

use of the vastly greater industrial potential of the free world, particularly on this continent.

At the present time, the most serious obstacle to the creation on the continent of Europe of extensive military forces on our side is the shortage of actual equipment and of the capacity to produce equipment, weapons and supplies.

For the immediate future, therefore, the most urgent need of all our European allies is the need of military supplies to be put into the hands of men who are on the spot and who are capable of forming effective military forces. To provide real security, these forces must be properly equipped and the people of Western Europe must be completely convinced that we in North America are making effective and sincere plans to help them defend their homelands, and not merely to liberate those countries if they should be overrun. That is the real purpose of the integrated force.

So far as Canada is concerned, we need both forces in being, and a set up for mobilization in the event of a general war. And we shall also need a substantial industrial effort to produce weapons, equipment and supplies for both ourselves and our allies, and to do so just as quickly as joint production plans can be formulated on which appropriate Canadian action can be based.

So far as Canada is concerned, the financial aspects are being looked after. At the recent session of Parliament \$300,000,000 was appropriated as a substantial first step in this programme. Just as rapidly as we can reach agreement with our allies on what Canada can provide most effectively, we shall be turning to the members of your Association to help us in the performance of that task. Meanwhile, as I do not need to tell you, we have already stepped up production in a number of directions for our own forces.

We cannot, of course, as yet hazard a guess as to the volume of production which may be required from Canadian industry. As I have said, we do not yet know what types or what quantities of equipment we will be expected to produce for our North Atlantic allies. Other important unknowns are the types of equipment and the volume of orders likely to be placed here by the United States for its own forces or for European members of the North Atlantic Alliance. Moreover, of necessity, our production in Canada must be closely meshed with that of the United States. We must, for example, be assured we can get all the essential supplies needed for production of the right kind of equipment for our own use and for our North Atlantic partners. I am happy to say that the discussions we have had with the United States, through the Joint Industrial Mobilization Committee, on the ways and means of co-ordinating defence production have been most satisfactory, and I expect that before long we shall be able to make a public announcement as to the conclusions reached jointly by our two Governments.

Now, when we are laying great stress and attaching tremendous importance to the production side of our contribution to joint strength, if anyone talks about our position in relation to our associates in the United Nations