

from sea to sea within eighteen months from the same date, under the penalty of forfeiture of the money already paid, as well as of all the work accomplished. In the event of failure, the contract itself also becomes void. Should the Company select for the transit route the road from La Virgen to San Juan del Sur, the Government engages to grant it indisputable possession of the wharves, houses and roads already built, the Company paying therefor an additional sum of \$25,000, at sixty days, also to be forfeited in the event of non-fulfillment of the aforesaid stipulations.

ART. 8 fixes the term of this contract at forty years, the Company to pay the Government, for the first ten years, the sum of \$30,000; and for the remaining thirty years \$40,000 per annum, payable in semi-annual installments.

ART. 9 reserves to the Government of Nicaragua the privilege of recalling all the grants herein made, at the expiration of the term of forty years, together with all the effects belonging to the Transit and all the works erected by the Company, indemnifying the latter for the value of such works at the time they are returned, either in a single payment or in five annual installments, allowing 12 per cent interest.

ART. 10 further reserves to the Government the right to extend this contract for 50 years more; in which the Company binds itself to pay one-fourth the net gains to the Republic; the Company being also obligated to accept this extension on the terms expressed, if Nicaragua desires it. At the expiration of this second term of 59 years, the property reverts to the Government without its payment of any sum whatever.

ART. 11 pledges the Transit Company to spend at least the sum of \$500,000 upon the works of the route, improving the seaports, &c., and to transport the employés of the Republic, and the Government mails and troops, without remuneration. The Company cannot convey troops, arms or munitions of war, except by virtue of specific treaty stipulations, without the previous permission of the Government. All arms carried by passengers on the route must be deposited with the Company on embarking, and be restored to the owners on leaving the Isthmus. Before opening the Transit, the Company shall establish a passenger and freight tariff, with the proviso that all natives of Nicaragua, and residents therein, shall pay only two-thirds of such tariff.

ART. 12 provides that, in case of war, the Government may use the Company's steamers, making compensation therefor.

ART. 13 qualifies Article 7, by stipulating that in case the Company fails to finish the work within the specified time, in consequence of pestilence, war, or earthquakes, the time shall be deducted and allowed to the Company. Similar provision is made to provide against loss by maritime disasters.

ART. 14 stipulates that this contract shall not impede the work of the great inter-oceanic canal.

ART. 15 establishes a tribunal for the adjustment of questions in dispute, consisting of five persons; two to be named by each of the parties, and the fifth to be the oldest diplomatic representative residing in the place of meeting, the tribunal to meet in a State adjacent to Nicaragua.

The contract bears the following signatures :
GEORGE F. CAUTY, Agent.
FERNANDO GUZMAN, } Commissioners.
FULGENCIO VEGA, }
MACARIO ALVAREZ, } Witnesses.
N. ESPINOZA, }
GRANADA, Jan. 31, 1860.

THE NICARAGUA TRANSIT.

The Cauty Convention with the Governmen of Nicaragua—Grant of Rights and Privileges.

On the 31st January, a Contract of Transit from the Atlantic to the Pacific, over the territory of Nicaragua, was signed at Granada, between Capt. Geo. F. CAUTY, acting as agent for the British Navigation and Transit Company, and Señors FERNANDO GUZMAN and FULGENCIO VEGA, Commissioners appointed by the Government of Nicaragua. The contract is drawn for a period of forty years, with the privilege of renewal for fifty-nine years more, at the option of the Nicaraguan Government.

ARTICLE 1 defines the purpose of the instrument, viz.: The exclusive grant of right of way to the Navigation and Transit Company, organized under the laws of Great Britain, from the Atlantic Ocean to the Pacific, for the transportation of passengers, mails and merchandise over the territory and waters of Nicaragua; the Company to be permitted to use steamers, railroads, common roads or auxiliary canals; subject only to the restriction that the liberty of the internal commerce of the Republic and other States of Central America shall not be thereby prejudiced, nor shall other treaty grants for navigation of lakes and rivers be interfered with. The privilege of transporting foreign Government mails to be subject to the regulations which may have been established in existing treaties, or in those which may hereafter be made. The rate of compensation therefor, however, may be settled by the Company itself with the Government interested in such mail service.

ART. 2 grants to the Company the use of the waste lands of the Republic, along the whole line of transit, for railroads, auxiliary canals, stations, warehouses, &c.; also the privilege of using the lands of private individuals, upon proper compensation being rendered—unless in cases where private parties refuse to relinquish their lands, in which emergencies the Government will put the Company in possession, receiving beforehand the just amount due the owner, which shall be ascertained by a survey, to be made by persons skilled in such matters.

ART. 3 guarantees the property of the Company, subject to the laws of the Republic, and obligates the Government to refrain from using the services of foreign workmen whom the Company may engage; nor shall the service of native workmen employed by the Company be claimed by the Government, unless in case of emergency.

ART. 4 admits, free of duty, all machines and other necessary articles that may be required for the Company's work; guarantees the perpetual freedom of the ports at either extremity of the route to all vessels belonging to the Company; and pledges the Government to impose no extra duties upon the internal commerce in which the Company may engage.

ART. 5 declares the incorporation of the Company. ART. 6 defines the regulation of passports. Passengers over the route need not present a passport in time of peace; in the event of war, the Government must previously notify the Company that passports will be demanded from passengers.

ART. 7 designates the consideration to be paid the Government in exchange for these privileges, viz.: \$25,000, at sixty days' sight, dating from the ratification of the contract; the Company to commence the work of the route within six months from the date of ratification, and to put the route in operation