

we were entitled to a port on the Lynn Canal, was that the Canadian Ministers wished to be in a position to institute an alternative all-British route to the Klondyke in case the Americans should impose differential or exorbitant railway rates, or other obstacles, on the route already established by way of Dyea and Skaguay. It would not be difficult to construct a competing railway from Pyramid Harbour by the Dalton Trail. But it is not likely that this would be done. A good deal of British capital is invested in the railway now in course of construction, and there would be much opposition on the part of British subjects, as well as from Americans, to any other railway scheme. It is far more probable that, after incurring considerable expense in forming settlement and in organizing an Administration at Pyramid Harbour, the Canadian Government would find it impossible to divert the trade from Dyea and Skaguay, and Pyramid Harbour would become a useless possession—in fact, a white elephant.

Nevertheless, it would not be politic to abandon our demand for a port of our own unless we can obtain all the facilities we require at the American ports.

There are many objections, on our side, to the proposal for arbitration. In the first place, the definitive settlement of a question, which has already been allowed to drag on too long, would be unduly postponed. The difficulties of opposing any change in the ownership of the territory in dispute are increasing day by day. Secondly, we admit that it is impossible to obtain Dyea and Skaguay for Canada, and the Americans will not consent to any terms of reference which do not make it quite clear that those towns shall, in any event, remain under American jurisdiction.

This being so, it is extremely undesirable for both Governments that the Award of an Arbitrator should be pronounced. As we cannot get Dyea and Skaguay, it will be very awkward if the decision shows that they ought to have been ours. The terms of reference will, of course, relieve the Arbitrator from the obligation to award those to Canada, but if he gives a port on the Lynn Canal to Canada it will be perfectly clear that, in his opinion, the opposite side of the canal ought equally to be Canadian.

Lord Herschell's first proposal was as follows: "That provision should be made for the delimitation of the boundary by legal and scientific experts, with a stipulation that, should Great Britain be found entitled to the land bordering on the upper part of the Lynn Canal, Dyea and Skaguay, with a strip behind them to the present provisional boundary, should nevertheless belong to the United States, whilst, on the other hand, should the United States be found entitled to the land bordering on the upper part of that canal, Pyramid Harbour and a strip of land securing access to the boundary by Dalton Trail should belong to Canada."

The proposal was a perfectly equitable one, but after all that has passed, it is illusory to suppose that the United States' Government would place itself in the position of being obliged to admit Canadian jurisdiction at Pyramid Harbour even if the Arbitrator decided that the whole of the Lynn Canal belonged to the United States. This state of things would be more difficult for the United States' Government than the contingency already contemplated, in which we should have to put up with Pyramid Harbour in spite of the fact that the whole of the upper part of the Lynn Canal had been adjudged to be British territory according to the true interpretation of the Treaty.

It is evident from what has been said above that the decision of the Arbitrator, whatever it might be, would aggravate the feeling already aroused on either side. There seems to be only one combination of circumstances which would prevent serious dissatisfaction—viz., supposing (1) that Her Majesty's Government should consent to a reference to arbitration which expressly excluded Dyea and Skaguay from the operation of the Award, and (2) that the Arbitrator should decide in favour of the *status quo* and give the whole of the Lynn Canal to the United States. It is, indeed, conceivable that the Arbitrator's decision might be adverse to our contention, although, in view of Lord Herschell's opinion on the subject, this result cannot be regarded as probable; but we can hardly consent to the terms of reference hitherto required by the United States.

Senator Fairbanks said, with much reason: "If you admit that the two towns must ultimately remain in American possession, why not say so at once and allay the uncertainty and consequent irritation now prevailing?" We asked that this question should be left to the Arbitrator, to be dealt with "as justice, reason, and the equities of the case required," and we implied that, with this amount of latitude, the Arbitrator would certainly not disturb the existing state of things. But the Americans were not satisfied; they could not afford to leave their citizens in doubt as to the eventual disposal of settlements which had been founded in the honest belief and conviction that they were situated in territory belonging to the United States.