

methods; and for the interchange of observers on military exercises, etc.

The result of these discussions was made known in a statement given simultaneously on February 12, 1947 in Ottawa to Parliament by the Prime Minister, and in Washington by the Secretary of State. This statement defined the measure of agreement which had been reached for co-operation in our defence policies and I think that everything which is essential for the closest military co-operation was included; thus, through this declaration, there is provided a comprehensive basis on which either country may bring forward any defence matters which it may wish.

I think that it is particularly advantageous to Canada that we are enabled to make the very significant contribution of which I believe our engineers and scientists are capable in the fields of weapon development and research. It has been our concern to ensure that in this section of the nucleus of our war organization we are especially well-equipped and staffed and, in addition, we have available also the great facilities and experience of our National Research Council.

At the present time, as has been announced by Mr. Brooke Claxton, Minister of National Defence, in major items of equipment the attention of our technical staffs has been concentrated on naval craft for anti-submarine duties, on the Canadian high power turbo-jet aircraft engine for military purposes and on a new all-weather fighter which will have our new engine, and which has been especially designed to meet the conditions of air defence in our northern territories, or anywhere that a long-distance interceptor of high performance is required. These undertakings, in all of which Canada has had a long background of related experiences, are turning out very satisfactorily and, as a result, important items of new defence equipment are reaching the stage where we think that, in addition to meeting our own requirements, we can with advantage also supply the needs of our allies in exchange for items of war equipment of their manufacture which we need and which, having regard to the characteristics of mass production industry, they are able to produce more economically.

The next step in the orderly development of defence arrangements between Canada and the United States was announced on April 12, 1948, with the setting up of a Joint U.S. - Canada Industrial Mobilization Planning Committee whose duty it is to exchange information and work towards the co-ordination of the views of the two governments in connection with planning for industrial mobilization in the event of an emergency.

This is an aspect of co-operation the principles of which were thoroughly worked out during the last war between the Canadian Mutual Aid Board and the U.S. Lend Lease Administration and, as a result, Canada was able to make many scores of millions of dollars worth of equipment available to the Armed Forces of the allies.

In both Canada and the United States what needs to be done now to regain this facility is well understood, and we are beginning to evolve procedures which we may expect will operate practically under peacetime conditions.

As is well known, Canada buys on ordinary account very much more from the United States than the United States buys