

believed that this field of common action should be further extended. It is agreed, therefore, that our two governments shall cooperate in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results.

The following principles are established for the purpose of facilitating these objectives:

1. In order to achieve an optimum production of goods essential for the common defense, the two countries shall develop a coordinated program of requirements, production and procurement.
2. To this end, the two countries shall, as it becomes necessary, institute coordinated controls over the distribution of scarce raw materials and supplies.
3. Such United States and Canadian emergency controls shall be mutually consistent in their objectives, and shall be so designed and administered as to achieve comparable effects in each country. To the extent possible, there shall be consultation to this and prior to the institution of any system of controls in either country which affects the other.
4. In order to facilitate essential production, the technical knowledge and productive skills involved in such production within both countries shall, where feasible, be freely exchanged.
5. Barriers which impede the flow between Canada and the United States of goods essential for the common defense effort should be removed as far as possible.
6. The two governments, through their appropriate agencies, will consult concerning any financial or foreign exchange problems which may arise as a result of the implementation of this agreement.

II.

*The Canadian Ambassador in the United States of America
to the Secretary of State of the United States of America*

CANADIAN EMBASSY

WASHINGTON, October 26, 1950.

No. 619

SIR:

I have your note of today with regard to the recent discussions between representatives of our two Governments for the purpose of reaching an agreement to the end that the economic efforts of the two countries be coordinated for the common defence and that the production and resources of both countries be used for the best combined results. I am glad to confirm that the "Statement of Principles for Economic Cooperation", which was annexed to your note, is acceptable to my Government. Your note and this reply will, therefore, constitute an agreement between our two Governments on this subject.

Accept, Sir, the renewed assurances of my highest consideration.

H. H. WRONG