

THE PANAMA CANAL

THE PANAMA SHARE

WORTH FOUR TIMES AS MUCH AS THE SUEZ SHARE

(EXTRACTED FROM THE PAMPHLET)

LOTMENT.....	TO THE SHARES		PROBABLE MARKET PRICE		ALLOTMENT.....	TO THE STOCKS		PROBABLE MARKET PRICE	
	Suez	Panama	Suez	Panama		Suez	Panama	Suez	Panama
in 1886....	100 f.	105 f.	2,500 f.	2,644 f.	in 1886....	42 f.	101 f.	1,160 f.	2,531 f.
in 1891....	139	176	3,475	4,440	in 1891....	64	189	1,607	4,720
in 1895....	170	220	4,250	5,500	in 1895....	81	244	2,045	6,100
Present market prices..			1,800	500	Present market prices..			400	500
Increased value per year up to 1895, of a Suez share bought for 1,300 fr.			196 fr.	—	Increased value per year up to 1895, of a Suez Stock bought for 440 fr.			110 fr.	—
of a Panama Share, subscribed at 500 fr..			—	333 fr.	of a Panama Stock, bought at 500 fr....			—	373 fr.
Increased value per year, quoted in o/o.....			15 o/o	67 o/o	Increased value per year, quoted in o/o.....			27 o/o	74 o/o
Not including the interest of.....			4 o/o	4 o/o	Not including the interest of.....			4 o/o	4 o/o

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A great many readers of our financial publications in which, for their own benefit, we only speak of the first rate securities, have kindly asked for our opinion about the investment upon securities of the Panama Canal, after having, for the most part, lately made considerable and rapid fortunes, among other with the shares of the *Crédit Foncier*, from 800 to 1400 fr., of Suez, from 750 to 1300 fr. in six months, and the *Egyptian Bonds*, at 70 0/0 a market price 20 0/0 too low for the following serious motives :

« Egypt shall henceforward be administered (Law for the Settlement of the Debt of 17th July 1880) by the five Great Powers. Article 37 forbids any further Loan. According to art. 9, the *Unified 4 0/0* shall be warranted by the Customs, Tobaccos, and the four richest provinces, moreover by the general resources, which are considerable. The Export-trade for 1880 will exceed 400 millions of francs, whilst in 1879 it gave 349 millions, and 210 millions only in 1878 ! A net surplus of 25 millions of francs is relied upon for 1880, and 50 millions in a few years, which surplus the five Powers are bound to make use of by redeeming 425,000 Bonds of *Unified* each year. With 50 millions each year, 28 years only will be sufficient for repaying, at 500 fr., the whole Debt of two milliards ! That is a 6 or 7 fr. Premium to be added to the fixed income of 20 fr. ! The fact that the *english 3 0/0* came above 100, will chiefly cause the *Unified* to be looked after, because Egypt might very well become an english province. In any case, the *Unified 4 0/0* is as good as the *Span. extér. 1 0/0* quoted 22 0/0 or 23 0/0. It is alike as good as the *Italian 4.34 0/0* quoted nearly 90 0/0, or 83 0/0 and as good as 103 0/0 for an income of 26 fr. or 51/5 0/0 including the 6 tr. of repayment. Should, at last the *Unified* be worth the average credit of the five Powers, it would shortly reach 97 1/2 0/0.

Instead of a mere opinion, that is to say something doubtful and unknown, we prefer to lay before them a complete memorial grounded upon official documents and important arguments, which they will be so kind as to carefully examine.

The Grant of the Interoceanic Canal Panama

On the 20th march 1878 was signed by Mr Salgar, Minister of Colombia, and Mr Wyse, engineer, delegated fellow of the civil international Company for the Canal, established in Paris, the *Agreement for opening an interoceanic canal through the Colombia territory*.

Said agreement was approved by the Congress of the United States of Colombia, by act of may 17th 1878. The twenty six articles of Said Agreement contain, among other provisions, the following material ones :

Art. 1st § 1. The privilege to continue for 99 years, from the day when the canal is open. § 2. The Colombian government cannot grant any other canal, nor build it by themselves. § 5. The canal shall be terminated in twelve years, and should there be an impossibility, within eighteen years from the formation of the company to be organized (the present Panama Company). § 8. A strip of land, 200 metres wide on each side, is granted for the service of the canal. — ART. 4. 500,000 hectares of lands, with the mines they may contain, shall be granted to the undertakers, in such places as the company will choose. — Art. 14. § 3. The navigation duty cannot exceed 10 fr. for each cubic metre (that would make 40 fr. a ton., but Mr. de Lesseps has reduced the tariff to 15 fr. per ton). — ART. 15. The government shall collect 5, 6, 7 and 8 0/0 out of the gross receipts, for each period of twenty five years. — ART. 18. No tax shall be imposed by the state upon the agreement, Shares, bonds or other documents of the Company

According to the agreements made between Mr Ferdinand DE LESSEPS and the civil international Company to which the Panama Canal is granted, Mr de Lesseps brings to the present Company, named *Universal Company of the interoceanic Canal*, the said grant with the schemes, works, documents and benefit of all agreements entered to by said Company, including the purchase of the Panama railway in consideration of a gross annuity of 4,313,000 fr. and 3,800,000 fr. net, at the cost of 10 millions of francs, 5 millions of which are payable in 10,000 Panama Shares.

Building of the Panama Canal

The length of the Panama Canal shall be 73 kilomètres; the Suez Canal is 166 kilom. long. The maximum highness of the cutting (at *culebra*) above the water, is only 87 mètres on one kilom. length.

The building shall last six years, it is said, and according to Mr Couvreux' statement (the engineer entrusted with the piercing) five years and a few months. The foreseen number of workmen is 9,000 ; it may easily be brought to 12,000 in order to hasten the opening of the canal by working on all places, as every day spared in the fifth year would afford a daily economy of 90,000 to 100,000 fr. for interests, and 300,000 fr. of receipts, or 146 millions in the year.

By agreement entered into between the Company and Mrs Couvreux and Hersent, engineers, former builders of the Suez Canal, these gentlemen undertake the works of piercing the Panama Canal for 512 millions of francs, and any net profit shall be divided between them and the Company. It may be very great, as appears from a fresh report of Mr Sosa, engineer entrusted with the soundings at Panama, which states a new saving of 22,738,000 fr. Competent parties already say that no more than 450 millions will be spent. It is calculated that 150 millions shall be laid out in France for machines, etc.

It is useless to say that the completion of the Panama Canal does not depend on the life of one man. Every thing has been provided for. The death of the Baron James de Rothschild, in 1864, could not prevent the marvellous extension of the Northern Railway net work, and the northern share has since that time trebled its price.

Raising up of the Capital.

The total expense for the Panama Canal is valued from 550 to 600 millions of francs, Viz :

Building of the Canal, according to the Couvreux agreement, 512 millions, from which amount must be taken off 12 millions which form

the share in the above mentioned profit (Sosa), that is . . . 500 millions
Purchase of the grant by the civil Company. 10 —
Incidental charges for the settlement of the Company and other 15 —
Interest to the capital during the building. 75 —

600 millions

Benefit out of the Couvreux agreement and interests of the funds (Suez: 20,103,536) 25 to 50 millions, leaving 550 to 575 millions.

The charge for interests to the capital up to the opening of the Canal, expected on the 1st day of January 1886, is calculated as follows :

Instalment.	Capital.	5 0/0 interest.	Interest to be paid.
october 1880.	125 fr. or 75 millions	5 years 3 months	19,687,500 fr.
— 1881.	125 — — 75 —	4 — 3 —	15,937,500 —
— 1882.	125 — — 75 —	3 — 3 —	12,187,500 —
— 1883.	125 — — 75 —	2 — 3 —	8,437,500 —
In Shares. 300 millions			
april 1884.	Bonds 150 —	1 — 9 —	13,125,000 —
— 1885.	— 125 —	— 9 —	5,625,000 —
575 millions			75,000,000 fr.

Three classes only of securities.

Shares. — 600,000 Shares, issued at 500 fr., will do 300 millions. They will receive 5 0/0 interest during the building and then 80 0/0 of net profit from the traffic. Out of the 20 0/0 remaining, 10 0/0 belong to the 600 Founder's stocks, 5 0/0 to the beneficiaries and 5 0/0 to the directors.

Bonds. — Shall be issued up to 250 millions, or 300 millions. They will be worth the best railway Bonds and shall be most sought after by all capitalists.

Founder's Stock. — Of which there will be 60,000, as the above mentioned 600 shares will be divided into 60,000 new ones as soon as the subscription to the Shares is closed up. 400 stocks are only circulating now, of those 600, and have already paid 5,000 fr. each for the preliminary works, of which amount they shall be repaid after the subscription, each stock receiving at the same time 100 new stocks without paying anything.

Working Expenses.

The yearly expenses of the future working shall almost invariably amount in a lump to 42,000,000 fr., as follows :

Management.	(Suez 1,073,000 fr.)	1,800,000
Service, transit and navigation.	(» 1,540,000 fr.)	2,000,000
Maintenance.	(» 1,776,000 fr.)	2,000,000
Net annuity for the Panama Railway.		3,800,000

Interest to the capital:

600,000 Shares of 500 fr. at 5 0/0.	15,000,000	} 32,400,000
4 0/00 redeeming.	1,200,000	
600,000 Bonds of 500 fr. at 5 0/0.	15,000,000	} 42,000,000
4 0/00 redeeming.	1,200,000	

Rational and certain traffic from the Opening (1886)

Such matter has been duly reported upon by many learned men and distinguished economists.

The document best supported by proofs is the special report about the future tonnage of the Panama Canal, by Mr Levasseur, of the French Institut, presented in the name of the Committee of Statistics appointed in Paris when the Congress for the Panama Canal met there, in 1878, to which report were collaborators the delegates of all countries.

Mr Levasseur, who several times affirms in his remarkable writing, that his *valuations* are very moderate, at last fixes to 7,249,000 tons the certain traffic for the Panama Canal, from the first year.

In order to better examine said figure we extract from a head of the *New-York Journal of Commerce* published in the B. J. p. 213 and 249, the following :

« According to the calculations made, from March to July 1866, by admiral Davis, by order of the Senate of the United States, an American canal could then rely upon yearly transit of 4 millions of tons, saving 99,060,446 dollars upon the freight, interest and insurances ; but said calculations have been lately rectified after more precise and positive informations, and it is ascertained that the traffic shall be superior to 6 millions of tons, as proved by the following figures :

« The state of California and the territories of the Union, on the Pacific Coast, presently forward, every year, more than one million of tons to Europa. Owing to the greater facilities of conveyance, the above stated traffic shall be increased at least 30 0/0 as well as the mercantile exchange between the Pacific and Atlantic Shares, which now amounts to more than one million ; so that the trade of the United States, by itself, will move 3 millions of tons.

« Europa consumes yearly 200 millions pounds of tea, or about 100,000 tons. Australia forwards every year to the European markets 300 millions pounds of wool and other produces, which represent 300,000 tons. Peru exports yearly, in guano, nitrate, sugar, metals, etc., about 400,000. Equator and Bolivia send each year to Europa, in metals, cacao, coffee, bark and other produces, more than 200,000 tons. Chile forwards, in copper, silver, guaneros, nitrate, corn, etc. 200,000 tons. The Republics of Central America and the Mexican States of Pacific Coast ship to Europa, every year, 400,000 tons of divers products. The whole comes to 1,600,000 tons. Supposing the retour loadings to be only 1,400,000 tons, the traffic exceeds 3 millions of tons which added to the other 3 millions make 6 millions of tons, without taking in account the traffic between the Hispano-American Republics on both Oceans, which shall necessarily increase in consequence of the facility and saving of conveyance. The voyage, instead of four months, will be reduced to twenty five or thirty days after the opening of the Canal.

Said calculation of 6 millions of tons in 1880 is tantamount to 8 or 9 millions of tons in 1886.

After having stated the cost of the Canal, its capital, securities and tonnage, we now come to the calculations of winning and yearly produce from its working.

RECEIPTS.

At 15 fr. per ton.	fr.	75.000.000
Divers receipts, steorage, towing, stationing, hiring, interests. . . fr.	fr.	1.800.000
Total receipts.	fr.	76.800.000

EXPENSES.

Management, annuity and interests 42,000,000 f. (see on the other side). Total fr.	fr.	42.000.000
Benefit to the Colombian Govt 5 0/0 of the gross produce.	fr.	3.850.000
Total expenses.	fr.	45.850.000

Balance profit.	fr.	30.950.000
Less 5 0/0 to the reserve fund.	fr.	1.547.000

Net profit for allotment. fr. 29.403.000

of which :		
80 0/0 to the 600,000 Shares, or.	fr.	23.522.400 = fr. 64.25 per Share
10 0/0 to the 60,000 Founder's Stocks, or.	fr.	2.940.300 = fr. 49.— per Stock
5 0/0 to the Beneficiaries and 5 0/0 to the directors.	fr.	2.940.300
	fr.	20.403.000

whith 5 millions of tons going through the Canal, the Company will collect :

75.000.000
1.800.000
76.800.000

whith 6 millions of tons going through the Canal, the Company will collect :

90.000.000
2.200.000
92.200.000

42.000.000
3.850.000
45.850.000

30.950.000
1.547.000

including 25 fr. interest
23.522.400 = fr. 64.25 per Share
2.940.300 = fr. 49.— per Stock
2.940.300
20.403.000

including 25 fr. interest
34.640.800 = fr. 82.75 per Share
4.330.100 = fr. 72.— per Stock
4.330.100
43.301.000

Whence results that.	the Panama Share being quoted.	500 ^f
With an equal capitalization.	the Founder's Stock will be	382 ^f

the Panama Share being quoted.	500 ^f
the Founder's Stock will be	435 ^f

the Panama Share being quoted.	500 ^f
the Founder's Stock will be	435 ^f

Moreover, if the Panama Share and Stock are capitalized to 4 0/0, like the Suez securities, then.

the Panama Share will be quoted.	1.606 ^f
and the Founder's Stock	1.225 ^f

the Panama Share will be quoted.	2.068 ^f
and the Founder's Stock	1.800 ^f

The ten first years of the Panama Canal.

With the foregoing table the reader can now be exactly acquainted with the possible income from his capital invested in Shares and Stocks of Panama. He will be glad to know, according to the normal progression of the maritime traffic, the probable scale of increase for his capital during the ten first years. It is as follows :

The Suez traffic, from the first winning year, 1870, up to 1890, became tenfold larger in ten years (exactly 10,55 times).

We only admit for Panama, over the first probable traffic of 7.200.000 tons, the most authorized figure, an increase of 10 0/0 during the five first years, and of 5 0/0 during the five following ones. That will be but one fifth of the increase at Suez.

The future of the Panama Canal being thus well defined it will be impossible to call in question the results arising therefrom or the exactness of the allotments and of the value of Panama Shares and Stocks, contained in the following table :

Progression of the Receipts of the Panama Canal, of its Allotments and the Value of its Shares and Stocks During a ten years period, from 1886 to 1895.

YEAR	TRAFFIC BY TONS	RECEIPT FOR TONNAGE 15 fr. p. ton	TOTAL RECEIPT including the divers Receipts	EXPENSES 42,000,000 of francs (see opposite) more 5 0/0 to the Colomb. Gov. and 5 0/0 to the res. fund Total	THERE REMAINS as net balance to be allotted	OF WHICH :					
						80 0/0 to the 600,000 SHARES	TOTAL INCOME by share including 25 fr. inter. Capitalized at 4 0/0 the Share will be worth	10 0/0 to the 60,000 STOCKS	INCOME per Stock	At 4 0/0 the Stock will be worth	
10 0/0 increase	1886	7.200.000	108.000.000	110.500.000	50.683.000	59.817.000	47.853.600	105.75	3.644	5.981.700	101.— 2.531
	1887	7.920.000	118.800.000	121.800.000	51.575.000	70.025.000	56.020.000	118.25	2.956	7.002.500	116.75 2.920
	1888	8.712.000	130.680.000	133.880.000	52.953.000	80.927.000	64.741.600	133.—	3.325	8.092.700	135.— 3.375
	1889	9.583.000	143.745.000	146.945.000	54.227.000	92.718.000	74.174.400	148.50	3.712	9.271.800	154.50 3.862
	1890	10.541.000	158.115.000	161.500.000	55.616.000	105.854.000	84.683.200	166.25	4.156	10.585.400	176.50 4.412
5 0/0 increase	1891	11 068.000	166.020.000	169.620.000	55.438 000	113.182.000	90.545.600	176.—	4.400	11.318.000	188.75 4.720
	1892	11.621.000	174.315.000	177.915.000	57.246.000	120.669.000	96.535.200	186.—	4.650	12.066.900	201.— 5.025
	1893	12.202.000	183.030.000	187.030.000	58.135.000	128.895.000	103.116.000	197.—	4.925	12.889.500	214.75 5.370
	1894	12.812.000	192.180.000	196.480.000	59.057.000	137.423.000	109.938.400	208.25	5.206	13.742.000	229.— 5.725
	1895	13.452.000	201.780.000	205.380.000	60.022.000	146.358.000	117.086.400	220.—	5.500	14.635.000	244.— 6.100

This table states in a rational way that the investment in Panama Shares and Stoks will be the most beneficial in the world. For this reason it is beyond any doubt that, when the next subscription takes place, many will be called, but few will be chosen.

Comparative results of the Suez and Panama investments.

It is quite indispensable for the holders of Suez to know the proportion of increase value between the Suez and Panama securities. The following table is drawn up for the purpose :

Comparative Results of the Suez and the Panama investments.

Receipts and Dividends of the Suez Canal, from 1880 to 1895, After our pamphlets an Suez published since March (price at that time 750 fr.)

YEAR.	TOTAL RECEIPT	DAILY RECEIPT	SUEZ SHARE		SUEZ STOCK	
			INCOME	PRICE at 4 0/0	INCOME	PRICE at 4 0/0
1880	44.800.000	120.000	52 »	1.300	15.31	382
1881	49.180.000	132.000	59 »	1.475	19.47	486
1882	53.560.000	144.000	67 »	1.675	23.64	591
1883	57.940.000	156.000	74 »	1.850	27.80	695
1884	62.320.000	168.000	82 »	2.050	31.96	799
1885	66.700.000	180.000	92 »	2.300	38.02	950
1886	71.080.000	192.000	100 »	2.500	42.40	1.060
1887	75.460.000	204.000	108 »	2.700	46.78	1.169
1888	79.840.000	216.000	116 »	2.900	51.16	1.279
1889	84.220.000	228.000	123 »	3.075	55.54	1.388
1890	88.600.000	240.000	131 »	3.275	59.92	1.498
1891	92.980.000	252.000	139 »	3.475	64.30	1.607
1892	97.360.000	264.000	147 »	3.674	68.68	1.717
1893	101.740.000	276.000	154 »	3.850	73.06	1.826
1894	106.120.000	288.000	162 »	4.050	77.44	1.936
1895	110.500.000	300.000	170 »	4.250	81.82	2.045

Receipts and Dividends of the Panama Canal, from 1880 to 1895, After the foregoing valuation.

YEAR.	TOTAL RECEIPT	DAILY RECEIPT	PANAMA SHARE		PANAMA STOCK	
			INCOME	PRICE at 4 0/0	INCOME	PRICE at 4 0/0
1880			625	—	—	625*
1881			800?	—	—	800*
1882			1.100?	—	—	1.100*
1883			1.400?	—	—	1.400*
1884			1.700?	—	—	1.700*
1885			2.000?	—	—	2.000*
1886	110.500.000	303.000	105.75	2.644	101.—	2.531
1887	121.800.000	334.000	118.35	2.956	116.75	2.920
1888	133.880.000	367.000	133.—	3.325	135.—	3.375
1889	146.945.000	403.000	148.50	3.712	154.90	3.862
1890	161.500.000	442.000	166.25	4.156	176.50	4.412
1891	169.620.000	465.000	176.—	4.400	188.75	4.720
1892	177.915.000	487.000	186.—	4.650	201.—	5.025
1893	187.030.000	513.000	197.—	4.925	214.75	5.370
1894	196.480.000	538.000	208.25	5.206	229.—	5.725
1895	206.380.000	565.000	220.—	5.500	244.—	6.100

PRESENT TRAFFIC if 7,249,000 tons the number admitted by Congress in 1878, go through the Canal the Company will collect :	with 8 millions of tons going through the Canal, the Com- pany will collect :	with 9 millions of tons going through the Canal, the Com- pany will collect :	POSSIBLE TRAFIC IN 1886 first year of the working with 10 millions of tons
108.735.600 2.500.000 <u>111.235.000</u>	120.000.000 2.800.000 <u>122.800.000</u>	135.000.000 3.300.000 <u>138.300.000</u>	150.000.000 3.800.000 <u>153.800.000</u>
42.000.000 5.400.000 <u>47.400.000</u>	42.000.000 6.150.000 <u>48.150.000</u>	42.000.000 6.925.000 <u>48.925.000</u>	42.000.000 7.700.000 <u>49.700.000</u>
63.835.000 3.191.000 <u>60.644.000</u>	74.650.000 3.732.000 <u>70.918.000</u>	89.375.000 4.463.000 <u>84.907.000</u>	104.100.000 5.205.000 <u>98.895.000</u>
including 25 fr. interest 48.515.200 — fr. 105.75 per Share 6.064.400 — fr. 101.25 per Stock 6.064.400	including 25 fr. interest 56.734.400 — fr. 119.50 per Share 7.091.800 — fr. 118.25 per Stock 7.091.800	including 25 fr. interest 67.925.600 — fr. 133.25 per Share 8.490.700 — fr. 141.50 per Stock 3.490.700	including 25 fr. interest 79.116.000 — fr. 157.75 per Share 9.889.500 — fr. 164.75 per Stock 9.889.500
60.644.000	79.918.000	84.907.000	98.895.000
the Panama Share being quoted. . . 500 ^f the Founder's Stock will be . . . 479 ^f	the Panama Share being quoted. . . 500 ^f the Founder's Stock will be . . . 495 ^f	the Panama Share being quoted. . . 500 ^f the Founder's Stock will be . . . 512 ^f	the Panama Share being quoted. . . 500 ^f the Founder's Stock will be . . . 522 ^f
the Panama Share will be quoted. . 2.644 ^f and the Founder's Stock . . 2.531 ^f	the Panama Share will be quoted. . 2.987 ^f and the Founder's Stock . . 2.956 ^f	the Panama Share will be quoted. . 3.456 ^f and the Founder's Stock . . 3.537 ^f	the Panama Share will be quoted. . 3.943 ^f and the Founder's Stock . . 4.120 ^f

Said market-prices are explained as follows: The price of the Panama share will no doubt rise each year and month as the works progress, up to the probable rate of 2.644 fr. or about for the first year of 1886, which with a traffic of 7,200,000 tons, will secure to the Share a dividend of 105.75. The Stock will then certainly get 101.25. When 157.55 will accrue to the Share, the Stock will have 164.75. Thus these securities are both as good; it results therefrom that if the share were worth, at issue, 625 and 750 fr. the stock will be worth the same less the interest and so forth.

In short, this latter table shows that both Panama securities are really cheap, compared with the Suez Share and Stock, viz:

Divid. Shares	Suez	Panama	Divid. Stock	Suez	Panama
in 1886.....	109 ^f	105 ^f	in 1886.....	42.40	101.—
in 1891.....	139 ^f	176 ^f	in 1891.....	64.30	188.75
in 1895.....	170 ^f	220 ^f	in 1895.....	81.22	244.—
present mark. price 1.300 ^f	500 à 625 ^f		present mark. price 400.—	500 à 625	

The holder of Suez shall have understood already that the Panama

investment will be worth four times as much as Suez. As to the reader who holds no Suez and has money to set off, he will avail himself of the quite exceptional increase offered to his capital by the next subscription to the Panama Shares at par.

In order to prove it still better, we draw up the following last calculations.

In 1888, first year of working the Panama Canal, the income of a Suez Share will be 100 fr. or at 4 o/o fr. 2.500 — — Panama — — 105.75 — 4 o/o 2.644

Arbitration. — By selling, for instance, for 130,000 fr. of securities or 100 Suez Shares at the price of 1,300 fr. that is for 130,000 fr you would have 208 Panama — — 625 — — 130,000 — or 200 — — if subscribed at 500 — — 130,000 —

Which will be the result, as income and increased value, from this time to 1886, first year of working the Panama Canal? and which will be the result 5 and 10 years later, in 1890 and 1895?

This is the reply to the question:

In 1886, first year of working the Panama Canal.	Divid.	Income	Capitalized, at 4 o/o	arealizable capital of	The increased value of the investment upon the original capital of 130,000 fr. will there fore amount, after 6 years, to	that is for one year an increased value	for 130,000 fr. invested, that comes to
100 Suez Shares will bring up, at 100.—	10.000 ^f	they will be worth, at 2.500 ^f	250.000 ^f	120.000 ^f	For the Suez... 20.000 ^f	15 0/0 a year.	
208 Panama — at 625 fr. —	105.75	21.995 ^f	—	549.952 ^f	For the Panama 69.992 ^f	54 — —	
260 — — 500 fr. —	105.75	27.495 ^f	—	687.440 ^f	— — 92.907 ^f	72 — —	
In 1890, fifth year of working the Panama Canal.				After 11 years from 1880 to 1890		+ 4 o/o interest.	
100 Suez Shares will bring in, at 131.—	13.100 ^f	they will be worth, at 3.275 ^f	327.500 ^f	197.500 ^f	For the Suez... 17.955 ^f	14 0/0 a year.	
208 Panama — at 625 fr. —	166.25	34.580 ^f	—	864.448 ^f	For the Panama 66.768 ^f	51 — —	
260 — — 500 fr. —	166.25	43.225 ^f	—	1.080.560 ^f	— — 86.414 ^f	67 — —	
In 1895, tenth year of working the Panama Canal.				After 16 years, from 1880 to the end of 1895		+ 4 o/o interest.	
100 Suez Shares will bring in, at 170.—	17.000 ^f	they will be worth, at 4.250 ^f	425.000 ^f	295.000 ^f	For the Suez... 18.437 ^f	14 0/0 a year.	
208 Panama — at 625 fr. —	220.—	45.760 ^f	—	1.144.000 ^f	For the Panama 63.375 ^f	49 — —	
260 — — 500 fr. —	220.—	57.200 ^f	—	1.430.000 ^f	— — 81.250 ^f	62 — —	

From said calculation it arises that the investment upon the Panama Shares will secure to the subscribers at par, holders or not of Suez, and to the purchasers at 625 fr., a yearly increased value of their capital varying between 49 and 72 0/0 a year against 14 and 15 0/0 brought by the investment upon Suez and 3 to 6 0/0 in other funds and securities.

After the Panama Share, there is now the calculation of produce for a Panama Founders Stock:

In 1886, first year of working the Panama Canal, the income of a Suez Stock will be 42.40; value at 4 0/0 1.060 fr. — Panama — 101.25; — 4 0/0 2.531 fr.

Arbitration. — By selling, for instance, securities for 40,000 fr.: or 100 Suez Founders Stocks at 400 fr. that it for 40,000 fr. you would have 64 Panama Stocks at the price of 625 — — 40,000 — or 80 — — 500 — — 40,000 —

Which is the result, as income and increased value, from this time up to 1886, first year of working the Panama Canal, and which will be the result 5 years and 10 years later in 1890 and 1895?

The following is the reply:

In 1886, first year of working the Panama Canal.	Divid.	Income	Capitalized at 4 o/o	arealizable capital of	The increased value of the investment upon the original capital of 40,000 fr. will there fore amount, after 6 years, to	that is for one year an increased value	for 40,000 fr. invested, that comes to
100 Suez Shares will bring up, at 42.40	4.240 ^f	they will be worth, at 1.060 ^f	106.000 ^f	66.000 ^f	For the Suez... 11.000 ^f	27 0/0 a year.	
64 Panama — 625 fr. —	101.25	6.480 ^f	—	161.984 ^f	For the Panama 20.330 ^f	51 — —	
80 — — 500 fr. —	101.25	8.100 ^f	—	202.480 ^f	— — 27.080 ^f	68 — —	
In 1890, fifth year of working the Panama Canal.				After 11 years from 1880 to 1890		+ 4 o/o interest.	
100 Suez Shares will bring in, at 59.92	5.992 ^f	they will be worth, at 1.498 ^f	149.800 ^f	109.800 ^f	For the Suez... 9.981 ^f	25 0/0 a year.	
64 Panama — 625 fr. —	176.50	11.296 ^f	—	242.368 ^f	For the Panama 22.033 ^f	55 — —	
80 — — 500 fr. —	176.50	14.120 ^f	—	352.960 ^f	— — 28.451 ^f	71 — —	
In 1895, tenth year of working the Panama Canal.				After 16 years, from 1880 to the end of 1895		+ 4 o/o interest.	
100 Suez Shares will bring in, at 81.82	8.182 ^f	they will be worth, at 2.045 ^f	204.500 ^f	164.500 ^f	For the Suez... 10.281 ^f	26 0/0 a year.	
64 Panama — 625 fr. —	244.—	15.616 ^f	—	390.400 ^f	For the Panama 21.900 ^f	55 — —	
80 — — 500 fr. —	244.—	19.520 ^f	—	448.000 ^f	— — 28.000 ^f	70 — —	

Thus the yearly increased value in Panama Stocks will be 50 to 71 0/0 against 25 and 27 0/0 in Suez Stocks and 3 to 6 0/0 other investments.

By summing up now the probable yearly increase of a new investment upon Both Panama Securities, it will be found that:

The increase value, not including 4 o/o interest,

of the Panama Share of 500 fr. shall be 72, 67 and 62 0/0 a year, and that of the Stock of 500 fr. shall be 68, 71 and 70 0/0 a year.

The reader must especially infer from these calculations this important fact that, during the building period, he does not invest his money at 5 0/0 only, but at 50 and 72 0/0, as the more the opening time will approach, the better he shall be able to dispose of his investment, which from 500 fr. in 1880, will raise up to 2644 and 2531 fr. in 1886.

The Founders Stock shall be very little sold, by this motive that the founders have an absolute confidence in their work. It will only be possible to invest money upon shares by means of subscriptions at par. Owing to the good sense and clever calculations of arbitration, the price of the stock shall always follow the rise of the shares. Thus, when the share is 500 fr. worth, the stock of 479 fr., on the ground of 7,200,000 tons of traffic, after deducting 93 fr. 75 for interest allowed to the share up to the opening, comes out, at the rate of 56 1/4 millions interest for the 600,000 shares (See page 4) to 385.25 net. When the Panama share is worth at issue 625 fr. the stock would be worth 604 fr., that is, less 93.75 interest, 510 fr. 25 net. The Share at 750 fr. gives for the Founders Stock 633.25 net, etc.

OUR CONCLUSIONS.

Development of the Panama traffic. — After the foregoing calculations, we are anxious to prove our valuation of a progression of the traffic of 10 and 5 0/0 during the ten first years, which is but one fifth part of the increase of Suez.

It is indeed grounded upon the example of the Suez traffic, but still more upon the results arising from the economical laws of the great maritime nations. We shall only quote the following ones, as we have but little room.

FRENCH TRADE			ENGLAND.		
	Import. millions.	Export. millions.	Import. millions.	Export. millions.	Navigation. in and outw.
From 1827 to 1836	6,674	6,983	1835...	3,589	9,917 18,489,000 t.
— 1837	1846	10,844	1879...	9,053	4,787 51,395,000 t.
— 1847	1853	13,026	Increase of 213 o/o in 25 years	279 o/o	
— 1857	1866	29,867	Or 8 o/o a year	11 o/o y.	
— 1867	1876	42,621	UNITED STATES		
			1860...	1,843	1,707 9,913,230 t.
			1880...	3,618	4,503 32,371,335 t.
			Increase of 379 o/o in 20 years	335 o/o	
			Or 19 o/o a year	46 o/o y.	
TOTAL	105,072	108,895			
Increase of 641 o/o in 50 years.					
That is, 12.82 o/o a year.					

Therefore, 50 years since, the trade has increase from 13 to 19 o/o every year.

Let us suppose now for a moment that the Panama Canal was open in 1860; should it not have made also, at the end of 1880, progressive receipts in accordance with the above mentioned development of trade, and should not the share have likewise reached, in 1870 and 1880, the prices calculated here above for 1886 and 1895?

By only putting this question is resolved the problem of the Panama traffic and the certain value of its securities, from 1886 to 1895, that is to say the Panama share, after 10 years working, shall yield 224 fr. and be worth 5,618 fr., or four times as much as Suez!

Our french railways yielded a total amount of 22 millions for the five first years! The economist who would have been bold enough to write, in 1850, that, 30 years later, they would give One milliard a year, would no doubt have been styled a stark-mad! However, that is a true fact! The Panama will likewise realize unforeseen receipts, and much superior to our calculations.

The Building. — The French Academy of sciences, in a report by Mr. La Gournerie, gave the following conclusions about Panama:

« We conclude by applying to the Panama Canal the words of the Committee of 1867 about the Suez Canal, that « the conception and the means of execution of said work are the worthy preparations of an undertaking useful to the whole human kind, » and under the several remarks contained in this report, we suggest to declare that the Memoranda presented by Mr. Ferdinand de Lesseps are deserving of your approval.

We have in France 45 canals, of a total length of 4,734 kilom. 1800 kilom. more shall be still built, which will make 6,500 kilom., that is 90 times the length of the Panama! We are about to build moreover the Transsaharian Railway, 3,500 kilom. — What will it yield, compared with the Panama?

The Canadian government, in order to supply the wants of their trade, is about to widen the Welland Canal, with an expense of 250 millions of francs! So that said local canal, which, on account of the cold weather must be closed for 6 months every year, costs as much, for one state, as the Panama will do. In order to shorten the way between Boston and New York, say 145 miles only, the american people will build the Cap Cod Canal at a cost of 52 millions of francs!

How could there be the least doubt about the ready completion of the Panama Canal, a universal work, 73 kilom. large, when we have seen the Suez Canal so readily completed with 166 kilom., and the building on our globe, at the end of 1879, of 348,000 kilom. of Railways (4,767 times the length of Panama) at a cost of 91 milliards for 309,000 kilom. and 81 milliards at the end of 1876, and 172,000 kilom., and 45 milliards at the end of 1866?

At Suez, all was failing, even the experience of the engineers. Seven years of normal work were lost there on account of the intrigues of foreign politics and of the pachas, of the questions of workmen, free or not, and of the building of a fresh water canal, and of roads. At Panama, on the contrary, the success is announced by an already worked railway, and nothing is wanting for an immediate beginning of works. There is no difficulty whatever to be feared for taking out the 25 kilom. rock by open working, after having seen the much more difficult piercings of the Mount-Cenis (12 kilom.), Saint-Gothard (15 kilom.), and shortly afterwards those of the Arlberg and Simplon. Dynamite is easily had at Panama, as well as workmen.

The Americans themselves confess that this pacific work will at first prove to their own interest, and afford to their own country its first benefits. For this reason it is supported by first rate American firms, satisfied that such building, undertaken only by an Association of mopes from the whole world, free to every one, shall never give place to any difficulty. There is no difference between selling us corn and working a Canal.

The capital and investment at Panama. — What are the 600 millions to invest in 5 years on the Panama Canal, or 120 millions a year, when France, England and the United States have by themselves only no less than 11 milliards of personal income each year? What are they, compared with the nineteen milliards to be spent during the same period of 6 years for 75,000 kilom. or about of new Railways?

The raising of the capital stock and following operations for its securities secure more than ten millions of yearly commission to the markets that is as much as the Suez, Whoever will take interest in the Panama shall make himself wealthy.

The required capital shall therefore be subscribed five times rather than one, as among the investment upon transport business, Suez and Panama are preferable to any other because they are alone, without any possible competition; there are no rails, no coal, no stock wanted; no loss arising from a 2^e or 3^e net work is to be feared — nor hindrance of the traffic by snows or otherwise. The winning expenses amount but to 10 0/0, whilst for railways etc., they are of 35 to 60 0/0. Almost the whole of the receipts is for the shareholders, who know beforehand the high dividend accruing to them, as the receipts are daily published. The investment with both companies affords moreover this benefit that the shares are rapidly doubled. Thus 3 Suez shares will shortly be got for a former one, and a dividend will be paid every three months. The Suez will therefore soon reach 1500 fr.

To prove how exceptionally beneficial is the investment with Suez and Panama, we quote the following example: the 100 former founder's Stocks of Suez were divided into 1000 Stocks, each of which is now worth 38,000 fr. These have just now been converted into 100 hundredths each, so that one original stock of Suez, bought for 5,000 fr., and already repaid, represents in 1880, after 10 years working, a value of 380,000 francs!

The reader may perceive thereby that he could realize in 1895, also after 10 years winning, an Original Panama Founders Stock, now costing (x) fr., at about 610,000 fr. (See the table). The economical laws, the increase of inhabitants, the consequences of the movement which calls the movement, and the example of the Suez stock, warrant such prevision. Every family father shall be a purchaser of the same.

As regards the Panama Share, subscribed at 500 fr., far from falling during the building, as it will be supported at the same time by the constant rise of Suez, it will be sold before 6 years at 2,644 fr. (divid. 105 fr.), and perhaps at 3,943 fr. (divid. 158 fr.) Its cost having been only 500 fr., 500 fr. will be won by it yearly, though having paid only 125 fr. during 4 years! This is logically explained by the above reasons.

The Suez and Panama will increase the national wealth in the following degree: In 1890, the Suez Share at 3,275 and the Stock at 1,500 fr., according to our table will represent an increased value of 996 millions out of the par. — The Panama Share at 4,456 fr., and the Stock at 4,400, will represent another one of 2 milliards 574 millions, that is to say, within 10 years, a total increase of 3,570 millions or 357 millions a year!

To this must be added: 54 millions of allotments from Suez and 419 millions from Panama, that is an increase of 540 millions for the yearly wealth! Far from reserving said profit to the french capital alone, Mr. de Lesseps offers it to the European and American capitalists.

The american Admiral Davis observed in 1866, that 4 millions tons of traffic would allow to spare 100 millions of dollars in freights, interests and insurances. Therefore, 7 millions tons will spare one milliard of francs and the use of the Canal will save thousands lives of sailors of all countries in the world!

One milliard of francs spared, at 5 0/0, represent a capital stock of 20 milliards!

The capitalists are called to an exceptional investment. They shall not hesitate. They must chiefly remind that, if they are able to subscribe a Panama Share at par, 500 fr., and not at 625 or 750 fr., that is owing to the proverbial fairness of M. F. de Lesseps, who honestly denied to allow the 590,000 shares to be offered with a premium, although they are worth, and will get, a very high one.

Honour is due to M. de Lesseps. To his genius it was reserved to make better what was imperfect in the creation. The success of his first work is a warrant for the second; it will even go much beyond as splendour prosperity and enriching of share-holders.

Any capitalist shall subscribe, Panama is worth four times as much as Suez.

Paris, 25.11.80.

S^r SARTER.