# THE PANAMA RAIL-ROAD COMPANY.

# CONTRACT

BETWEEN THE

## REPUBLIC OF NEW GRANADA

AND

## The Panama Rail-Road Company,

EMBRACING THE AMENDMENTS APPLIED FOR BY THE COMPANY, AND ADOPTED BY THE

ACT OF CONGRESS AT BOGOTA,

OF JUNE 4th, 1850.

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1850.

# Decree of the Executive Power,

PROMULGATING AS A LAW OF THE REPUBLIC THE LEGISLATIVE DECREE APPROVING THE CONTRACT ENTERED INTO WITH THE

# PANAMA RAIL-ROAD COMPANY.

## The President of the Republic of New Granada:

**Whereas,** Congress has issued, and the Executive power has sanctioned, a decree of the following tenor:

## Decree approving the Contract

RESPECTING THE PANAMA RAIL-ROAD COMPANY.

*The Senate and House of Representatives of New Granada in Congress assembled:*

Having considered the Contract respecting a privilege for the construction of an Iron Rail-Road from one Ocean to the other, across the Isthmus of Panama, which was signed in this Capital, the fifteenth day of the month of April of the present year, between VICTORIANO DE DIEGO PAREDES and JOHN LLOYD STEPHENS, the first in virtue of the special authorization of the executive power conferred upon him as Secretary of State for the foreign affairs of the Republic, and the

second as Commissioner of the Association styled the "PANAMA RAIL-ROAD COMPANY;" and the said document being of the following literal tenor:—

# CONTRACT

FOR THE PRIVILEGE OF CONSTRUCTING AN IRON RAIL-ROAD FROM ONE OCEAN TO THE OTHER, BY THE ISTHMUS OF PANAMA.

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The Executive Power being authorized by the Legislative Decree of 12th June, 1849, to amplify and amend the Contract entered into in Washington, on the 28th of December, 1848, for the construction of an Iron Rail-Road on the Isthmus of Panama; and it being suitable for this end to conclude and sign a new Contract, in which the rights to be acquired, and the obligations to be incurred, by the Government of New Granada and the PANAMA RAIL-ROAD COMPANY, may be clearly established, without the necessity of any reference to the Contracts previously entered into on the subject: the Citizen President of the Republic of New Granada has thought proper to empower for this purpose VICTORIANO DE DIEGO PAREDES, Secretary of State for Foreign Affairs of the said Republic, and the Panama Rail-Road Company to empower JOHN LLOYD STEPHENS, Vice-President of said Company, and its Commissioner in New Granada, who, after carefully conferring together, have agreed upon the following Contract:

## CHAPTER I.

OF THE RIGHTS, PRIVILEGES, GIFTS, FRANCHISES, AND EXEMPTIONS WHICH ARE GRANTED TO THE COMPANY.

### TITLE FIRST.— *Concession of Privileges.*

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ARTICLE I.

The Government of New Granada concedes to the Company styled the PANAMA RAIL-ROAD COMPANY, their representatives or assigns, the exclusive privilege of establishing an Iron Rail-Road between the two Oceans, across the Isthmus of Panama.

ARTICLE II.

The privilege conceded to the Company by the preceding Article, to establish an Iron Rail-Road, shall continue forty-nine years, counting from the day of the completion of the Road and its being opened to public use. Nevertheless, said privilege shall



terminate before the expiration of the said forty-nine years, if before their expiration the Government shall have redeemed the privilege by virtue of the right and power reserved in the following terms:

At the expiration of twenty years, counting from the day in which the Rail-Road shall have been completed and opened to public use, the Government may redeem the privilege for the benefit of New Granada, by the sum of five millions of dollars, to be paid as the whole amount of the indemnification. If the privilege should not be redeemed at that date, it shall continue in force ten years still longer, at the end of which the Government may redeem it, by paying two millions of dollars.

In order that the Government may avail itself of the right thus reserved to it of redeeming the privilege, it shall notify the Company of its intention to redeem it at least one year before the day of the expiration of either of the three periods above expressed.

ARTICLE III.

The sum to be paid to the Company for the redemption of the privilege in either of the three cases mentioned in the preceding Article, is to be in specie, in American dollars, without any reduction, it being well understood, that in all other cases in which mention is made of dollars in this contract, it is of American dollars, without any deduction.

ARTICLE IV.

The Company shall, after the redemption of the privilege, remain in possession of the lands conceded to it gratuitously and perpetually by the eighteenth Article of this Contract.

ARTICLE V.

The Rail-Road from Ocean to Ocean shall be completed within six years, counting from the expiration of four months after the present act of concession shall have been approved by the Congress of the Republic; and the fact of its completion shall be verified before the Governor of Panama, on the request of the Company, by a statement drawn up on both sides, after discussion between it and the Agent or Agents of the executive power, commissioned to that effect.

ARTICLE VI.

During the time of the continuance of the exclusive privilege conceded to the Company, or persons engaged in the enterprise, for the establishment of the Iron Rail-Road from one Ocean to the other, the Government of the Republic engages neither itself to make nor to grant to any other Company whatever, under any title whatever, the power to establish another Iron Rail-Road on the Isthmus of Panama; and it is equally stipulated, that during the period of the existence of the said privilege, the New Granadian Government shall have no power to undertake, itself, nor to permit any other person to undertake, without the accord and consent of said Company, the opening of any maratime canal which may communicate with the two Oceans, across the said Isthmus of Panama.

ARTICLE VII.

During the whole term indicated in the preceding Article, and without prejudice to the reasonable exclusion of the construction of the Rail-Road, the Company shall have also the exclusive right of establishing across the Isthmus of Panama any class of wheel carriages, either from Ocean to Ocean or to any point of the River Chagres. Consequently, the New Granadian Government binds itself not to undertake itself, nor to permit any other Company or individuals to undertake, during the term expressed in the present Article, any other carriage road, M'Adamised, of plank, or of any other class, which may serve for the use of wheel carriages, between the two Oceans, across the Isthmus of Panama; it being nevertheless well understood that the privilege of which this Article treats cannot and must not be opposed in any manner to the conclusion preservation and improvement of the roads which already exist, or which are actually being constructed on the said Isthmus.

ARTICLE VIII.

The Company shall have, moreover, the exclusive privilege of navigating the Chagres River by steam power until the Rail-Road is completed, from one Ocean to the other, within the terms fixed in this contract, and in accordance with its provisions; the Company, in the mean time, being bound to keep constantly on said River two or more steamboats employed in transportation; but



the provision in this clause shall not prevent steamboats which may now be in said River from continuing to navigate the same.

ARTICLE IX.

The exclusive privilege is also granted to the Company for forty-nine years:—

1st.—To use the ports situated at the two extremities of the Rail-Road, required for the anchorage of vessels, and for the landing and shipping of goods which are to pass over the said road.

2d.—To use the ports situated at the two extremities, and for the free deposit of all effects and merchandise admitted for transit across the Isthmus by means of the Rail-Road established by the Company. In virtue of said privilege, the Company may levy such duties of transit, warehouse, and toll, as it may judge proper to establish, in compensation for the use of the lines of communication, the means of transportation, the ports, passages, warehouses, and establishments of all kinds belonging to it.

ARTICLE X.

The executive power shall determine the forms to be observed in the landing of effects on either Ocean; and the intervention on the part of the Custom House Officers, with the object of preventing the effects destined for transit from one to the other, from being left on the way, or fraudulently introduced for consumption in the country. Said precautions shall be such as may tend to prevent all frauds, to the injury of the public revenues, without delaying or embarassing the rapid dispatch and transit of passengers and packages of merchandise, luggage, and effects of all kinds of lawful commerce.

ARTICLE XI.

During the progress of the Rail-Road towards completion, the Company may open to public use such portion thereof as may be passable, and as it may judge proper to put in service, so soon as such portion may be completed. The Company may also then enter into the enjoyment of the concessions, privileges, and advantages applying thereto, as set forth in the present grant, conformably with the provisions of the Second Chapter of this Contract.

ARTICLE XII.

The conclusion of one half of the Rail-Road shall secure to the said Company the definitive possession of all that is connected with the present privilege, and of all the rights appertaining to it; the Company, however, remaining bound to complete it entirely within six years, conformable to Article Fifth, or in eight years, in case the period for such completion of the said road should be thus far prolonged; in default of which it will be subjected to the fines and penalties established in the before mentioned Second Chapter of this Contract.

ARTICLE XIII.

The Company may give to the Rail-Road between the two Oceans across the Isthmus of Panama such direction as it may judge most favorable for the enterprise; and may select with entire liberty the points of departure and arrival which it may consider most advantageous and convenient for the entrance and anchorage of vessels, or for the ports properly so called, and the places for embarkation, dry docks, places for lighterage and landing, warehouses, stations, inns, and establishments of all kinds; it being, nevertheless, stipulated that the provisions of this Article shall be understood without prejudice of what is hereinafter provided in Article Fifty-Second of this Contract.

ARTICLE XIV.

The Company is also at liberty to choose the mode which it may consider most favorable to the construction and works of the Rail-Road, provided it be completed in such a manner that travellers and goods passing over it may be transported from Ocean to Ocean, at farthest, in twelve hours.

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TITLE II.—*Grants of Land.*

ARTICLE XV.

In consideration of the difficulties of the enterprise, and of the direct and indirect advantages which the Republic is to derive from it, various concessions of land are made to the Company, on the continental part of the Isthmus, comprised within the limits which the provinces of Panama and Veraguez had, on the first



day of January, 1819. The Government of the Republic concedes, therefore, gratuitously, to the Company, in the terms expressed in this Article:—

1st.—The lands which may be necessary for the establishment of the line of Rail-Road in its whole extent.

2d.—All the lands which it may require for the establishment of ports and places for landing and embarking, dry docks, places for lighterage, warehouses, stations, inns, and, in general, for all the necessary purposes of the construction and service of the Rail-Road.

ARTICLE XVI.

Although according to what is expressed in the preceding Article, the Company has no right to vacant lands on the Islands adjacent to the Isthmus of Panama, the Government, nevertheless, binds itself to concede to the Company all the vacant land which may be on the Island of Manzanillo, in the Bay of Limon, provided the Company consider it proper to extend the work of the Rail-Road to said Island, so that one of the extremities terminate on it.

ARTICLE XVII.

The concession of vacant lands, of which the two preceding Articles treat, is to be understood as referring to lands belonging to the Republic. With regard to those which are the property of individuals, the Company must obtain them from their owners, upon valuation and indemnification, in the manner specified in the Twenty-First Article. The lands granted to the Company, as expressed in the two preceding Articles, shall return to its possession and control immediately on the expiration of this privilege; and they shall be restored to it by the Company with the forms prescribed, and agreeably to the conditions specified in the document respecting the duties and obligations to which the Company binds itself.

ARTICLE XVIII.

Concession is moreover made to the Company gratuitously, and in perpetuity, of one hundred thousand fanegadas of vacant land, in the provinces of Panama and Veraguas, within the limits indicated in the first part of the Fifteenth Article which may be increased to one hundred and fifty thousand, if such extent be found dispo-

sable, in the two provinces above mentioned, so that the Government can pronounce them vacant; and the Company shall have liberty to select them, in the continental portion of those provinces, wheresoever it may judge most proper. It being stipulated, however, that wheresoever they may be selected on the line of the road, or in its vicinity, intervals shall be exactly left, in which the Government of the Republic may make concessions or sales of land, for other establishments, such as it may choose to form on said line and its vicinity. The hundred thousand fanegadas of land, or any other extent less than a hundred and fifty thousand fanegadas, which may be found disposable as vacant, and thus granted to the Company, may be used for encampment for workmen, fields for cultivation, pastures for beasts of burden and cattle, or for cutting wood from them for the construction of the road or for fuel; and in general for establishments of any kind, facilitating industrial operations undertaken by the Company, especially those tending to colonization.

If, which is not to be presumed, there should not be within the limits of the provinces of Panama and Veraguas, indicated in the preceding Fifteenth Article, the vacant lands necessary to secure to the Company the one hundred thousand fanegadas, of which this Article treats, those which are wanted to complete the one hundred thousand fanegadas will be granted at the points which the Company may designate, in the continental part of the provinces of Carthagena, Santa Martha, Rio Hacha, and Choco, this grant and the others of which the present Article treats, being understood as referring to the vacant lands which belong to the State, and to no others.

The Government of the Republic will make no grants of vacant lands with the limits before mentioned, of the provinces of Panama and Veraguas, until after adjudication has been made of those mentioned in this Article; saving, nevertheless, the right which any other person may have acquired by virtue of concessions of the Granadian Government anterior to the date of the present Contract.

ARTICLE XIX.

The vacant lands which are granted to the Company by the Eighteenth Article of the present Contract are given to it in full



ownership; and the Company may dispose of them freely during the period of the privilege, and after the termination of said period, or of the redemption of the said privilege.

ARTICLE XX.

The lands of which the preceding Article treats, and the lands appropriated for the Rail-Road shall be delivered to the Company as they may be requested, agreeably to the provisions of the Fifteenth, Sixteenth, Seventeenth, and Eighteenth Articles of the present Contract.

ARTICLE XXI.

Whenever the lands required for the establishment of the Rail-Road, or for ports or any other purposes connected with the works on said road may be the property of individuals, the Company shall have the right to take them, under the order of the Governor of the respective province, after valuation has been made, and a just indemnification given to the owner, conformably with the provisions of the law of June 2d, 1848, defining the cases in which property may be taken for public uses, and the forms to be observed in so doing.

ARTICLE XXII.

The delivery to the Company of the vacant lands conceded to it gratuitously, shall be effected provisionally, so soon as they may be designated by the Company, after proof of their character as vacant lands, a survey of them, and an adjudication by the Governor of the respective province. This provisional adjudication shall be submitted to the examination and approbation of the executive power. So long as it shall not be disapproved, it shall only produce the effect of preventing any ulterior grants of the lands in favor of a third person; but from the time that it has been examined and approved, in conformity with this Article, it shall be equivalent to the formal taking of possession.

ARTICLE XXIII.

The Company may vary or modify the line of the Rail-Road, if difficulties or obstacles should be found to its completion on the line first selected; it may also, in such case, change the location which it may have previously made, of the vacant lands conceded to it gratuitously, according to the stipulations of the Fifteenth Article.

## Title III.—*Rights, Immunities, and Exemptions.*

ARTICLE XXIV.

In order to aid as far as possible, on its part, the enterprise of the Company, and to fulfil the success of its operations of all kinds, the Republic confers upon the Company the rights, privileges, and immunities expressed in the following Articles.

ARTICLE XXV.

The enterprise is deemed one of public utility, *consequently,* The Panama Rail-Road Company *has all the rights conferred by the laws and regulations upon the executive administration for national works.*

ARTICLE XXVI.

The Company is authorised to propose to the Executive Power such regulations as it may judge proper for the police, security, use, and preservation of its ways of communication, ports, works and establishments of all kinds; but such regulations shall not be carried into effect without the express approbation of the Executive Power, which even after having approved them, may annul or alter them if it think proper, proceeding always in conformity with the laws of the Republic.

ARTICLE XXVII.

The tariff of charges for the transportation of money, merchandise, or travellers, over the Rail-Road, of port duties, and of stoppage or storage, in the depositories and establishments, shall be fixed by the Company, and may be modified as it may judge proper; they are, however, to be immediately communicated to the local authorities, in order that the public may be informed of them, and bound to observe them.

ARTICLE XXVIII.

All the correspondence which may arrive from the territory of the Republic, or from foreign countries, to be transported over the Rail-Road, whatever may be its destination, shall indispensably pass through the post-offices of New Granada, which shall open with the Company an annual account current of postage, in order to compute the share of profit which may belong to New Granada, in conformity with the arrangement in the Thirtieth Article of this Contract, and in order to guard against any fraud in this respect.



ARTICLE XXIX.

In consequence of the stipulation in the preceding Article, the Company binds itself not to receive any other packets of correspondence than those which may be delivered to it by the post-offices of New Grenada, to be carried by the Rail-Road to the port of embarkation, or to the point on the Isthmus to which they may be destined on the line of the said Road, complying with the directions which the Executive Power may lay down on the subject, and also with those which may be given for the carrying on said Road of the correspondence of foreign nations, which may be delivered to the Company by the officials of the Republic, for this object.

ARTICLE XXX.

The Executive Power shall at all times determine what foreign nations may be permitted to transport their correspondence across the Isthmus of Panama by the Rail-Road; but in all cases in which the mails of foreign nations are permitted to pass by the Isthmus of Panama, all the contracts or pecuniary arrangements for their transportation by the said Rail-Road shall be made by the Company, and all the pecuniary proceeds of such contracts and arrangements shall go into the funds of the Company as a branch of its profits. In compensation for this privilege, the Company obliges itself to transport by the Rail-Road, free of charge, all the mails of New Granada, and moreover, to pay to the Government of the Republic five per cent. on all the sums of money which it may receive in virtue of said contracts and arrangements, whether such sums proceed from contracts which the Company may enter into with foreign governments, or from the general regulations which it may establish for the carrying of the correspondence of nations, which may not have entered into special contracts with it.

And it is also stipulated: 1st.—That whatever may be the profit which the Company may receive by virtue of such contracts and arrangements, in no case shall it on this account pay to the Government of New Granada less than $10,000 per annum. 2.—

That this payment shall be over and above the three per cent. of the nett profit of the enterprize to which New Granada is entitled; and 3.—That the power of the Company to enter into such contracts or pecuniary regulations shall not be opposed in any manner to the contracts or arrangements which now exist between the Republic of New Granada and any foreign nation or nations for the transportation of mails on the Isthmus of Panama.

ARTICLE XXXI.

The services of all kinds which the Company is to afford on the Rail-Road, during the period of its privilege, shall be given exclusively by its agents, and with the material belonging to itself, unless it should choose to perform them in another way.

ARTICLE XXXII.

The Company may introduce into the Isthmus, free from duties or taxes of any kind, all the implements, machines, iron, materials, and manufactured articles intended for the execution, working, and preservation of the Rail-Road, and also the articles required for the subsistence and clothing of the workmen in its employ, during the whole period of the construction of the road; being subject, however, in this respect, to the regulations which the executive may establish.

ARTICLE XXXIII.

No taxes or contributions, national, provincial, municipal, or of any other class, shall be imposed upon the Rail-Road, or upon its warehouses, wharves, machines, or other works, things, or effects of any class which belong to it, and which, in the judgment of the Executive Power, are necessary for the service of the Rail-Road and its dependencies. And in compensation, it is expressly stipulated that in every case and notwithstanding any disposition of this Contract to the contrary, the troops, warlike stores, arms, clothing and other effects which may belong to the Government of the Republic; and the individuals who come to it as new settlers on account of the State, shall be transported gratuitously over the Rail-Road at the charge and cost of the Company, and without the said Government troops or colonists having to pay any thing for freight or for any other cause.



ARTICLE XXXIV.

Passengers, money, merchandise, objects, and effects of every kind which may be transported across the Isthmus, to go from one Ocean to the other, by the Rail-Road, shall be exempt from taxes and imposts, national, provincial, municipal, or of any other species. The same exemption is also extended to all effects and merchandise which may remain in deposit in the forts, stores, and warehouses of the Company, intended either for the interior or other countries; nevertheless, the merchandise or effects destined for consumption in the interior of the Republic, shall pay the duties established, or which may be established, on their importation, ere those articles are removed from the warehouses of the Company; to which end, all shall be conducted under the cognizance of the Custom House officer, conformably with the laws and regulations dictated by the Executive.

ARTICLE XXXV.

Foreigners who may form establishments on the vacant lands conceded gratuitously to the Company shall be exempt from all forced contributions, and from tithes, on the interior consumption of their productions, during the space of twenty years from the date of the formation of such establishments. They shall be entitled to letters of naturalization, so soon as they solicit them, provided they fix their residence in the territory of the Republic: they shall be exempted from military service during the twenty years after the formation of their establishments, and they shall not be required to serve in the army, except in case of invasion of the country by a foreign nation.

ARTICLE XXXVI.

Travellers passing from one sea to the other over the Rail-Road shall not be required to present any passport for that purpose, except in cases of foreign war or internal political commotion, during which the Government may deem the presentation of passports expedient for the security of the country, or the preservation of public order. Nevertheless, persons who have been expelled from the territory of the Republic, or other individuals whom the laws may have forbidden to enter it, shall not pass over the Isthmus.

## CHAPTER II.

OF THE DUTIES AND OBLIGATIONS TO WHICH THE COMPANY BINDS ITSELF.

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ARTICLE XXXVII.

The Company engages to execute, at its own expense, risk, and peril, all the works necessary for the establishment and construction of a Rail-Road, with iron rails, which is to open and keep up a line of communication between the two oceans, across the Isthmus of Panama.

ARTICLE XXXVIII.

The said works shall, unless impeded by irresistible force, be commenced within the period of eighteen months, counted from the expiration of four months after the date of the approval of the present Contract by the Congress of the Republic. The performance of works of a definitive nature, for the purpose of laying off the line, and indispensable for its execution, shall be regarded as the beginning of the enterprise.

ARTICLE XXXIX.

The said works shall be completed within the term of six years, counted from the expiration of four months after the approval of this Contract by Congress; so that the Rail-Road undertaken by the Company shall be passable in all its parts at the conclusion of the said term. But if after constructing and making practicable one-third part of the Rail-Road, the Company should find that it cannot finish it in its whole extent within the six years stipulated in this Article, it shall have the right to ask a prolongation of the term, which shall be granted by the Executive for two years, over and above the six years fixed for the conclusion of the whole Rail-Road, without incurring, on account of this delay, any of the penalties contained in the Second Chapter of this Contract.

ARTICLE XL.

The Company shall secure the fulfilment of the obligations to which it binds itself, for the execution of the works of the enterprise which is the object of this Contract, in the sum of one hundred and twenty thousand dollars, but it shall not be necessary for the Company to deposit this sum in cash, but only to secure it by



means of a hypothecatory instrument of double the amount, executed with all proper solemnities, and to the entire satisfaction of the Government of the Republic, to respond therewith for the said sum of one hundred and twenty thousand dollars, in case the Rail-Road should not be concluded within the time stipulated in this Contract, and in accordance with the provisions herein agreed upon.

ARTICLE XLI.

In case the privilege should become void from failure to begin the work, or from its not being completed within the period prescribed therefor, the Company shall lose, in favor of the Republic, the sum of one hundred and twenty thousand dollars, of which the preceding Article treats.

ARTICLE XLII.

If the Company shall not have made disposition for beginning its work agreeably to the Thirty-Eighth Article, and it shall not have actually begun the work within twenty-two months after the present Contract has been approved, it shall lose all the privileges and advantages which might result therefrom, unless the Agents of the Government of the Republic should not have effected the delivery of the lands necessary for the work within three months after they have been demanded by the Company. In this case, the term allowed by the Thirty-Eighth Article for the commencement of the work shall be prolonged for a period equal to that of the delay in the delivery of the lands, after the three months from the time of their being demanded.

ARTICLE XLIII.

If at the end of six years fixed for the conclusion of the Rail-Road, the Company shall not have completed half of the work, it shall incur the penalty of the failure of the privilege, and of losing the sum of one hundred and twenty thousand dollars, secured by means of the obligation of double the amount which is to guarantee the fulfilment of the conditions to which it binds itself. The Company shall incur the same penalties, if at the end of the eight years the works of the Rail-Road shall not be completed,

and the said Road practicable in all its parts, in the manner and orm, and according to the conditions prescribed in this Contract.

ARTICLE XLIV.

In case of forfeiture legally pronounced against the Company, it shall be bound to return to the Government the lands ceded to it gratuitously, in the same condition in which they may be when the forfeiture is pronounced; without any obligation on the part of the New Granadian Government to make to the said Company, or to those who may be substituted in its rights, any indemnification by reason of improvements, or for any other cause.

ARTICLE XLV.

After the completion of the work of the Rail-Road, the Company shall order a survey of the lands to be made at its own expense, expressing the names of the owners of the lands adjoining, together with a plan of all the parts of the road which are to be returned to the Republic, at the time of the expiration of the privilege. It shall also order a descriptive statement to be made at its own expense, of all the bridges, aqueducts, and other works of art which may have been constructed, and are to be ceded to the Republic at the same time.

ARTICLE XLVI.

The Company shall make also at its own expense similar descriptive statements of all the subsequent works of the same kind which it may afterwards make during the period of its possession of the privilege.

ARTICLE XLVII.

An exact and authenticated duplicate of the plan and descriptive statements above mentioned shall be delivered by the Company to the Governor of Panama, or sent to the department of foreign relations, to be deposited in the national archives, and to serve as reference in case of need during the running of the privilege, or at the time of its expiration.



ARTICLE XLVIII.

One year before the expiration of the privilege, the Company shall be bound to make, in concert with the Agents of the Republic commissioned thereto, valuations, statements, and inventories of the immovable property, bridges, aqueducts, and other works of art, which are to be ceded to the Republic, agreeably to the descriptive statements and plans, of which the duplicates shall have been deposited in the archives of the administration of New Granada.

ARTICLE XLIX.

At the expiration of the term of the privilege, and by the mere fact of such expiration, or in case of the redemption of the privilege, as expressed in the Second Article of this Contract, and by the mere fact of such redemption, the Government of New Granada shall be substituted in all the rights of the Company, in the ownership of the lands, and of the works of art designated in the general plan, and in the inventories and descriptive statements above mentioned, and shall enter immediately into the enjoyment of the way of communication, and of all its effects and dependencies, and of all profits accruing therefrom. The Company shall be obliged to deliver to the Government, in good condition, the roads, the works which compose them, and their dependencies, such as the places for lighterage, for discharging cargoes, houses for guards, for the inspectors, officers for the collection of tolls and duties, machines fixed and movable, and in general all objects movable and immovable, whether destined specially for the service of transportation, or applicable to any other object connected with the enterprise, and whether included or omitted in the said plans, inventories, and statements.

ARTICLE L.

In conformity with what is already indicated, it is here expressly stipulated, that when at any time, or for any cause whatever, the privilege of the Company shall terminate or expire, the Government of the Republic shall enter immediately and gratuitously into the enjoyment, ownership, and possession of the Rail-Road in all its extent from one ocean to the other, and of the depots,

wagon roads, lateral and cross, places for landing and discharging, storehouses of deposit stations, houses for guards and inspectors, offices for the collection of tolls and duties, machines fixed and movable, and in general of all the works, effects, utensils, and things of every class, which, in the judgment of the Executive Power, may be necessary for the use of the Road and its depencies, such as locomotives, cars, and wagons of every species, materials and furniture of every kind, and in fine, any other objects, movable and immovable, which may be applicable to the service of the Rail-Road, and of the roads, works, and establishments dependent upon it, or in any manner connected with the enterprise, or belonging to it, although not expressed in this Article, nor in those preceding; it being well understood that all these things movable and immovable shall pass, as has been mentioned, into the enjoyment, ownership, and possession of the Government of the Republic, without its being obliged to pay any thing to the Company by way of indemnification, or for any other cause.

ARTICLE LI.

In the collection of the duties and costs of transportation fixed by itself, the Company engages to effect always with care, punctuality, and celerity, and without exception as to national character, the transportation of travellers, cattle, goods, merchandise, and materials of all kinds which may be confided to it, all of which shall be transported without any diminution of tariff prices, except such as it may allow in favor of nations which are now bound or which may hereafter become bound, by means of public treaties entered into with New Granada, to guaranty positively and efficaciously to this Republic its rights of sovereignty and ownership over the territory of the Isthmus of Panama and the perfect neutrality of said Isthmus, to the end that the free transit from one sea to the other may never be interrupted or embarassed; but notice is expressly given, and in effect it is here especially stipulated, that New Granada, Granadians, and their property, shall enjoy all the benefits and advantages which any other nation whatever may obtain by virtue of the provision in this Article.



ARTICLE LII.

Whatever may be the line selected by the Company for the Rail-Road between the two oceans, one of its extremities shall be at the City of Panama.

ARTICLE LIII.

Vessels of nations at war with New Granada shall not be admitted into the ports at either extremity of the Rail-Road, nor shall the productions, effects, and property of such nations be allowed a free transit across the Isthmus on said road.

ARTICLE LIV.

The expenses of surveying and laying off the lands conceded to the Company, the cost of the plans, inventories, and descriptive statements mentioned in the present Contract, and those of the titles of property to be made out by the authorities or notaries of the Republic, shall be borne by the said Company; but all documents of whatever nature, drawn up for the execution of the present Contract, shall be registered without cost.

ARTICLE LV.

The Company engages to pay to the Republic of New Granada three per cent. annually of the nett profits of the enterprise, in the same proportion in which they are distributed in form of dividends to the shareholders, without, however, bringing into the account, in payment of the said three per cent., any deduction for the general advantage of the capital of the association, or for any sum which the shareholders may desire, for a reserve or sinking fund. It is stipulated, that, for the recovery of this duty, the Government of New Granada shall, as well as the shareholders of the enterprise, look to the accounts produced and liquidated in the general assembly of the Company, which accounts the agent of the Republic is to examine, and he may make observations with regard to them in the same manner as any shareholder; but he is to have no power of interfering in the administration of the Company. Besides what is stipulated in the present Article, it is also agreed that the payment of the said duty of three per cent. shall

be made at Bogota, Panama, or New-York, according to the order of the Government of the Republic.

ARTICLE LVI.

The Company selects New-York for its domicile, and will maintain in Panama a representative, with sufficient powers to operate in its name in all cases where it may be necessary.

ARTICLE LVII.

The present privilege cannot be ceded or transferred to any foreign government, that is, to any government existing out of the New Granadian territory, under pain of forfeiture of the privilege by the mere act of attempting or carrying into effect such cession or transfer; and although it may be attempted or carried into effect, it will be and from this time is declared absolutely null, and of no force or effect.

ARTICLE LVIII.

Always where in this Contract mention is made of the conclusion, expiration, or termination of the privilege conceded in it, all that is said in reference to such conclusion, expiration, or termination, shall be understood as said, and as applicable also to the case of the redemption of the said privilege. Consequently, it is expressly stipulated, that at any time when the said privilege may be redeemed, conformably with Article Second of the present Contract, the Panama Rail-Road Company shall fulfil all the duties which belong to it, in the same terms as if the forty-nine years, which the privilege at most may endure, had passed over. And it is also expressly stipulated, that for the sum which may be paid as indemnification to the Rail-Road Company, in any of the three cases mentioned in the Article last cited, the Government of New Granada shall acquire not only all the rights, but also all the material objects, which the Company is to deliver to it, on the conclusion of the privilege, which delivery shall be made as may be established by a general regulation, on the same terms on which it would take place, if the forty-nine years, which the privilege at most may continue, had expired.



ARTICLE LIX.

Controversies which may arise between the Executive Power of New Granada and the Panama Rail-Road Company, with reference to the execution or the want of execution of the present Contract, or upon the understanding or interpretation of the clauses it contains, shall be decided by the magistrates, and according to the laws of the Republic of New Granada. In no case can any privilege, immunity, or exemption be claimed which is not expressly recognised or conceded in this Contract; nor will the intervention of any authority or functionary other than those legally established in the Republic, be admissible. Such controversies as may involve the existence, preservation, or permanency of the privilege, and of the rights thereunto annexed, shall be decided by arbitration.

ARTICLE LX.

The Government of the Republic binds itself to protect and maintain, fully and entirely, the rights of the Company resulting from the present Contract; and in effect it agrees, that where doubts occur in the understanding of any one or more of the clauses inserted in the preceding Articles, which insure to the Company any incentives or advantages, if such doubts should occur in consequence of want of clearness and explanation of such clauses, they shall be interpreted in the sense most favorable to the Company.

ARTICLE LXI.

All the legislative acts, decrees, and agreements, by which, in former years, various privileges have been conceded for the opening of the inter-marine communication by the Isthmus of Panama, are irrevocably annulled. Consequently, only the Panama Rail-Road Company has the right and the obligation to construct a Rail-Road from one ocean to the other, by the said Isthmus, in conformity with the stipulations of the present Contract, which is the only one which remains in force on the subject, between the Government of the Republic and said Company; since, by this clause, not only all the acts, decrees, and agreements above mentioned, but especially all the Contracts and stipulations which formerly existed between the said Government and the said Com-

pany, or the individuals in whose rights it has been substituted, are annulled.

ARTICLE LXII.

The present Contract, divided into two chapters, and extending to sixty-two articles, shall be submitted to the approbation of the Executive Power of the Republic, and that being obtained, shall be presented by him to Congress; the consent and approbation of which are required, in order that, receiving the force of a law, it may be carried into effect. In faith of which, the Commissioners on either side, that is to say, VICTORIANO DE DIEGO PAREDES, in the name and under the especial authority of the Government of the Republic, and JOHN LLOYD STEPHENS, as Vice-President and General Commissioner of the Panama Rail-Road Company, in the name and by the especial authority of the said Company, have prepared two copies of the present Contract, both of the same tenor and form, and in evidence thereof, they sign and seal them with their respective seals, in Bogota, the fifteenth day of the month of April, in the year of our Lord one thousand eight hundred and fifty.

[L.S.] VICTORIANO de DIEGO PAREDES.

[L.S.] JOHN LLOYD STEPHENS.

BOGOTA, *sixteenth day of April*, 1850.

(Approved.)

[L.S.] JOSE HILARIO LOPEZ.

*Sec'y of Foreign Affairs.*

VICTORIANO de DIEGO PAREDES.

# DECREE

OF THE

# CONGRESS OF NEW GRANADA,

APPROVING OF AND CONSENTING TO THE PRECEDING CONTRACT.

## It is Decreed.

ARTICLE I.—The foregoing Contract is approved, with the following modifications:—

1st. The Twenty-Fifth Article is reduced to its first clause, which says, "The enterprise is considered one of public utility." The rest is rejected.

2d. The word "hipotecaria" in the Fortieth Article is suppressed.

ART. II.—On no account, and at no time, shall the work of the Rail-Road be suspended, by reason of differences which may exist between the Company and the owners of lands, as to the value of such as it may be necessary to purchase for the formation of the road; but, in order to give positive guarantees to such owners, and that their rights may not be in any manner prejudiced, the Company shall execute a personal security or a mortgage, sufficient, in the judgment of the Governor of Panama, to respond for the price which may be fixed for said lands, according to the law of the second of June, one thousand eight hundred and forty-eight, upon expropriation.

ART. III.—The Rail-Road enterprise being one of public utility, the authorities will afford it all possible protection conformably with the laws.

ART. IV.—The three per cent. of profits which the Company is to pay to the Republic, conformably with the Fifty-Fifth Article of the Contract, also the five per cent. which it is to pay, conformably with the Thirtieth Article of the Contract, and the other

sums which may go into the national treasury, proceeding from the profits of the inter-oceanic communication of the Isthmus of Panama,—and which belong to the treasury of New Granada, are destined to the payment of the interest upon the foreign national debt.

*Given in* BOGOTA, *the 29th of May*, 1850.

JUAN N. AZUERO,
*President of the Senate.*

ROMUALDO LIEVANO,
*Vice-President of the House of Representatives.*

PASTOR OSPINA,
*Secretary of the Senate.*

ANTONIO M. PRADILLA,
*Representative Secretary.*

BOGOTA, *June 4th*, 1850.

Let it be executed and published.

[L.S.] JOSE HILARIO LOPEZ,
*President of the Republic.*

VICTORIANO de D. PAREDES,
*Secretary for Foreign Affairs.*

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AND WHEREAS, as appears by the subjoined Protocol, Mr. JOHN LLOYD STEPHENS, Vice-President of the Panama Rail-Road Company, in the name, by the authority, and as the general Commissioner of said Company, has agreed to accept the foregoing Contract, as modified by the preceding legislative Decree ;

Therefore, I have directed that the said Contract be completed and executed in the terms in which it has been approved, and with the amendments made by the before mentioned legislative Decree.

Given, signed with my hand, sealed with the seal of the Executive Power, and countersigned by the Secretary of State of the Department of Foreign Affairs, in Bogota, the fourth of June, one thousand eight hundred and fifty.

[L.S.] JOSE HILARIO LOPEZ,
*President of the Republic.*

VICTORIANO de D. PAREDES,
*Secretary of Foreign Affairs.*

# PROTOCOL

OF A CONFERENCE

BETWEEN THE SECRETARY OF FOREIGN AFFAIRS OF NEW GRANADA AND THE COMMISSIONER OF THE PANAMA RAIL-ROAD COMPANY.

*Met in the Office of the Department of Foreign Affairs.*

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The undersigned, that is to say, VICTORIANO DE DIEGO PAREDES, Secretary of the said Department, and JOHN LLOYD STEPHENS, Vice-President and Commissioner of the Panama Rail-Road Company: Senor PAREDES stated to Senor STEPHENS the following: that he had cited him to this Conference, in the first place, with the object of bringing to his knowledge the Legislative Decree issued under date of 29th May, last past, approving the Contract, entered into the 15th of April preceding, respecting the privilege of constructing a Rail-Road from one ocean to the other, by the Isthmus of Panama ; and, in the second place, in order that, being advised of the modifications with which said Contract had been approved by Congress, he might manifest, if he accepted them in all their points, in the name of his principal, the Panama Rail-Road Company.

Consequently, the two copies of the before mentioned Decree, which had been passed by Congress to the Executive Power, being brought to his view, Mr. PAREDES gave notice to Mr. STEPHENS, that by virtue of the provision in said Legislative Decree, the Contract of the 15th April, above referred to, had received various modifications, without which it could not be considered as subsisting or be carried into effect, that is to say :

1st.—Article Twenty-Fifth is reduced to its first clause, which says, " The enterprise is deemed one of public utility." The rest is rejected.

2d.—The word " hipotecaria" in the Fortieth Article is suppressed.

3d.—On no account, and at no time, shall the work of the Rail-Road be suspended by reason of differences which may exist be-

tween the Company and the owners of land, as to the valuation of such as it may be necessary to purchase for the formation of the said road ; but, in order to give positive guarantees to such owners, and that their rights may not in any manner be prejudiced, the Company shall execute a personal security or a mortgage, sufficient in the judgment of the Governor of Panama, to respond for the price which may be fixed for said lands, according to the law of the second of June, one thousand eight hundred and forty-eight, upon expropriation.

4th.—The Rail-Road enterprise being of public utility, the authorities shall furnish all possible protection conformably with the laws.

Having made this declaration, Mr. PAREDES asked Mr. STEPHENS if he accepted the Contract, with the amendments which had been stated, and Mr. STEPHENS answered that he accepted it in all its parts, in the name and as the representative of the Panama Rail-Road Company, with the amendments which had been stated, that is, with the suppression and modification which the Congress of the Republic has deemed it advantageous to make to he said Contract in the before mentioned Legislative Decree.

In faith of which this transaction is extended in duplicate, the 3d of June, 1850.

VICTORIANO de D. PAREDES.
JOHN LLOYD STEPHENS.

HELGUERA COLLECTION

**PAMPHLETS**

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292

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