

which it can most suitably and effectively contribute. We may then anticipate, I think, some division of responsibility in the military field and some division of labour in production and supply.

In broad terms, we are committed to provide such aid as we can reasonably be expected to contribute, in the form in which we can most effectively furnish it. Until, however, plans are worked out and problems of co-ordination investigated--we will be working out plans before long--it is impossible at this particular moment to predict what our proper contribution will be.

We know, of course, that Canada can produce economically much greater quantities of certain types of arms and ammunition than we need ourselves either in peace or in war. Some of our military requirements, on the other hand, can be produced most economically in other countries. Our ability to purchase in those countries must depend to a very large extent on the willingness and ability of our partners in the North Atlantic defence system to purchase in Canada those items which we are able to produce economically. This principle of integration in military production and supply will, we trust, be considered as an essential governing factor in planning our common defence under the North Atlantic Treaty.

As far as Canada is concerned, the implementation of this principle and with it our ability to make the maximum contribution to the achievement of collective security, will depend to a considerable extent on our financial and exchange position vis-a-vis our neighbour. One way of improving that position--and it needs improvement--would be for the United States to remove some of the obstacles which now prevent the purchase of military supplies in this country.

There is another aspect of the Atlantic pact, the social and economic, which should not be forgotten in our anxiety over defence considerations. That point was emphasized as you will remember, Mr. Speaker, in the speech from the throne. The principle is embodied in article 2 of the pact itself which I need not read again at this time.

The north Atlantic council is given powers under the treaty to consider matters concerning the implementation of this article 2. During the course of the discussions which led up to the signing of the treaty, the Canadian delegation consistently urged that that article should be included in the pact. Now that it has been included, we urge that as soon as possible steps should be taken towards its implementation. For it is not only true that the north Atlantic nations cannot be strong militarily unless they are strong economically; it is also true that the whole basis of confidence and mutual trust, the sense of community, on which the alliance is founded would be undermined if the members of the alliance should, as the result of failure to proceed with the implementation of article 2, become divided into two groups with the European members attempting to build up trade among themselves behind a barrier of restrictions against the North American members of the alliance.

We have taken, I think, the first steps towards the widest possible military integration of the north Atlantic community. What we must do now, I suggest, is to take as many steps as possible, as quickly as possible, towards the widest possible economic collaboration between the north Atlantic nations. In article 2 of our pact we have the means for doing that.

Just as Canada and the United States cannot solve their defence problems in isolation from the United Kingdom and the other countries of western Europe, so also we in North America cannot solve our economic problems in isolation from western Europe. The same is true of the United Kingdom and of the other European members of the north Atlantic alliance; they cannot solve their economic problems or their defence problems apart from us in North America.

There is much to be said, in establishing a new institution such as the north Atlantic alliance, for a policy of going slowly to begin with. In ordinary times that certainly would be good advice. But these are not ordinary times. Events are moving fast today and our international economic and political institutions should not lag too far behind.