

of policy rather than administration, also that Mr. Pearce refers to the decisions arrived at at the conference of 1909 when Canada and Australia decided upon naval services of their own, and **says the Australian agreement is the only one that has been carried out.** That it therefore, becomes necessary for Canada to either carry out the scheme adopted by the 1909 Conference, or propose some other to take its place. The report despatch then says referring to Mr. Pearce's utterances:

"He could not say whether there was any truth in the report that the Admiralty authorities had been parties to **the suppression of the Canadian naval scheme and the substitution of contributed Dreadnoughts and an annual subsidy,** on the New Zealand plan, in preference to that of the creation of separate colonial naval units. We have not been given any hint either by the British government or the Admiralty that they have changed their minds. In regard to the wisdom of the agreement with Australia, **that agreement, I may say, originated with the Admiralty scheme for a fleet unit and did not originate with the Australian government** of the day or with the representatives at the Conference."

From this despatch it will be seen that the substitution by Mr. Borden of a contribution of \$35,000,000 for the 3 most powerful battleships in the world appears to Australia to be a **complete departure from the agreement reached with the British Admiralty** by Canada and herself at the Conference in June, 1909, and that **far from being acceptable to a sister Dominion this change has produced embarrassment of which Australia is disposed to complain.** It may well be asked if the unity and interests of the Empire are likely to be furthered when it is found necessary to call in question the faith of this Dominion, because of a change in policy born wholly of political expediency.

Mr. Borden Himself in Parliament Strongly Favours Australian and Canadian Naval Services.

That the change is due to political expediency and not to Mr. Borden's own conviction or the convictions of the Hon. George E. Foster, the next most important member of his Cabinet, is amply proven by the strong endorsement given by each of these gentlemen to the Australian policy of a naval service in preference to the policy of a contribution either in ships or money to the Imperial Admiralty.

In the debate on the resolution of March 1909, Mr. Borden at that time Leader of the Opposition set forth his views upon the desirability of organizing a Canadian Naval Service and elaborated somewhat in detail the reasons why Canada should proceed with a service of her own and not adopt any policy of contribution. After carefully analyzing Canada's export trade and what was being spent by the Dominion on military defence, Mr. Borden stated that in his opinion "not less than half of the amount appropriated should be devoted to Naval instead of to Military defence."

Mr. Borden said "I would like to point out to the country and the House some considerations which lead me to this conclusion". Here are the considerations as given by Mr. Borden himself. "Where is the great market of the people of Canada today? We know that