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the House of Commons by the right hon. the Prime Minister on the 5th December last, disclose a very serious situation? I draw the attention of the hon. gentlemen of this House to the fact that this memorandum speaks of conditions which were disclosed to the right hon. the Prime Minister in July last. What were the real conditions in July last?

The Right Hon. Lloyd George had announced a surplus of \$32,500,000. If there had been an apparent need, or one which should be met within three years, by laying down more keels in the shipyards, the government at that moment had the money to start on the building of more ships. They did not require to borrow in any other market or from their bankers. They had the money. But we heard the Prime Minister of England, just when these fearful conditions were being disclosed to our Prime Minister, state that there was no cause for alarm whatever. That speech of Mr. Asquith has been read. That was on the 22nd of July, just at the time when the admiralty was disclosing the conditions upon which this memorandum was based. It reads as follows:

I deprecate anything in the nature of a panic or scare. I do not think there is the least occasion for it.

There never has been a moment and there is not now when we have not been overwhelmingly superior in naval force against any combination which can reasonably be anticipated.

I have maintained the opinion in this House and elsewhere, that it is a very great mistake in such a shifting art as naval ship-building, to make your provisions too far in advance, or you may find you are left with ships that are obsolete, out of date, and which are not really fit for the growing requirements and exigencies of naval warfare, in which case you will have lost your money, and will have to spend it over again in having to provide substitutes. There are many illustrations of that in our past naval history and I should be sorry that we should repeat that experiment.

The Prime Minister of England was practically repeating the expressions of the first Lord of the Admiralty who had spoken before him, and not only did he declare that there was no emergency and no cause for alarm, but he said it would be improvident to start and build more ships. That was in July. And yet what do we find? After listening to the speech in which the Prime Minister says 'No, I have the money, I

could build the ships, I could increase the number of ships by laying down more keels in our shipyards. I will not do it. It would be improvident to do so, we are offering to Great Britain to start building ships at a time when the Prime Minister of Great Britain says he does not need them. He was not alone in this case. The two leaders of the opposition, the preceding leader and the present one who followed in the same debate, Bonar Law, said:

I am quite sure that if the country really believed there was danger they would refuse no possible security which the government would ask, but in spite of all that has been said, does the country, do the House of Commons, do any of us really believe there is danger and vital danger? I confess I have the greatest difficulty in believing it myself.

The Right Hon. Arthur Balfour said on the same day:

Looking at it from a naval point of view, it seems to me that the fleets of the triple entente are not inadequate now and are not going to be inadequate to any strain that is going to be placed upon them.

The first Lord of the Admiralty had emphasized the point that Great Britain had an ample margin of safety. The Prime Minister declared that it was improvident to build more ships. It is true that the official organ—or is it the official organ—of the admiralty in the city of Montreal answered this argument that the Prime Minister of Great Britain has vouched for the perfect safety of the empire under the present conditions, that the affirmation was a diplomatic one, that the Prime Minister of Great Britain could not throw his cards on the table and speak to the world in language which would be alarming. That is the answer which was made. It was a specious one. Let us look at the facts. If the Prime Minister wanted to deceive he would have acted otherwise than he spoke, but he did not do so. He acted according to his declaration that there was no use, no necessity to increase the building of ships in July last. Now it seems to me that this disposes of the emergency.

Hon. Mr. DANIEL—The hon. gentleman has read statements of some of the cabinet ministers. Has he the statement that Mr. Churchill made in his last speech in regard to the necessity of increasing the navy, and if the ships were not supplied by Canada they would have to be supplied by somebody else?