

- (3) We have satisfactory and acceptable working arrangements for the reception of each other's forces in the other country. For example, at the present time the United States has troops at Fort Churchill engaged on winter testing and development and in Newfoundland on air transport. We have the 25th Brigade group at Fort Lewis in the state of Washington awaiting transport to Korea.
- (4) We exchange information on weapons and equipment and combine our research activities so as to avoid overlapping.
- (5) Failing a general standardization agreement, Canada has decided to standardize her equipment on U.S. patterns, and to accelerate this and, at the same time, build up the defences of Europe, we have transferred British-type armament and ammunition for three divisions to the Netherlands, Belgium and Italy, as well as the guns for an artillery regiment to Luxembourg. We are manufacturing in Canada considerable quantities of U.S.-type equipment, including the F-86E aircraft, the 3.50 calibre naval gun, and this procedure will be extended.
- (6) We have taken part in a number of joint exercises together, including Exercise "Sweetbriar" in Alaska, and the participation of Canadian naval, air and ground forces in Korea is further evidence of how well our forces can work together.
- (7) We have made arrangements for joint action in civil defence and industrial production.

What else remains to be done?

Let me mention four things:

- (1) The St. Lawrence Waterways development should be proceeded with as an urgently needed defence measure;
- (2) We hope for further industrial defence co-operation;
- (3) The armed forces and industry combined must make a frontal attack on the cost of defence equipment. This has become so costly that neither we nor our allies can get what we know we need without going on an all-out war economy.
- (4) The free democracies must take active measures together to promote general understanding of their common aims and appreciation of their joint efforts as the essential foundation for our work together over what may be a long hard pull.

Let me say a word about each of these.

The Permanent Joint Board on Defence was set up by the Ogdensburg Agreement of 1940. The Board has served