

that the procedure of the Inter-Allied Conference at Versailles might usefully be followed by the new International Council. Subject to certain reservations in regard to matter of detail, he thought that General Smuts' proposals would afford a most useful basis of discussion at the Peace Conference, and he would agree that the Prime Minister and the Foreign Secretary should use those proposals as their brief when talking over the question with President Wilson. It was quite true that the idea of a League of Nations did not originate with the President, as it had been discussed at least fifty years ago. It was universally felt, he thought, that the awful suffering occasioned by this war made it imperative that some such provision as outlined by General Smuts should be made as an alternative to war.

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Sir Robert Borden said that in his opinion it was the very strong view of the common people that something should be done to reduce armaments. The people were under the impression, perhaps an erroneous one, that profit-making in the production of armaments led to war and was a direct inducement to war, and if we did not take steps to reduce armaments the Peace Conference would be a sham.

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#### REPARATIONS

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Sir Robert Borden concurred in the view expressed by the Committee that Germany, subject to the considerations just mentioned, which in his mind were controlling considerations, should pay a full indemnity. He agreed that it would be for the peace of the world that a Power which had broken that peace should be punished. On the other hand if the Report really was a statement of what Germany was in fact capable of paying, he did not find it convincing and was not prepared to concur in it. If one applied its conclusions to the case of Canada, which had about one-eighth of the population which would be left to Germany after the loss of Alsace-Lorraine and Posen, one would find that Canada would have to pay an indemnity of 150 million pounds a year over and above the cost of maintaining the government of the country and developing its resources. Even with the enormous natural resources which Canada had in proportion to her population, that would be impossible. He doubted if Canada could pay even one-tenth of that amount.

Sir George Foster said that the Committee was appointed to report to the Imperial War Cabinet, and he thought for the purpose of enabling the Imperial War Cabinet the better to reach a decision about the matter afterwards. He was under the impression the Report would not be made public. Such a Committee had not the time nor the sources of information at its disposal to enable it to determine what Germany could pay without injury to her or to us. There were three sources of evidence available to the Committee in regard to the capacity of Germany to pay:—a Report of the Board of Trade; the evidence of Mr. Hirst, who estimated that Germany could pay