

10. *Extract from "Shorthand Notes" of Committee of Imperial War Cabinet on Indemnity*¹

SECRET

December 9, 1918

SIR GEORGE FOSTER: I find myself unable to agree with that statement.² It is a matter for which I find no foundation at all; it is simply a guess. You follow that up directly by taking away from Germany her methods of operation, her transport, and everything. You take away from her all her gold, her ships, a large portion of her transport stock; and, in the face of evidence submitted to us that 400 millions was her earnings which she had for investment, you say that there is no reason to believe that she could not put up £1,250,000,000 in a year in the way of interest. You make a negative proposition.

MR. GIBBS: We say, "They have no reason to suppose that the enemy Powers cannot provide."

SIR GEORGE FOSTER: It is put in a negative way. If we did anything with reference to a statement of figures, it should be done positively for the protection of the Committee and of those who take the report; but on what ground do you base the statement that you are able to take that amount? That is an answer to the Prime Minister's question: "How much can Germany be made to pay?"

MR. HEWINS: Not Germany, but the enemy Powers.

SIR GEORGE FOSTER: Yes, the enemy Powers: how much can they be made to pay? And you answer that by saying they can be made to pay £1,250,000,000 in interest per year as calculated on a bulk sum of £24,000,000,000. On what ground do you make that assertion, from the evidence that you have had, or from our own personal knowledge? If you were asked to stand up on a platform or before a Committee and give the grounds for your belief on that, what are those grounds? If we have grounds, and those grounds justify us in putting that forward, let us put the grounds in the report upon which it is based, or otherwise I cannot see that you are justified in putting it there at all. I personally believe that it is an absolutely impossible amount in so far as our knowledge goes now, and I think it will be looked upon as such. You gain nothing by making an extravagant assertion as to

¹Sir George Foster was the Canadian representative on this Committee and an active member throughout. Since the "notes" consist mainly of short exchanges between committee members, or with witnesses, not much of the material is suitable for publication. The extract here illustrates Foster's general approach to the problem. Other members of the Committee were: W. M. Hughes; Walter H. Long; Lord Cunliffe (former Governor of the Bank of England); Herbert Gibbs; W. A. S. Hewins (Parliamentary Under-Secretary for the Colonies).

²The Committee was discussing its draft report. Foster's comments refer to a statement that although the cost of the war could not be estimated accurately as yet the Committee accepted the provisional figure of £24,000,000,000 and that there was no reason to believe Germany could not pay the interest on this amount.