

whose report a decision would be arrived at. Many persons objected, and still object, to this step being taken by the Government. One of two things, they say, must happen. Either M. Rousseau's report will be adverse—in which case the enterprise will be literally annihilated, the responsibility of this collapse falling on the Government—or it will be favourable—in which case the Government, on the report of its official adviser, will sanction the loan, thus becoming seemingly responsible for the success of the affair, and being necessarily involved in international difficulties should any arise.

To these objections it was forcibly replied that M. Rousseau, like other leading engineers, was a man of undoubted competency and probity; that if his report were adverse, the consequences for the company might certainly be disastrous, and the capital embarked might be seriously jeopardized; but this would be rendering a service to French capital, if not by saving what was already embarked, at least by preventing any more from being sunk. As to the Government being involved in case of international difficulties, it was urged that, whether M. Rousseau went out or not, the enterprise, owing to the presidency of M. de Lesseps, and to the capital being almost exclusively French, was virtually a French one, so that if international difficulties arose the Government could not in any case be unconcerned. As to the responsibility devolving on the Government towards capitalists making further investments on the faith of M. Rousseau's report, his ability and honesty were so undoubted that the Government could not hesitate to accept the responsibility of a report in favour of continuing the works.

His mission, moreover, does not consist in deciding whether the enterprise will be lucrative or remunerative. He will not report on the financial prospects of the canal, but will simply state whether with fresh efforts the canal can be completed. This point settled, the capital embarked, like that in any other concern, must take its chance of success or failure according as the traffic has been well or ill calculated; but on this point no engineer, and, indeed, nobody else, can speak with certainty. At the outset nobody supposed that the traffic of the Suez Canal would so rapidly assume its present proportions; and scarcely eight years ago the English Government bought at 500*f.* shares from the Khedive which some years afterwards were quoted at 3,000*f.* Thus, even years after the canal was in working order, it was impossible fully to foresee the growth of the traffic. Much less is it possible to foresee the financial results of a canal not yet completed; and M. Rousseau will simply have to say whether by certain sacrifices the canal can be made available for shipping. This mission, however, is a very important one, for until he reports the completion of the canal will be considered uncertain.

But the voyage of Messrs. de Lesseps also affects the Suez Canal, and in this way: It will be remembered that, in pursuance of an agreement between the Suez Canal Company and the English shipowners, the shareholders resolved that the canal should be considerably deepened and widened, at a cost of £8,000,000, so as to accommodate the present traffic and provide for a steady increase. These improvements are to accelerate the transit, and involve periodical reductions of the dues; thus doubly benefiting shipping, four-fifths of which are English. A loan of eight millions, to be gradually laid out according to the exigencies of the case, was sanctioned by the shareholders, one condition being that the interest should be met out of the loan itself, so as not to reduce the share-dividends during the progress of the works until the moment when such dividend reached 18 per cent., or 90*f.* per share. Any surplus after this 18 per cent. was to be chargeable with the interest upon the new loan.

Now, there is a stipulation in the treaty regulating the financial management of the Suez Canal Company that all interest should be met out of revenue, and not from any other source. One payment of interest on the new loan out of capital thus implies a modification of this treaty; and the company accordingly applied to the Egyptian Government for its consent to such modification. The directors, however, regarded this application as simply an act of deference towards the Government of the country traversed by the canal, and their stupefaction may be imagined when the Egyptian Government refused its consent. The company hastened to explain that it had simply shown deference in asking approval of a temporary modification, and that the refusal argued some misconception: the Egyptian Government possibly imagined that new concessions of land were required for effecting the improvements in the canal, and might have declined to consent without knowing beforehand what these concessions would be; but the fact was that the company had no intention to ask for concessions of land, for the improvements would be effected within the limits already assigned to it. The rejoinder of the Egyptian Government was that the concession originally granted to M. de Lesseps provided that the canal should be forty-four mètres wide, and that a projected width of sixty-six mètres was a deviation from the concession, to which it refused to agree.

As will be easily imagined, this singular explanation increased the amazement of the company. It seems, indeed, incomprehensible that a Government, having made a concession to a company bound by the last convention—that of 1869—to work the canal and improve it, should object to an improvement as being in excess of the stipulations of the original concession. The canal, moreover, it was pointed out, had been only twenty-two mètres wide; so that the Government, if disposed to complain of non-observance of the concession, should have objected to its narrowness, whereas it had been altogether silent: yet now it objected to improvements which on the expiration of the concession would insure it a property much more valuable than was originally contemplated. The objection, indeed, is just as though a man taking a building-lease on condition of erecting a one-story house, and finding his family increase, should propose to add a second story, but should encounter a refusal from the lessor, albeit the latter would benefit when the lease fell in.

This refusal would appear absurd if it did not cloak an intention of obtaining a sum of money from the company in return for the sanction. The theory of the opponents of the canal in Egypt is well known to be that the canal has been one of the causes of the financial ruin of Egypt. But this reasoning will not bear examination. If, indeed, the Egyptian Government had retained its share in the canal assigned to it in exchange for its co-operation, it would now possess a capital of