

from £8,000,000 to £10,000,000 beyond the original value; and it is not the company's fault if the Government has alienated that interest, which would otherwise have been one of the most fortunate enterprises ever undertaken by a Government. The idea of exacting payment for the authorization is monstrous, especially when it is considered that this loan of £8,000,000 to improve the canal is a veritable sacrifice by the shareholders for the sake of a good understanding with English ship-owners, who will be the chief gainers by the accelerated transit and reduced dues. The English Government will also, as a shareholder, eventually benefit by the improvements.

The objection of the Egyptian Government is the more strange inasmuch as all its acts are supposed to be prompted by England; and amazement will certainly be felt on learning that England, the chief gainer by the sacrifice agreed to by the shareholders, is the obstacle to the carrying-out of the improvements except on condition of a pecuniary indemnity. The Egyptian Government proposes, indeed, to refer the matter to the tribunals; but the Suez Canal Company, with the greatest confidence in the impartiality of the tribunals, naturally objects to refer to them an application to the Government for a *pro formâ* consent to the modification of an insignificant clause. A mere statement of the facts is enough to show that the difficulties raised by the Egyptian Government are devoid of sincerity and are a mere pretext for an unwarrantable claim to be indemnified in an affair where everything is to its own advantage and where the sacrifices are to fall on the company, and are chiefly to profit those regarded as the prompters of the Egyptian Government.

The result is, however, that nine months have already elapsed since the loan was decided upon without the company being able to issue it; and, as Messrs. de Lesseps will now be absent for some months, the whole year is likely to be lost by the English shipowners, at whose instance and in whose favour the works were projected. To draw the attention of the English public to this state of things will certainly be enough to invoke a strong condemnation of the cavilling of the Egyptian Government; and this condemnation, it may be hoped, will be so emphatic as to induce that Government to renounce its strange pretensions, and to give an assent which it cannot refuse except with deliberate injustice.

No. 3.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 8th February, 1886.

I transmit to you herewith extracts from the *Times* and the *Pall Mall Gazette* relating to the progress being made in the construction of the Panama Canal; from which you will perceive what great difficulties are said to exist in the way of that enterprise at the present time.

I have just procured from Paris a copy of a book by M. Lucien Wyse, entitled "*Canal de Panama*," which contains information respecting the canal which I think you will read with much interest. The book will go to you in the next mail-box.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure.

[Extract from the *Times*, Thursday, 28th January, 1886.]

THE PANAMA CANAL.

(From a correspondent.)

ON the 26th day of July, 1698, the whole City of Edinburgh poured down to Leith to see twelve hundred of their countrymen depart for the Isthmus of Darien. For the purpose of establishing the company by whom this expedition was promoted a sum of £400,000, being about one-half of all the money then stated to be in the country, had just before that event been subscribed in Scotland. The chief promoter of the expedition, the ill-starred Paterson, had fired the enthusiasm and excited the cupidity of those who took part in it by the representations which he made as to the natural wealth of the country for which the expedition was bound, as to the ease with which transport could be effected from the Atlantic to the Pacific by such means as then existed, as to the natural harbours that lay along the coast, and as to the favourable character of the trade-winds which could there be depended on for the purposes of navigation, and which seemed to point to the Isthmus of Darien as a common centre, designed by its natural position to connect together the commerce and intercourse of the world at large.

It is from this point that the interest of England in the Isthmus of Darien begins to take an active form. The unfortunate results of the Darien expedition are a matter of history. From that epoch, however, many schemes have been put forward, and many attempts have been made to carry out, in one direction or another, the project of the old Darien expedition—namely, "a great road from sea to sea, a deep canal for ships, the working of gold-mines, and extensive colonization on the shores of the Pacific." Between Porto Bello or Chagres and Panama there has been a regular line of communication since 1532—that is, since twenty-three years after the first settlement in America. So far back as 1843 M. Garella made a report to the French Government as to the facilities that this part of the isthmus offered for the construction of a ship-canal. M. Garella proposed to follow the valleys of the Bernardino and Caimito on the southern descent, and those of the Quebrado and Chagres on the northern. On this route the highest hill-ranges are 459ft. above the level of the sea, and it was proposed to tunnel the hill at about 324ft. below its highest point, to establish a summit level for a distance of 25,361ft. at an elevation of 135ft. above high water from the Pacific Ocean, and to descend thence to the Pacific by means of seventeen locks, and to the Atlantic by eighteen locks. The Commission of the "*Ponts et Chaussées*," appointed to report on M. Garella's project, declared the feasibility of his proposals; but, as of the whole length of the summit level 17,550ft.