

"As for the technical equipment which is to be financed by the United States, both Governments recognize the need for Canada to share in the production of this equipment. Within the principles of production sharing, the United States Government and the Canadian Government expect that a reasonable and fair share of this work will, in fact, be carried out by Canadian industry. To that end a number of groups of officials representing both countries have been established to initiate the production sharing activities and to deal with the problems involved.

"While time is required to work out all the necessary details between our Governments, considerable progress has already been made and several contracts have been placed.

"The production sharing concept also covers the broad range of development and production of military equipment for North American defence generally. Procedures are currently being evolved between officials of the two Governments whereby greater opportunities than have existed in the past will be afforded Canadian industry to participate in the production of technical equipment related to programmes of mutual interest.

"Under the irresistible dictates of geography, the defence of North America has become a joint enterprise of both Canada and the United States. In the partnership each country has its own skills and resources to contribute and the pooling of these resources for the most effective defence of our common interests is the essence of production sharing.

"Believing that Parliament and the people of Canada are determined that this nation shall play its full part, in terms both of quantity and quality, in deterring and resisting aggression, the Government intends that the Canadian Forces will be well-equipped and well-trained for the Canadian share of these tasks in a balanced, collective defence.

"In keeping with that determination careful thought is being given to the principles that, in our opinion, are applicable to the acquisition and control of nuclear weapons.

"The Government's decisions of last autumn to acquire Bomarc missiles for air defence and Lacrosse missiles for the Canadian Army were based on the best expert advice available of the need to strengthen Canada's air defence against the threat to this continent and on its determination to continue an effective contribution to the NATO shield.

"The full potential of these defensive weapons is achieved only when they are armed with nuclear warheads. The Government is, therefore, examining with the United States Government questions connected with the acquisition of nuclear warheads for Bomarc and other defensive weapons for use by the Canadian Forces in Canada and the storage of warheads in Canada. Problems connected with the arming of the Canadian Brigade in Europe with short range nuclear weapons for NATO's defence tasks are also being studied.

"We are confident that we shall be able to reach formal agreement with the United States on appropriate means to serve the common objective. It will of course be some time before these weapons will be available for use by Canadian Forces. The Government when able to do so, will inform the House, within the limits of our security, of the general terms of understanding which are reached between the two Governments on this subject.

"I wish at this time, however, to give the House an indication of certain basic considerations in the Government's thinking on the question of the acquisition and control of nuclear weapons.

"The first important consideration is the Government's firm belief in the importance of limiting the spread of nuclear weapons at the independent disposal of national governments. The Secretary of State for External Affairs said in the External Affairs Committee on July 29 last, that it took but little imagination to envisage the dangers of the situation if the know-how with respect to the production of nuclear weapons were disseminated in numerous countries of the world. The prospect of further dissemination of such techniques continues to be a matter of fundamental concern to the Government. As a contribution to this important objective, it is the policy of the Canadian Government not to undertake the production of nuclear weapons in Canada, though we believe Canadian scientists and technicians are quite capable of producing them.

"The second consideration is the Government's determination to leave no avenue unexplored in the search for an acceptable agreement on disarmament with the Soviet Union, even though we must reluctantly admit the need in present circumstances for nuclear weapons of a defensive character. The objective of disarmament must ever be kept in view, even though it may be capable of only partial realization, as for example in agreed zones of inspection in the Arctic, or agreed measures to guard against surprise attack. Canadians will continue to support effective measures for disarmament but in the meantime, we cannot minimize the importance of providing the strongest deterrent to aggression and of protecting the deterrent power against surprise attacks.

"Another basic consideration is the Government's commitments to support the collective security of the NATO alliance. Whether Canada's effort is made directly in continental defence - the defence of the Canada-United States region of NATO - or whether it is made on the continent of Europe, Canada's contribution will be made in concert with the efforts of our NATO partners, and it is the Government's intention to provide Canadian Forces with modern and efficient weapons to enable them to fulfill their respective roles.

"Believing that the spread of nuclear weapons at the independent disposal of individual nations should be limited, we consider