

just for our own needs - the run is too small. We must devote our productive capacity to those things which we can do best and exchange our surpluses for things we need. This implies interchangeability, which in turn required standardization.

Third, the third type of standardization is in some ways the most important and the easiest to accomplish. It is to arrive at designs of equipment in both countries so as to provide for the minimum number of different designs and the maximum of interchangeability of completed equipment and parts.

Great progress is being made here in Detroit and we hope it will continue.

Take that all important equipment, motor vehicles. Today in the modern armies of United States and Canada, we have one motor vehicle for every four men. At the present time in Canada we have on issue or in reserve something like 20,000 motor vehicles. Those 20,000 motor vehicles are of 350 different designs or series requiring an almost equally large number of different sets of spare parts. The Ordnance Depot at London, Ontario, has 118,000 different spare parts for motor vehicles. With you we have been adopting the neutral number system under which in addition to the manufacturers' catalogue we use a neutral number for all parts that are common to more than one car. This has resulted in a large reduction in the number of parts required. One part - "washers lock spring", to use the Army nomenclature, is made by 23 prime manufacturers and used by 155 suppliers. We found that another part was made by 11 different manufacturers which quoted prices for it varying from \$2.10 to \$12.00 for the same interchangeable part.

In order to advise the governments of the two countries in planning industrial organization, on April 12 of this year we set up the Joint Industrial Mobilization Committee to co-ordinate plans for industrial mobilization in the event of an emergency. The committee will exchange information towards this end and will make recommendations regarding such plans as are considered desirable. The pattern for this type of co-operation between Canada and the United States was established during the war by the work of the Joint War Production Committee and the Materials Co-ordination Committee. It is also responsible for co-operation with the Permanent Joint Board on Defence in industrial mobilization matters. The United States is represented by the chairman of your National Security Resources Board and your Munitions Board, whereas Canada is represented by the Associate Deputy Minister of Trade and Commerce and the Chairman of the Industrial Defence Board.

In Canada, because we have so much smaller forces, I believe that our defence organization is unified and streamlined to a degree very much more marked than in other countries and just as I am the Minister for all three services and consequently can effect unification and co-ordination under my own authority, so all defence procurement is done by a single agency in the Department of Trade and Commerce and that agency is advised by a Board representative of industry, the Services and other government departments concerned.

Economic Co-operation

In the field of military co-operation we are applying the lessons we learned in the last war and while much remains to be done generally speaking we have made good progress. But the armed forces of any country must derive their strength directly from their country's economic life. If our two nations are to remain prosperous and at the same time support highly expensive defence forces, then we must have the same sort of economic co-operation between ourselves and other likeminded nations that we have found necessary on purely a military level.