

## PERU.

The New Loan—Great Popular Dissatisfaction—Recognition of the Independence of Cuba—Revolutionary Matters.

LIMA, August 22, 1861.

The absorbing topic of interest during the past week has been the loan offered to and accepted by the government from the French house of Dreyfus & Co. The last Congress authorized the President to raise enough money to cover the deficit of 18,000,000 soles voted in the budget for 1860 and 1870. Ten millions have already been borrowed from the different guano consigning companies here, and it was supposed that the remaining 8,000,000 would be supplied from the same source. But the Minister of the Treasury was more ambitious than prudent, and decided on sending an agent to Europe to endeavor to secure a sum that would finally end the financial troubles of the nation and put the country out of the painful necessity of asking continually for small sums. This agent recently returned with the representative of Mr. Dreyfus and a proposal was immediately made to the government. According to this plan the house of Mr. Dreyfus purchases from Peru 2,000,000 tons of guano, giving a price depending upon the whereabouts of the article, whether in deposit or in transit, but averaging about thirty-six American gold dollars per ton—nearly the true value when all expenses are deducted. As the different guano consignment companies here have privileges that run on for some years they are to sell this guano on Messrs. Dreyfus' account, the latter, on the expiration of the monopolies enjoyed by the companies, assuming the position of agents for the sale of guano throughout Europe. Messrs. Dreyfus now pay the government 2,000,000 soles cash and 700,000 soles monthly until the 2,000,000 tons shall have been sold. For this advance, made at five per cent discount, five per cent yearly interest is charged. The debts of the nation in Europe will be paid gradually by Dreyfus, thus leaving the net proceeds of the guano in Europe to be appropriated by the companies in payment of the advances already made by them to the government. As was to be supposed, the ratification of this contract has given rise to an immense deal of discussion, and will probably be the cause of serious trouble in Congress, since the President has clearly overstepped the authority conferred upon him. Nevertheless, the country will be, financially speaking, comfortable, and the great public works proposed by Colonel Balle has now be carried out. The house of Dreyfus is almost unknown here, and its proposal was made by the Paris branch, backed by a number of European capitalists, who consider guano speculations as profitable. Great faith has been shown in the government, as no guarantee was required or given.

Since writing the foregoing the discontent existing concerning the loan erected by the government has greatly increased. A number of the wealthiest Peruvians resident in Lima offered to take the loan at much more advantageous terms than those of Dreyfus, and the President, by reason of a law giving the preference to natives of the republic in all negotiations of this nature, was in duty bound to accept the last proposition, but, on the con-

trary, and much to the astonishment of the movers in the matter, their petition was refused. The contract of Dreyfus places the finances of Peru virtually in the power of foreigners, and with the exception of that of the United States the different guano consignments have received a severe blow. The matter, however, is by no means ended, since the Peruvian proposers, having the most evident justice on their side, have carried the matter before the Supreme Court, and it is almost beyond a doubt that the legal authorities will give a decision in their favor, and thus wind up the Dreyfus scheme. Moreover, it is not considered probable that the backers of Dreyfus will for a moment think of entering into an arrangement not finally decided by a legal contract, but, on the contrary, before the courts of the republic, and in imminent danger of being entirely overthrown.

The government of Peru, as I informed you in my last letter, has recognized the independence of the island of Cuba and the official existence of the administration of Cespedes, who is regarded here as but second to Washington and Bolivar in his struggles to liberate his country. The following decree was issued by the President in regard to the matter:—

Whereas since this government recognized the Cuban patriots as belligerents, their insurrection against Spain has so increased as to include the organization of government and congress, with the means at hand to continue and triumph, if aided by justice, in the sacred cause of liberty,

And since Peru is the first instance declared herself the friend of the Cubans, she now, since their strength is manifest, should recognize the Cuban republic as a friendly Power; and since this cannot take place until the legality of the Cuban government is admitted,

It is decreed that Peru recognizes Cuba as independent of Spanish rule, and also declares the Cuban government as existing and legitimate.

JOSE BALTA.

Given in Lima the 16th August, 1869.

Peru has, as it will be seen, followed the example given to her by the republics of Chile and Bolivia. The justice of the proceeding is evident; it is to be regretted that the benefits to proceed from the recognition are not equally manifest.

Two important propositions are now before the government relating to the establishment of a telegraph line between Lima and Panama. One is made by a foreign company, that desires only the monopoly and a certain guarantee on the part of the government on the actual cost of the enterprise, and the second proceeds from the National Telegraph Company, who assert that with the protection already afforded by the nation they have it in their power to lay the line at an insignificant cost to the country. This company has already erected a line running northward from Lima nearly 300 miles, and in all of their operations have shown the greatest energy and perseverance; and as a law is in force compelling the Executive to give preference to citizens of Peru in any enterprise where the proposed conditions are nearly or quite equal there is but little doubt of the National Company's success. It is, however, difficult to imagine why such a line should be laid. The commercial relations between Peru and foreign countries are of such a nature as not to require the rapid communication to be afforded; the affairs of the government can likewise be perfectly carried on by post, and the half dozen enterprising newspapers in the republic are too young to pay for such an expensive method of obtaining intelligence.

The attempt at revolution in Arequipa, mentioned in my last communication, subsided with the arrest of its supposed chief, Colonel Gamito, who, after his arrival at Callao as a prisoner, was set at liberty by the order of the President. From that, as well as from all other quarters of the republic the most satisfactory reports are sent in by the Prefects respecting the tranquillity and order of their departments. This pleasing state of things is undoubtedly due to the expectations of the people at large concerning the public improvement policy of the administration, it being very sensibly deemed more prudent to make money peacefully from contracts and sub-contracts than to endeavor to steal it from the national treasury sword in hand. It is a well known fact here that the poverty of the inhabitants of the interior of Peru has nearly always been the motive power in revolta. This poverty arose, not from any want of real estate or indifference to labor, but from the impossibility of exporting products at paying prices, since the communications from the coast to the interior have always been nearly impassable. Now, with the hope of railways connecting their vast and productive farms, mining and grazing districts and forests with the ports of embarkation, the people are content to remain quiet, preparing to welcome the time when their labor may be made lucrative, and their subsistence will proceed from themselves and not from the uncertain result of revolution.

By the last steamer from Panama arrived Mr. Gerrit S. Hackers, one of the chief engineers of this government, and a gentleman whose professional labors in Peru have added greatly to his already enviable reputation in the United States. As the superintending engineer, on the part of the government, of the line now being constructed to the city of Arequipa, he has been the recipient of many compliments for his zeal and intelligence. The government has issued a decree authorizing its representative in France to contract for four years the services of six of the most distinguished engineers to be obtained in Europe. Two of these are to be military engineers, three civil and one who will give his attention to the laying out of the ruined cities of the South. The necessity for the latter has long been felt, and the services of the military engineers will be required in rebuilding the fortifications of Arica, destroyed by the earthquake of August last, and in laying out the defences the government desires to erect on the Peruvian head waters of the Amazon, in order to be on an equal footing with Brazil, who has recently been fortifying in that neighborhood. These officers are to be engaged in Europe; first, from the fact that better men can be secured there for less salaries than in the United States, and, secondly, from their presumed acquaintance with the language of this country.