

in terms of deterrents and retaliatory power. It is not pleasant to pay the annual bill for them, but I am convinced that it is no more than elementary prudence to keep our defences strong, modern, and adapted to our best evaluation of possible future needs.

I must confess -- although I wish it were otherwise -- that I see no present justification for dismantling any significant part of our defence structure. That step must depend on the result of negotiations with the U.S.S.R. I greatly regret that no significant reduction in our defence commitments is at present possible, because the disadvantages are obvious. There is first the increasing expense of competing in the production of arms; and indefinite extension of this competition could lead us to national bankruptcies. Secondly, there is the task of explaining not only to the Soviet Government but also to our friends in the Middle East, Africa, and Asia that, although we continue to build up stocks of ever more destructive weapons, we have no intention whatever of using them except in response to aggression. That is a fact. We in the West must not find ourselves so preoccupied with our own defence that we fail to recognize and exploit opportunities to narrow the gulf of tension and distrust which now divides the two great world powers.

From these words, you will know that foremost in my mind is the aim of finding some basis for peaceful settlements on outstanding issues. This I am sure is the positive aim of all NATO Governments.

Does there exist today a probability or some possibility of a mutually satisfactory settlement? I must say frankly that I see no present prospect of an all-inclusive settlement. On such issues as German reunification and the Soviet position in Eastern Europe, the Russians appear to be as intractable as they ever were. On the other hand, it is probable that the Russians, sufficiently fearful of the dire consequences of space-age warfare, do desire an easing of tension. One can detect a note of genuine anxiety in some of Mr. Bulganin's latest public correspondence, and while this note in itself should not cause us to relax our vigilance, we should be alert to any openings for negotiations which it may foreshadow.

One possible avenue of progress is in disarmament, whether along the lines already followed in the United Nations -- if the Soviet Government will agree to participate -- or on a limited regional basis such as in Central Europe. It may be that other possibilities exist. Let us continue to look for them.

A meeting at the summit with the leaders of the Soviet Union is approaching. There is a clear prospect that it will be held in 1958. I have already had occasion to say that so far as the Canadian Government is concerned, we attach cardinal importance to the preparatory stage. We welcome indications