

are going to develop it, develop it with speed and go all out to make sure it is the first and the best... What we must not do, and what has been done in this country once or twice, is to extend the design and development time so much that you lag behind the efforts of others who come in later and... overtake you and pass you". This was commendably succinct, but Mr. Hellyer might have put it more briefly: "Think".

The Arrow debacle forced upon Canadians an agonizing reappraisal of their role in defence production for the West. If, as their spokesmen now conceded, major weapons systems had become too costly for independent Canadian development, it was all the more important that Canadian industry be able to compete for contracts in the United States on terms that would not discriminate against it just because it was Canadian (and foreign). This was recognized in Washington as well as in Ottawa, and early in 1960 there was born the so-called Defence Production Sharing Programme, well described as "a Cold War version of the 1941 Hyde Park Agreement". A number of important benefits followed; waivers, in Canada's favour, of "Buy American" rules which otherwise would have imposed handicaps of from 6% to 12% on Canadian firms bidding for contracts in competition with American rivals; certain defence items exempted from duty; security clearances forthcoming more readily than might otherwise have been the case. Since the Programme went into effect, more than 300 Canadian firms have done more than \$605 millions of defence business in the United States, much of which (it is fair to suppose) they would not have gained without it.

Adjusting to Disarmament

Canadians, who prospered during World War II, have not been doing too badly during the Cold War. Yet to the extent that their prosperity derives from defence production, it is a false prosperity resting on infirm foundations. It is dependent in the first place on the goodwill of our ally and neighbour, which may not always be forthcoming. It is no easy matter for any government, however friendly, to take a highminded line when confronted with balance of payments difficulties and the protests of depressed regions voiced by powerful politicians. But prosperity is doubly deceptive to the extent that it depends upon the continuation of an arms race, especially the prosperity of a country which, like Canada, has laid and continues to lay such emphasis upon the need for general and complete disarmament. It would be well for both Canada and the United States to devote the same resourcefulness with which they have contrived to share defence production to the coming problem of how to disengage the national economies from defence production as painlessly and constructively as possible. The Canadian Government, for all the talk at Geneva and elsewhere about the urgent need for disarmament, lags well behind the United States in the quality and quantity of hard thinking on the subject; such, at least, is the only conclusion one can form after pondering their respective replies to a United Nations inquiry of 1962 into the social and economic consequences of disarmament. Asked by the U.N. to comment "on the problem for Canada of predicting the choice of uses for resources released by disarmament", the Canadian Government would say only that it was not able to "predict in advance... Under the Canadian democratic system, the Canadian Parliament alone can decide the redistribution of these resources. It is not possible to prejudge what they would decide". This not very helpful response came oddly from a country which, only a few years before, had undertaken, in the Royal Commission on Canada's Economic Prospects, fortune-telling on a national scale. Was it a reflexive return to the old formula "Parliament will decide", employed by Mackenzie King as a delaying action when some hard decision came before him? Or was it that the economic consequences