

are somewhat extreme, would inevitably result in another war within a measurable period, as these proposals would include within French territory many hundreds of thousands of people of purely German origin, language, tradition and sympathy. It is felt on the other hand that arrangements should be established respecting these territories which would prevent their being used as a base of operations for an attack upon France. Further it is considered that the wanton destruction by the Germans of the coal mines in France renders it essential that France shall have the usufruct of the coal mines in the Saar Valley even although that territory may remain under German sovereignty or be placed temporarily under the sovereignty of the League of Nations. The Italian proposals had not then been carefully considered and, according to the view of Mr. Lloyd George, their nature and extent will depend considerably upon the disposition of the French demands. Unfortunately the claims of each country are shaped somewhat by the political necessities of the administrations now in power. The importance of sustaining those administrations cannot however, be disregarded inasmuch as no one could foretell or even conjecture the political conditions which might be brought about in case the existing government either in France or in Italy should be overthrown.

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12. The German Financial Mission has recently arrived in France and appended hereto is a report dated 5th April 1919 of the first meeting between these delegates and the Allied delegates, which was held on the 3rd April, 1919.¹

13. Colonel O. M. Biggar, whose service in the work of the Conference has been notable, leaves Paris on Wednesday, 9th April, and sails for Canada on the following Saturday. The Law Officers of the Crown have spoken to Sir Robert Borden on several occasions of Colonel Biggar's work and always in terms of the highest and most grateful appreciation.

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15. A copy of the report upon conditions in Germany which was referred to in General Memorandum No. 14, is appended.¹ The Canadian Ministers are more and more impressed with the view that even the more stable elements in Germany are considering the acceptance of some modified form of Bolshevism which would bring their Government closely in touch with that of Russia and probably lead to an alliance between the two countries, thus leading to the development and exploitation of Russian resources through German skill and organizing power. Such a commercial alliance would doubtless be accompanied by a military alliance which might prove a tremendous menace to the peace and security of the world. Much will depend upon the terms of peace; and it is undoubtedly true that the great delay in their formulation, whether inevitable or not, has contributed very considerably to the situation with which the Allied nations are now confronted.

¹ Non reproduit.