

was some fear that this money was entering Canada in expectation that the Canadian dollar was going to be revalued. The fixed value for the Canadian dollar was withdrawn. But the inward movement of capital continued. This was not "hot money" but money which Americans and others appeared to be willing to leave in Canada as a long-term investment.

As for the value of the Canadian dollar, I do not need to remind you that now in a market free from all government regulation, the Canadian dollar is, for the first time since pre-World War II, on a par with the United States dollar.

I come now to my final and most vital test. How is Canada measuring up to her international responsibilities? As Minister of Defence Production let me speak first about the production side of Canada's defence effort, which is part and parcel of the defence effort of the free world.

Briefly, our objectives are these: to provide our forces with the best of modern equipment; to build up our mobilization reserves; to provide facilities capable of all-out production should an emergency develop. The programme is designed to build up our defences on a long-term basis and to strengthen the economic fabric of our country.

In talking about our production effort, I find that many Canadians are inclined to measure it in terms of the number of weapons and tanks and ships that are turned out. Our record in this field shows that we are making satisfactory progress. We are now getting out of the tooling stage in a number of programmes and deliveries in the coming year will be substantially increased. In the aircraft field, the F-86E and the general purpose "Beaver" are coming off the production line in quantity and we are preparing to turn out three other types of aircraft and produce for the first time in our history two types of aircraft engines. Plants are being set up to manufacture aircraft instruments and to supply many components that have hitherto been imported into the country. Over a three-year period, our aircraft programme will amount to some 12 hundred million dollars. Shipbuilding accounts for some 250 million dollars and good progress is being made on the escort ships, minesweepers and gate vessels that make up the major portion of the programme. Sea trials on the minesweepers and gate vessels are expected to be completed by November of this year. Electronics is playing an increasingly important part in the whole armament field. About 500 million dollars will be spent on electronics. Tank and automotive requirements account for another 225 to 250 million dollars and the balance is made up of weapons and ammunition, clothing and miscellaneous types of equipment needed to maintain a modern army.

As I have said, however, actual production is only a part of our defence programme. Short of an all-out shooting war, our requirements and those of our allies for weapons and other equipment are necessarily limited. That is why we must think of our preparedness effort as something other than just preparation for war. It is the strengthening of our defences to the point where any would-be aggressor will realize the folly of such action.

Canadian productive facilities can be quickly expanded in the event of an emergency. In addition, many of our new