

cobalt for biological experiments by the Defence Research Board; a stratosphere chamber and control unit to test airborne equipment; and albumin (blood) serum, drugs and medical supplies for the civil defence program. Development work was involved in the prototyping of the *Rat*, a vehicle primarily designed for cross-country travel on snow, and of the *Bobcat*, a multi-purpose light-tracked carrier.

District Purchasing Offices located in fourteen cities across Canada continued to purchase fresh foods and other supplies of a local or urgent nature and to arrange for services required by the defence establishments located in their vicinity. The facilities of several of the District Offices were utilized effectively to arrange winter employment on certain construction projects.

Production Sharing.—Production sharing is the integration of the defence production capabilities of Canada and the United States to bring about the most economical and efficient development and manufacture of military weapons for the defence of North America. It is a natural extension of the integration of the defence forces of the two countries under the North American Air Defence (NORAD) agreement.

The present program of co-operation arises out of two agreements between Canada and the United States: the Hyde Park Agreement of 1941 and the Statement of Principles for Economic Co-operation of 1950. In the autumn of 1958 a joint committee approved a set of immediate and long-term objectives of Canadian-United States production sharing. The immediate objective is to increase the participation of Canadian industry in the production and support of North American defence weapons and equipments. The continuing long-term objective is to co-ordinate the defence requirements, development, production and procurement of the two countries in order to achieve the best use of their respective production resources for their combined defence, in line with the concept of interdependence and the integration of military arrangements.

Procedures were established with the United States Government to carry out the program. Under the general aegis of the Canada-United States Ministerial Committee on Joint Defence, these involve a Senior Policy Committee comprised of senior officials of the Canadian Departments of Defence Production, National Defence, External Affairs and Finance, and the United States Department of Defense, a Steering Group to handle the co-ordination of all activities, and a number of Working Groups consisting of technical personnel who work out the detailed arrangements for production sharing of specific projects of mutual interest. Notable among these are the *Bomarc* missile, *SAGE* communication and radar programs which are common to the defence requirements of both countries.

Efforts to secure more equal opportunity for Canadian industry with United States industry in seeking United States prime contracts have been of greatest importance. This activity has also been extended to the creating of greater opportunities for major sub-contracts in Canada from United States prime contractors, notably in the important new fields of missiles and electronics. The Canadian defence industry is being encouraged to be more aggressive in seeking United States defence prime contracts and in familiarizing United States Government defence agencies and prime contractors with their capabilities in research, development and production of defence equipment.

PART III.—CIVIL DEFENCE

On Mar. 23, 1959, the Prime Minister, the Rt. Hon. John G. Diefenbaker, stated in the House of Commons that the Government had reviewed the arrangement of responsibility for civil defence tasks and that the Army would undertake primary and direct responsibility for the warning of attack, the location and monitoring of explosions and radioactive fallout, the assessment of damaged areas, decontamination and clearing of such areas, and rescue of the injured. The health and welfare aspects of civil defence are to remain the responsibility of the Department of National Health and Welfare but with increased financial and technical assistance to provincial authorities.