

2. The occurrence at Aspee Bay, Cape Breton, in June 1879, where James Anderson, of the schooner "Cadet," of Gloucester, Massachusetts, alleged that he was prevented by the inhabitants from taking squid with his seine, and thereby suffered loss, and certain other masters of American schooners alleged that, in consequence of the prohibition, they suffered similar loss, was of a comparatively unimportant character, and did not, in fact, present itself for consideration until a late stage of the negotiations, when, in coming to an agreement that the fixed sum to be paid should cover all outstanding claims, it was observed that there was this claim against the Dominion Government, in addition to the claims against the Government of Newfoundland.

3. Her Majesty's Government felt it their duty, having an opportunity of settling this matter, of which advantage could not have been taken if the decision had been delayed in order to give time for consultation with the Dominion Government, to act at once in the interest of your Government in the manner which they could not doubt that your Ministers would approve, more especially as it was clear that this course would commit Canada to the payment of a very inconsiderable sum, far less than the cost of an inquiry would have been if the affair had not been summarily disposed of.

4. I have requested the Secretary of State for Foreign Affairs to ascertain from Sir E. Thornton what proportion of the sum of 15,000*l.* represents the amount of the claims in respect of the Aspee Bay transaction, and Sir E. Thornton has replied that 150*l.* should be amply sufficient to cover it.

5. I trust that your advisers will be of opinion that in this matter Her Majesty's Government have acted for the best in the interests of the Dominion, and I shall be obliged by your requesting them to make the necessary provision for the repayment to Her Majesty's Exchequer of the amount thus paid on account of Canada.

I have, &c.

(Signed) KIMBERLEY.

No. 3.

Earl Granville to Sir E. Thornton.

(No. 139.)

Sir,

Foreign Office, July 7, 1881.

I HAVE to acknowledge the receipt of your despatch No. 168 of the 30th May last, with its inclosures, relative to the settlement of the American claims arising out of the occurrences at Fortune Bay and elsewhere on the coast of Newfoundland and its dependencies up to the 4th March last, including those at Aspee Bay.

In reply, I have to convey to you my approval of the terms of the communication addressed by you to Mr. Blaine on the 28th May, and to inform you that the reply returned by Mr. Blaine on the same day is considered as entirely satisfactory by Her Majesty's Government.

I am, &c.

(Signed) GRANVILLE.

No. 4.

Lord Tenterden to Mr. Herbert.

Sir,

Foreign Office, July 11, 1881.

WITH reference to my letter of the 24th ult.^{mo}, I am directed by Earl Granville to transmit to you, to be laid before Her Majesty's Secretary of State for the Colonies, for his Lordship's information, the accompanying copy of a despatch which has been received from Her Majesty's Minister at Washington, relative to the compensation which will probably be awarded on account of the Aspee Bay claim out of the sum paid to the United States' Government in consideration of the occurrences at Fortune Bay and elsewhere.*

I am, &c.

(Signed) TENTERDEN.