Who Controls the Canal?

Trace how a government takeover changes control of a business.

TOT.C.8.2.B "government seizure of privately owned industry and commerce"

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline evidence of private ownership, circle evidence of government control, and put a star beside a rule that leaves control with owners so you can distinguish seizure from regulation.

Egypt Takes Control of the Suez Canal Company

1. In July 1956, Egypt's president, Gamal Abdel Nasser, announced that Egypt would nationalize the Suez Canal Company. The company, owned by private shareholders, operated the canal linking the Mediterranean Sea and the Red Sea. Its tolls brought in revenue from ships traveling between Europe and Asia. Egypt's government took control of the company's operations and income instead of merely setting rules for the company. Nasser said canal revenue would help pay for the Aswan High Dam after the United States and Britain withdrew offers to finance the project. The canal itself lay within Egyptian territory.

2. Nationalization changed who controlled a business, but it did not erase disputes over property. Egypt's nationalization law provided for compensation to the company's shareholders, with the amount based on the shares' market price before the announcement. Britain and France, whose citizens held many shares and whose governments relied on the canal, opposed Egypt's move. Later that year, Israel attacked Egypt, and Britain and France invaded the canal zone. International pressure helped end the fighting, but the crisis showed how a government's takeover of a privately owned enterprise could reach far beyond its borders.

3. Imagine two other government actions at a busy port. In one, officials require a privately owned shipping firm to follow new safety rules, while its owners still run the firm and collect its profits. In the other, officials take over the firm, direct its ships, and collect its earnings for the state. Only the second action transfers control of the business from private owners to the government. A takeover may be permanent or temporary, and officials may offer payment, but a promise to pay does not mean the owners kept control. Ask who runs the enterprise and receives its income.

2 ANSWER WITH EVIDENCE

Use the passage

1. Which details show that the Suez Canal Company was privately owned before July 1956 and that Egypt's government took control of it?

2. Why was Egypt's action more than a rule about how the Suez Canal Company could operate?

3. Which action at the busy port counts as government seizure of private commerce? What makes it a seizure?

4. Does Egypt's plan to compensate shareholders mean the government did not seize the company? Explain using evidence from the passage.

3 YOUR TURN

Your own words

Invent a privately owned business and a government action involving it. In 4 to 5 sentences, explain whether the action is a seizure, who controls operations and income before and after, and how a rule without a takeover would differ.

ANSWER KEY

Who Controls the Canal?

HIGH SCHOOL · TOT.C.8.2.B

PART 1 · READ AND MARK

Underline evidence of private ownership, circle evidence of government control, and put a star beside a rule that leaves control with owners so you can distinguish seizure from regulation. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Which details show that the Suez Canal Company was privately owned before July 1956 and that Egypt's government took control of it?	**Private shareholders owned the company. Egypt's government took control of its operations and income.**
2	Why was Egypt's action more than a rule about how the Suez Canal Company could operate?	**Egypt took control of the company's operations and income rather than leaving the company in private hands under new rules.**
3	Which action at the busy port counts as government seizure of private commerce? What makes it a seizure?	**The takeover of the shipping firm counts. Officials direct its ships and collect its earnings instead of leaving those decisions and earnings with its private owners.**
4	Does Egypt's plan to compensate shareholders mean the government did not seize the company? Explain using evidence from the passage.	**No. The law provided for compensation, but Egypt's government still took control of the company's operations and income.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A family owns a grocery delivery company, runs its routes, and keeps its earnings. The city takes over the company, assigns deliveries, and collects all delivery fees. This is a government seizure of private commerce because control of operations and income moves from the family to the city. If the city only required safer vans while the family continued to run the company and collect fees, it would be regulation instead.

Accept any invented example that correctly identifies control of operations and income before and after the action and distinguishes a takeover from regulation. Payment to former owners does not, by itself, change whether a takeover occurred.