's next move to neutralize Russian advances. Dulles reported that continued foreign aid was the solution. "The importance of th[e] economic part of our peace insurance policy is emphasized by the fact that the Soviet Union is now pushing its own interests by means of credit extended to other countries."⁹ The Russians were giving aid, so America had to do likewise to ensure Western - not Communist - powers influenced and dominated the Middle East. The financial aid for the construction of the Aswan Dam would promote American interests. Leonard Mosley, biographer of the Dulles family, noted that Dulles "maintained that a loan for such a project [as the dam] would demonstrate to the Egyptian people and the world that while the Russians were in Egypt as merchants of death [dealing in weapons], America was offering the means for growth and life."¹⁰ The dam aid would ensure America's position in Egypt.

America needed a tangible response to counter the Soviet intrusion into Egypt. Thus, in December of 1955 Nasser was offered economic assistance for the construction of the High Aswan Dam. The United States, Great Britain, and the International Bank for Reconstruction and

Development (IBRD) would combine to aid Egypt in financing the dam. Terence Robertson commented in his book, Crisis: The Inside Story of the Suez Conspiracy that, "the project depended logically on Nasser's willingness to stay away from commitments with the East and become, in a general sense, someone Dulles and [British Prime Minister] Eden could put down on the credit side of their political ledger."¹¹ The aid was designed to make Nasser more amenable to Western interests, but would only last if Nasser curtailed his association with the East.

Besides a tactic to gain Nasser's affections and cooperation, the proposal reflected the Eisenhower administration's belief in American superiority over Communist Russia. American exceptionalism, not a recent innovation, was especially prevalent following World War Two and throughout the Eisenhower administration. It followed that anything obtained from the United States would retain a semblance of that perfection and be desirable to the receiving country. Nasser was sure to accept a loan from the US, no matter how unappealing the terms. The administration apparently had not anticipated that Nasser might desire a more beneficial arrangement than the one offered by Washington and the IBRD. Nor had the State Department expected that Nasser might use any negotiating tactic he could to try to obtain a better deal. Dulles' stipulations for funding did not represent a pleasant prospect to Nasser, so the Egyptian refused to accept them outright.

Before the Secretary of State would endorse the loan for Aswan aid he required Nasser to agree to various conditions. The most insulting of them for Nasser must have been the one calling for the government of Egypt to plan its fiscal year around repaying the debts to its creditors, the United States, Great Britain, and the IBRD. In addition Dulles maintained that American officials would oversee this process - to ensure money was not directed toward alternate purchases by Egyptian officials. Regular installments would be paid in place of weapons purchases from the Soviets. Since construction of the Aswan Dam was expected to last ten years, America would have virtual control over the Egyptian economy for a decade. This agreement was far from beneficial to Nasser. In fact, it would have limited Nasser's independent actions entirely.¹²

While Nasser rejected Dulles' proposition, the proposal found no substantial criticism in the United States. The President remarked that "The arms deal went through and our attitude toward Soviet penetration naturally hardened. But we did not cease our efforts to make Nasser see the benefits of his strengthening ties with the west."¹³ Eisenhower's statement portrayed Egypt as only a pawn in the game between Soviet and American domination. Like Woodrow Wilson's attempt to teach the Mexicans good government, Eisenhower planned to show the Egyptians the benefits of being a friend to the West. Aswan aid was one possible

benefit.

Nasser preferred to maintain his own sovereignty, or at minimum, retain enough power to avoid succumbing to the American government's agenda for his country. His acceptance of Eastern bloc arms had displayed this and American officials could not be comfortable with Nasser's unwillingness to stay in line with American wishes. Director for the Center of Political Research and Studies at Cairo University, Professor Ali E. Hillal Dessouki commented that from his ascendance to power, Nasser "became increasingly convinced that Afro-Asian countries must avoid alignment with great powers. He thought the most significant fact of the world situation was the Cold War between the two blocs. So the best course of action for small nations and Afro-Asian countries was to avoid involvement in Cold War politics because it would inevitably spell foreign influence."¹⁴ At all costs Nasser would not allow foreign influences in his country.

Nasser, in practice, did not completely follow his own philosophy. Instead of remaining apart from the superpowers, he was involved with both the Soviet Union and America. Nasser attempted to maintain a balance whereby he would not be dependent or beholden to either nation, but obtained supplies and funds from both. In this game he could not succeed because as soon as Nasser had contact with either the United States or Russia, he became a piece in the Cold War chess

match. Whether he considered himself a game piece or not, he was treated as such by the Eisenhower administration. Egypt was viewed in the light of American versus Soviet interests, not with regard to Egyptian goals. Nasser could not escape it.

In Eisenhower's mind, it was an American's duty, to self and the free world, to keep Egypt from falling under Soviet influence - to enforce containment. The administration's ideology also required immediate suspicion of Egypt's motivations once a relationship with Russia had been revealed. Thus, the United States attempted to increase its popularity with the Egyptians through boons like the dam, while it simultaneously remained on the look out for negative influences injected by the Communists.

As early as March of the following year the British revealed their own suspicions. Along with the United States, Great Britain had agreed to help finance the Aswan Dam. By the third week in March their desire to help had decreased. The British believed that Nasser was held in the clutches of Soviet power. The 1955 arms deal had significantly tied Egypt to the Soviets. Egypt was now, according to British analysts, beholden to the Soviets because they had received weapons. As a result Britain began to consider the option of "withdraw[ing] our offer of financial assistance over the Aswan Dam."¹⁵ Officials within the Department of State concurred that Soviet influence was present in

Egypt.

An inter-departmental memo on March 21, from the Deputy Secretary of State for Political Affairs to the Under Secretary of State, stated that "Nasser had opened the African door to Soviet penetration...." and complained that "The USSR is sending nuclear scientists to Cairo by agreement with the Egyptian Government to set up a research reactor laboratory."¹⁶ The concern about Soviet connections in Egypt was clear. It was not long before America took steps that hinted at their agreement with the British conclusion to cancel Aswan aid.

On March 28 a United States policy plan called for actions to limit Egypt's influence in the surrounding Middle Eastern countries of Sudan, Libya, Jordan, Yemen, "and other Arabian principalities."¹⁷ It was believed by policy makers that once tainted by Communist influence, in the form of weapons, Egypt could not be permitted to influence its peers. That would further spread the Communist disease.

In addition, the United States began to consider either jamming Egyptian radio airways or increasing Iraqi radio capacities in order to halt anti-American broadcasts emanating from Egypt.¹⁸ While Nasser's decision to allow anti-American propaganda was ill-advised and provided a reason for the United States to distrust Egypt, it is clear that the Eisenhower administration already held strong misgivings about their Aswan Dam involvement. Nasser had neither curtailed his anti-

American propaganda, nor terminated his contact with the Soviets. Consequently, Eisenhower, Dulles, and several other administration advisors concluded that the "US will continue to delay current negotiations on the High Aswan Dam."¹⁹

Once the dam project was delayed it was never again seriously considered. Nasser, refusing to bow to Western desires continued actions that clearly displeased the West. On May 16, Nasser recognized the Communist government of China.²⁰ What could not help but be interpreted as a move against the United States, and a move toward the Soviet direction, had international as well as domestic ramifications for American policy.

Internationally, Egypt had acted in direct opposition to Eisenhower's foreign policy. To associate with a country that overtly defied America's objective would not show the United States in a good light. How could Eisenhower's government court Nasser when the Egyptian leader had recognized the People's Republic of China? Egypt, from an American perspective, was flaunting its independence. By doing so, America appeared ineffective.

Domestically, Egypt's recognition of PRC, further reduced American Congressional support for aid.²¹ Support for Aswan Dam funding was precarious before Nasser's recognition of Communist China. After, it merely reinforced the Congressional inclination not to

appropriate the necessary money for the Dam.

A commentator in Foreign Policy Bulletin noted that one reason for dislike of the Aswan project "was the outspoken opposition of the Congressmen from southern cotton growing states who feared that the dam would increase Egypt's cotton-producing area, thereby creating new competition for the United States."²² Generally, in fact, Congressmen from numerous geographic areas were against appropriating funds for the Aswan Dam. This factor surely encouraged the Eisenhower administration to continue in the direction of revoking its offer of aid.

Slightly over a month after Nasser recognized China, Eugene Black, president of the IBRD, returned from negotiations with Nasser concerning financing the dam. Eisenhower remarked that when Dulles informed him of the counterproposals Nasser had put forth in response to Western offers, they concluded that Nasser had no intention of working with the West. The President wrote in Waging Peace: "When Foster described the extraordinary counterproposals that Nasser had given to Eugene Black, the two of us concluded that Nasser was not really interested in serious negotiation of the project." He continued by stating that they "considered the matter dead for all practical purposes."²³ Eisenhower and Dulles interpreted Nasser's plans as simply an effort to blackmail the United States into an arrangement which would benefit Egypt more. Perhaps one that would allow Nasser

to maintain greater control over Egypt's financial affairs and allow for a less demanding repayment schedule.

They interpreted Nasser's interest in the Soviet proposals as blackmail also. Not only did the fact that the Egyptian President had explored Soviet proposals for building the dam weaken Congressional interest in the project because Americans would not to associate with the Communists, but it also must have made the Secretary of State and the President view the less powerful Egypt - compared with America - as somewhat insolent.²⁴ Nasser's flirtations with both America and Russia created an uncertainty about his intentions that increased the suspicion in the Eisenhower administration to the point where officials completely distrusted Nasser.

The debate about whether Nasser planned to work with America or Russia was held behind the doors of the Department of State. On June 25, 1956, it remained unclear what Nasser would do. Eugene Black commented that he believed "if the west did not proceed with the project, the Soviets would make a deal...." He was not positive that the Communists could succeed in the enterprise, but at minimum they would make an effort. Black continued with a warning that the Egyptian president was now politically tied to the project. He added that Nasser was receiving more inviting offers of assistance from the Soviets, yet he still believed that Nasser preferred to do business with America.²⁵

Three days later, it was apparent that few high government officials, particularly the Secretary of State, adhered to Black's argument for financing the dam. At a National Security Council meeting Secretary of State Dulles commented that constructing the dam would lead to difficulties for the United States in the host country. Whichever nation constructed the Aswan Dam undoubtedly would be held in contempt by the parent country because of the inevitable hardships the dam's cost would place on the Egyptian people themselves. The agreement reached in regard to paying for the dam left the Egyptians responsible for 900,000,000 dollars of the slightly over one billion dollar price tag.²⁶ This gigantic amount was guaranteed to stretch the Egyptian economy to the limit. Also, it was believed Egypt would request further financial aid once the project had begun.²⁷

Dulles' reasoning was logical. It also conveniently solved the problem of whether or not to finance the dam. Clearly, if it would not be beneficial to the United States - the Egyptian masses would come to hate what Nasser referred to as imperialist America - there was no reason to pursue the dam. America's aim at offering financial aid was to move closer to the Egyptians, not alienate itself from them.

A contemporary commentator put forth the idea that "stories suggest that Washington, having discovered Moscow would not help Egypt with the dam, had decided it was safe to risk Nasser's

displeasure..." and to cancel the offer to finance the dam.²⁸ Although this theory was possibly correct, it cannot be substantiated. Charles Bohlen, American Ambassador in the USSR, did not report to Washington that the Soviets were unwilling to undertake the project until July 22, after Dulles had withdrawn the American offer.²⁹

Aid from the United States for the High Aswan Dam was withdrawn on July 19. At least two days before that, Dulles and the State department had decided that the project no longer showed enough promise to warrant the involvement of the United States. Nasser had been playing Soviet against American, a game which the Eisenhower administration did not approve of; the Egyptian president had to ally with one nation or the other, dealing with both the US and the USSR broke Cold War rules, at least as far as the American policy makers were concerned.

On the seventeenth of July the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs wrote a memorandum to Dulles outlining Aswan Dam policy. The Assistant Secretary, George Allen, commented that "Nasser is pursuing policies in the Near East opposed to reasonable U.S. objectives and supporting Soviet objectives. Nasser is not guided appreciably by 'cold war' considerations but by his own vision of 'Egypt's destiny.'" ³⁰ Undoubtedly galled by the fact that Nasser would not toe the line, Allen's memo continued by recommending

that the United States, "clearly withdraw the December offer on the Aswan Dam." It speculated that the Egyptian reaction to this action would be to accept the Russian offer and the Soviets would require Egyptian economic subservience as a price for building the dam.³¹ That result was preferable to concurrently supporting Egypt with the Communists.

In essence, the United States saw itself as abandoning Nasser to Communist claws. The memo stated that withdrawal of the Aswan Dam offer would be looked upon favorably by some of the other Middle Eastern countries. It referred to Lebanon, Syria, Sudan, Turkey, Iran, and Iraq as all standing to gain something from cancellation of the project. This would help the US position in that area of the world.³²

Of course, diplomatically, the United States wished to appear concerned with humanitarianism and therefore would not cancel all assistance. Dulles would offer the Egyptian Ambassador, Ahmad Hussein, economic aid for other projects. And, dam aid might come at a later date, when Nasser became more congenial toward the United States.³³ Although the proposition was made, the State Department did not believe Nasser would agree to it. It was unacceptable for Egypt, since Nasser was committed to the Aswan Dam.

On July 19 the final decision was made. Dulles approached his President for approval in the morning. Dulles listed the reasons for

withdrawal one by one and gained Eisenhower's sanction to cancel the project. It was recorded that "The President concurred with the Secretary's view that we should withdraw the US offer upon the occasion of the Ambassador's visit."³⁴

Ambassador Hussein arrived that afternoon and was informed that the offer of financial aid for the High Aswan Dam had been withdrawn. The difficulty that arose, the crucial factor that Dulles had not fully analyzed, was that Hussein "was returning to Washington with the publicly announced intention of accepting the US-UK-IBRD offer of financing."³⁵ By expressly rejecting Nasser's acceptance of the proposal, Dulles committed a diplomatic faux pas. He gave Nasser no viable means of saving face. Nasser was left holding his hands out, only to have them slapped down, an embarrassing position for the Arab.

The Ambassador insisted that Nasser preferred to accept the American proposal over the Soviet one. But, he warned, Nasser was determined to construct the Aswan Dam and therefore would accept the Soviet offer if the West withdrew its financial aid. He also stated that Nasser was now willing to accept the original terms for aid offered in December 1955.³⁶ His pleas were of no avail. Following their meeting, the State Department announced, "the U.S. Government has concluded that it is not feasible in present circumstances to participate in the [Aswan] project."³⁷ That single sentence made withdrawal of Aswan

funding official.

Following the announcement of withdrawal Eisenhower wondered whether it had been too abrupt. He commented in Waging Peace, "I was concerned...that we might have been undiplomatic in the way the cancellation was handled." Although many would agree with this assessment, Dulles denied it. In a letter to Eisenhower, he remarked that the Egyptians should have anticipated America's actions. The United States had pointedly neglected to respond to an Egyptian memorandum dealing with the dam. Additionally, several hints had been dropped that the United States offer was no longer valid and it was clear that Congressional support had entirely disappeared. Thus, as far as the Egyptians were concerned cancellation could not have been considered unexpected or abrupt.³⁸ Rather, it was impending.

Dulles correctly assumed that the Egyptians were not surprised by America's withdrawal of the offer. What he did not anticipate was Nasser's ability to capitalize on that action. Dulles' withdrawal, although it might not have been abrupt for the Egyptian government, could easily be portrayed as such to Egypt's citizens and neighbors. In overlooking the option opened to Nasser by cancelling the project when Egypt was ready to accept it, Dulles severely miscalculated. In diplomacy perception is nearly all that matters.

In addition, Harvard Professor Emeritus and Assistant Secretary of

State for Policy Planning in 1956, Robert Bowie maintained that, "Nasser had intentionally posed the issue [of accepting aid for the dam] in a form virtually excluding an ambiguous reply."³⁹ Nasser did not provide Dulles the option of making the withdrawal appear less abrupt, had Dulles felt it appropriate. This may point to the idea that Nasser intended to have Dulles withdraw the dam aid in such a way as to insure that he could capitalize on the Egyptian anti-American response. Emphasizing Dulles' perceived sudden withdrawal, Nasser now had an outrage to which he could react.

On July 25 President Nasser announced he would respond decisively to the withdrawal of the Aswan Dam proposal the following day in Alexandria.⁴⁰ At 11 p.m., on the twenty-sixth, a somewhat frantic telegram arrived at the Department of State. Sent from the embassy in Cairo, its text informed the American government that Nasser had nationalized the Suez Canal. In his speech Nasser outlined his plan to use the profits from the canal to fund construction of the Aswan Dam. The American Ambassador commented that "Nasser was clearly emotional and excited" about his action.⁴¹ Perhaps, this was due to the fact that Nasser potentially had beaten both super powers at their own game. He had expelled both "Communist" and "Democratic" ideologies. Neither country now had the opportunity to require subjugation of Egyptian goals to the desires of its nation in return for

financial aid to construct the Aswan Dam.

Historian Herbert Parmet stated in Eisenhower and the American Crusades, that the canal's seizure had completely surprised the Eisenhower administration. He contended that no advisor had foreseen Nasser's move.⁴² If they had, why would Dulles have provided the Egyptian President with an excuse to nationalize the canal? The aid withdrawal could have been executed more delicately had Dulles expected Nasser to use it as an excuse to grab the Suez. Also, as Parmet pointed out, there is no apparent evidence that contradicts his theory.

Author Terence Robertson, however, claimed in Crisis, The Inside Story of the Suez Conspiracy, that Dulles and British Prime Minister Anthony Eden had discussed the topic. Robertson reported Dulles believed that if Nasser seized the Suez, he "would not be unduly concerned. No matter what difficulties arose, he was confident that American know how and ingenuity would over come them."⁴³ If Dulles and Eden considered the possibility of Nasser nationalizing the canal, it seems improbable that a record of the conversation would not be recorded. Dulles seemed to report nearly all of his discussion in memorandums, yet this one is has not been found.

Robertson maintained his report was accurate, but failed to support his statement in any way. He held that because of confidentiality, his sources had to remain unidentified. Without

footnotes there is no way to substantiate his theory. Conversely, Parment's belief that the State Department and Eisenhower were caught off guard better fits the American reaction and the documents available. It therefore is more probable that the United States was surprised.

On August 12 Nasser commented, in a press conference, that he had been considering nationalization of the Suez Canal for the previous two years.⁴⁴ The Aswan aid withdrawal convinced him to take the step. It is more probable that he intentionally capitalized on Dulles' abrupt diplomatic decision to withdraw funding and adroitly used it as an excuse to seize the canal.

In addition, it was not until shortly before the withdrawal of aid that Nasser could have realized his goal of nationalizing the Suez. In 1954 Great Britain had amassed 80,000 troops in the canal zone, much to the dismay of Egyptian nationalists. The Egyptian government responded with a request that Britain remove all of its troops from Egyptian territory. In an effort, once again, to improve relations between the United States and Egypt, Secretary of State Dulles arranged for an agreement whereby all British soldiers would evacuate their Suez bases. A two year time table was established for the troop withdrawal. It was clearly not a coincidence that Nasser nationalized the canal one month after the final British troops had left the Suez Canal.⁴⁵ Removal of Britain's soldiers gave the Egyptian President a free hand to take control

of the zone.

Dulles was then, and has been since, criticized for instigating the withdrawal of British troops. In the midst of the Suez Canal Crisis US News and World Report printed an article implicating Dulles in the troop removal.⁴⁶ Herbert Parmet remarked that "Dulles...had pressured the British to evacuate their eighty thousand troops from the Suez Canal."⁴⁷ The statements were accurate, but the criticism ignored American policy in 1954. Any pressure Secretary of State Dulles exerted for troop removal had been a part of Eisenhower's scheme to develop alliances.

The President noted in a letter to Winston Churchill written on July 22, 1954 that the West had to cater to smaller nations. He wrote "We know that there is abroad in the world a fierce and growing spirit of nationalism. Should we try to dam it up completely, it would, like a mighty river, burst through the barriers and could create havoc." He told Churchill that America and Great Britain had to follow "a program jointly to undertake to help these nations achieve...progress. [They must] seek to put this whole matter in such a light as to gain us friends - to be positive rather than negative."⁴⁸ In 1954 Egypt appeared to be the kind of nationalistically inclined nation Eisenhower believed the US and UK had to help. Troop withdrawal represented a means "to be positive rather than negative." By 1956, when it became increasingly clear Nasser would not conform to Western desires, the idea of British

troop withdrawal appeared less inviting. What has remained unknown until recently is that the State Department actually advised Great Britain to disregard its removal agreement if a plausible excuse could be devised. The pressure to withdraw troops that Parment mentioned may have been applied in 1954, but by 1956 it was reversed.

In March 1956 the State Department's Director of Near Eastern, South Asian, African Affairs Fraser Wilkins, wrote a memorandum concerning Egypt's confrontational stance. Among the various recommendations for action in response to Nasser's policies was that "The United States would suggest to the British that they immediately slow down the withdrawal of British troops from Suez."⁴⁹ By this time, over seventy-five percent of the British soldiers already had left Egypt. On March 28, the final draft of Wilkins' policy statement was issued. It repeated the suggestion of two weeks before, verbatim, with the added qualifier: "It is realized that this suggestion might be impracticable."⁵⁰ Wilkins' proposal was not his opinion alone. Dulles also supported the idea. His lack of reaction to the Wilkins report can be interpreted as his acceptance of its relevance, for he did see the memo.⁵¹ Had he disagreed with Wilkins' position, Dulles doubtless would have repudiated the memorandum's content.

Thus, upper level State Department officials now were nervous about leaving the Suez Canal unprotected from the country through

which it ran. They developed the belated hope that the British troop evacuation treaty Dulles had arranged could be overlooked. In 1954 Eisenhower - and probably Dulles - must have been confident that British troop removal would earn Nasser's undying allegiance. The President and Secretary of State expected Nasser to respond to this gesture by moving into the Western camp. But Nasser failed to react as the Americans had anticipated. He accepted the gift without providing friendship in return. In retrospect American leaders appear blind to this unfavorable outcome, but at the time government officials probably did not view Nasser as a major threat to US dominance. American overconfidence might well have been the factor which caused Eisenhower officials to ignore the tactical error they had made by coaxing the British to abandon their Suez fortifications.

By March, 1956 the Administration realized troop withdrawal had not borne the fruits originally expected. The West's show of good faith was not reciprocated. Wilkins' planning statement hinted that American foreign policy makers had gained an inkling of the opportunity they had given Nasser and now were attempting to block that hole. Despite the desire to stop British troops withdrawal, however, the efforts proved unsuccessful.

Since all British troops evacuated their positions on time, one can assume the plan ran into difficulty somewhere along the line. The