

On Friday the 29th July, we had an interview with Mr. Strachey at the Colonial Department, according to the request of the Duke of Newcastle, on the subject of free trade with the United States, and the encroachments of the French on the fishery grounds of the colony. This gentlemen evinced a lively interest in the matter of colonial trade, doubtless he had the full confidence of the Colonial Secretary, and entered with much particularity into its various relations and details. With regard to free trade, he stated that he had been led to believe that it was the desire of the inhabitants of Newfoundland not to be included in any measure which might be adopted on the subject; and this impression was strengthened by the representations of the Chamber of Commerce of St. John's; but he now formed a different opinion, looking to the resolutions of the Assembly, though Mr. Archibald, the Attorney-general of the island, who had been with him, urged an objection to the proposition of including that colony, as the loss which would accrue to the revenue by the free admission of American produce could not be made good. We removed this erroneous impression, showing that if there were a government in the colony which could command a majority in the Assembly, there might be any change effected in the tariff which would be rendered necessary to meet the objection stated; that as increased trade was anticipated from free intercourse with the Americans, the imports as well as exports would increase in proportion, and the revenue would not consequently suffer any diminution. Mr. Little entered into an elaborate statement of the trade returns of the colony, and the advantages of reciprocity, and stated that he did not conceive that the imposition of an equal rate of five or six per cent. *ad valorem*, for mere purposes of revenue, on certain stated articles imported into the island from the United States and all other countries, or into the United States from Newfoundland, would not form an obstacle to the proposed arrangement, but if it should be objected to, it should not stand in the way of a settlement of the question, as the advantages to be derived by the colony from the measure far outweighed a deficiency of revenue, which could be easily supplied by fairly reducing the Civil List, and re-adjusting the scale of duties imposed by the local Legislature.

The other point, which was deemed of great moment by Mr. Strachey, was the Fishery question. We said with regard to the French question, Newfoundland was almost solely interested—other colonies were not engaged in taking the cod to the extent that we were, and it was in reference to the cod fishery that we complained of the encroachments of the French. He said as there could be any variety of interpretations of the treaties between the two nations on the fishery, it would be well if they could be amended so as to define the actual rights of both nations. We agreed that it would be desirable, but we trusted that in any definition of the treaties, no right now possessed by the Newfoundlanders would be infringed, and particularly that Belle Isle should not be given up, nor should any right to fish for bait on our coast be permitted. He said there was no intention whatever to give up Belle Isle, but a concurrent right to fish there was mooted. We said it would be just as well to surrender Belle Isle altogether, as to allow the French a right to fish there, it was a station of the greatest importance to a large portion of the population of the colony who traded and fished at the Labrador. Well, he said the questions on which there was a difference of opinion with the French could only be settled by a compromise on both sides, the Newfoundlanders should not be too extreme; they might be less benefited by seeking too much, as by wisely conceding a little. He thought it would be most expedient that, as residence or establishment was now forbidden on certain portions of the shore, where good soil existed, that this part of the coast should be given up to the exclusive possession of the colonists—that is from Cape Ray to a point, say equidistant from it and Cape John, and the other part should remain in the possession of the French exclusively; this would remedy the present doubtful interpretation of the treaties with respect to concurrent rights of fishery. As to allowing them to take bait, he said, it was asked for, but not up to this present moment decided; but he thought that, if we allowed the Americans the right of fishery, we could not keep the bait from the French. We said we would rather risk that than give the French any right of taking bait unless they would agree to make good the loss which such a right would inflict upon the colony. Mr. Strachey said, there was something about an offer of 5,000*l.* on the part of the French. We said such a sum was a mere bagatelle—three times that amount would not repair the damage such a surrender of our right would inflict upon the people of Newfoundland. Well, but if, said he, you will give up nothing, how can the matter be settled? We said if the British Government gave the French the right of fishing at Belle Isle, and the right to take bait, they might as well give up Labrador, if not the entire colony to the French, for it would be impossible to compete with people who receive from their Government in bounties for every quintal of fish they catch more than our fishermen can sell their's for. After a long discussion, he said the amendment of the treaties would have the best consideration of the Government, and with a due regard to Imperial interests, the interests of the colonists would be protected. We said we should be happy to convey the pleasing intelligence to the people of Newfoundland, that the British Government had no idea of giving