

Our two countries have made considerable progress in working out plans for the standardization which is so obviously necessary if there is to be fully effective co-operation in defence. But the only way in which we in Canada can hope to carry out plans for standardization is to reach an understanding with the authorities of your country on procurement.

We cannot undertake to manufacture all the many and complicated and costly items of arms and equipment for modern military forces; many of these things we must obtain from your manufacturers. But, in order to pay for them, we must be in a position to provide you with certain other items for your forces which we can produce efficiently in Canada. That is how we co-operated, under the Hyde Park arrangement, during the war. And both countries benefited.

It seems to us only common sense to apply the same policy in peacetime; but that is not possible under your present legislation. Such a policy would, however, not mean any loss of business for your manufacturers or of employment for your labour. All it would mean is that you would sell arms and equipment for our forces and we would reciprocate by supplying some of the needs of your forces.

I might remind you that only last week the principle of integrated defence was accepted as the governing factor in the defence planning of the North Atlantic Treaty Organization. At the meeting of the Defence Committee all agreed that each party must do its part as determined by its position and its resources to contribute to the common security of all. Without some arrangement for reciprocal defence purchasings with the United States, Canada cannot make the most effective contribution to the security of this continent and the North Atlantic area. And our aim in Canada is the greatest possible co-operation for our common security consistent with the maintenance of our independence as a nation. Co-operation to maintain peace and security is fortunately only one aspect of the relationship between your country and mine.

Canada is, by far, your greatest external field of investment, and you have never had any serious worries that political revolution or extreme action of any kind would endanger that investment. Our country, as you know, is the best customer in the world for your exports. And you sell a good deal more to us than we sell to you. For us that creates a dollar problem. This special economic situation therefore gives us an exceptional interest in your trade and financial policies. What you do or fail to do is of the utmost importance to Canada.

Our country, like yours, was once only a group of British colonies. The fact that we have worked out our relationship with the parent country by a slow process of adjustment by mutual consent, rather than by a quick break, does not mean that we are less independent than you. Since Canada became a nation we have not been a dependency of the United Kingdom, and the British people and government recognize that we are a better friend and ally because we run our own show.

On all the fundamental problems which we face in the world today, you are right in feeling that we in Canada will be on the same side, not because we dare not oppose you, but because our fundamental interests are the same as yours. At times we may differ with you, perhaps in matters of principle, perhaps in matters of tactics. We shall always seek to settle these differences by amicable discussion and, if necessary, by compromise.