borderers, who, if they did not speedily sweep away the settlement, would yet by their constant incursions so harass and impoverish its inhabitants, that they would certainly soon withdraw to the neighbouring Australian settlements where they could lead a life of peace and freedom from such incursions. Upon the other hand, however, it would appear that a race such as has been described could be easily incorporated into any British settlement with mutual advantage to both races; the Natives supplying agricultural produce, poultry, pigs, and a constant supply of labour (although yet rude and unskilled), whilst, upon the other hand, the Europeans would supply the various manufactured goods required by the Natives, and provide for the manifold wants created by their increasing civilisation. Such a class of settlements might easily grow into prosperous communities, into which the Natives, with characters softened by Christianity, civilisation, and a taste for previously unknown luxuries, would readily be absorbed.

10. The questions to be solved have therefore been, how to incline the Native race cordially to assist in the attempt to create so desirable a state of things; and how to provide the funds requisite for governing so many isolated settlements, spread over so vast a tract of difficult country, the intervals between which are occupied by so warlike a race over whom it was necessary to exercise some control. It is worthy of remark here, that the united population of New Zealand is as large as that of New South Wales has until very recently been, and that it is a population, from its mixed and peculiar elements, infinitely more difficult to govern than that of New South Wales, whilst the cost of the machine of government is greatly increased from the number of the settlements and their distance from each other. In point of fact the several settlements are distinct colonies, and both in the difference of feelings and interests of the Europeans, and of the respective Native tribes inhabiting each, differ much more widely from each other than many British colonies do. It appears, therefore, that it would be imprudent and unjust to attempt to draw any parallel in these respects between New Zealand and any other British colonial possession.

11. In carrying out any plan having for its object the amalgamation of the two races, the following difficulties have, until recently, presented themselves: (1.) Hostile encounters had taken place between the settlers and the Natives in the south of New Zealand, and between Her Majesty's forces and the Natives in the northern portion of the country, in all of which the number of killed and wounded on our side had been comparatively so large and the loss of the enemy so small, that they had been led to form an exaggerated notion of their own prowess and strength, and a desire of emulating the example of those chiefs who were imagined by their countrymen to have gained great successes, had excited a spirit of exultation and dissatisfaction throughout the greater portion of the islands; so that whilst a rebellion was actually raging in one portion of the Islands, it was too probable that the Natives would speedily break out into similar excesses in other portions of them. (2.) Disputes existed between the settlers and the Natives in various places regarding their respective rights to certain lands. These disputes, relating to the personal interests of the parties concerned, created between them a feeling of hostility and bitterness which was gradually raising race against race, and which threatened ultimately to become a feeling which could only be put a stop to by the extermination of one party or the other. (3.) As a necessary result of the difficulties existing under the two previous heads, the revenue had almost disappeared, and, by the issue of paper money, a large debt had been contracted; there was thus an absence of the funds requisite for the re-establishment of order and good government, whilst the settlers had also, to a great extent, lost all confidence in their future prospects, and were in a disheartened and desponding condition. (4.) A very great difficulty had been created by the Crown's right of pre-emption having been waived in favour of certain individuals over large tracts of land, and by the inordinate demands of other persons to extensive tracts of country having been entertained by the Government; the result of which was that a party of land claimants had been called into existence who made demands so extravagant and illegal that no Government could accede to them; nor did it appear practicable to make a settlement of these claims, even upon the most liberal basis, without incurring for the Government such a degree of hostility from a large number of persons as would probably exceedingly embarrass and impede any subsequent Administrations.

12. In determining the line of policy the Government should pursue in reference to the first class of the difficulties above named, that is in reference to the war which existed in New Zealand and the rebellion which appeared likely to break out, the following considerations seemed naturally to present themselves:—

13. It appeared to be clearly the duty of the Government, in a firm and decided manner, to crush the existing rebellion, and to put down without delay any disturbances which might afterwards break out; but yet it also seemed clear that its ruling line of policy should be not to embark in any operations in which an absolute certainty did not exist of speedy and complete success, and rather to delay engaging in hostilities which might appear necessary than hurriedly to embark in any contest the result of which could not be foreseen.

14. Indeed, delay in engaging in hostilities was, wherever practicable, obviously the first duty of the Government of this territory. No knowledge of the country of such a nature as to enable an officer to move with certainty a body of troops, even to a few miles from any of our settlements, was possessed by the Government. The number of persons who possessed a competent knowledge of the Native language was so few that it was impossible to secure the services of the requisite number of interpreters. The two races had so recently been brought into close contact that their ignorance of their respective appearance, of their language, customs, and manners, filled them with mutual distrust, whilst their disputes in relation to land embittered their feelings of hostility. It appeared very probable that as the two races became more accustomed to each other, as their knowledge of each other's language and customs increased, and as their private differences were adjusted, so would all necessity for war and conflict between them wear away; whilst, should these anticipations of a delay in military operations rendering a war unnecessary prove correct, it would clearly have been an uncalled-for measure of severity to hurry on a contest with the Natives. And in the case of each individual who fell in such a conflict it might have been said that from his ignorance a man had been destroyed whom a few months' enlightenment would have rendered a good subject, a valuable con-