

*Permanent Allies? The Canada-US Defence Relationship  
in the 21st Century<sup>1</sup>*

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Canada and the United States have been close defence allies for 70 years. That cooperation has spanned participation in World War Two, the Korean War, the Cold War, the creation (and half-century maintenance) of a bilateral air defence command (NORAD), the first Gulf War, and most recently, the war on terrorism.<sup>2</sup> However, there are

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<sup>1</sup> The author would like to thank the Social Sciences and Humanities Research Council of Canada (SSHRC) for providing a grant that has funded the larger project upon which this paper is based. I also wish to thank the Woodrow Wilson International Center for Scholars (Washington, DC), where I undertook much of the initial research for this paper. I would also like to thank, for their suggestions and advice, David Biette; Christopher Sands; the audiences at sessions at both the 2008 Canadian Political Science Association conference in Vancouver and the 2009 Midwest Political Science Association conference in Chicago, where I presented earlier drafts of the paper; the two anonymous reviewers of this journal; and the editors of JMSS. Any errors are the author's own.

<sup>2</sup> Readers might note that the Obama administration has stopped using the terminology of the Bush administration with regards to the US effort against global terrorism. Indeed, the very use of the word "terrorism" has largely ended, and in its place, officials have moved to the less politically charged phrase "man-made (or man-caused) disasters". The change was first made clear in March 2009 by the new Secretary of Homeland Security, Janet Napolitano. In response to a question about whether terrorism still posed a threat to the US, Secretary Napolitano remarked "I presume there is always a threat from terrorism. In my speech [to Congress in February], although I did not use the word 'terrorism', I referred to 'man-caused disasters'. This is perhaps only a nuance, but it demonstrates that [this administration] wants to move away from the politics of fear toward a policy of being prepared for all the risks that can occur." See "Away from the Politics of Fear: Interview with Homeland Security Secretary Janet Napolitano," *Spiegel International*, March 16, 2009, ([www.spiegel.de/international/world.htm](http://www.spiegel.de/international/world.htm), accessed September 5, 2009),

indications that the relationship today is weakening. This paper will examine two critical issues -- the 2005 Canadian decision to reject participation in the US missile defence program, and Canada's persistent low level of military expenditures and the effect that low spending has had on the Canadian Forces (CF) -- that combined suggest a significant decline in the relationship. At the same time, the paper notes that there are some recent positive signs, in particular the current increase in Canadian defence spending and mission in Afghanistan,<sup>3</sup> that indicate a possible improvement, albeit one that may be tied to the electoral prospects of the Conservative government of Stephen Harper, which could face another election as early as this fall.<sup>4</sup> Ultimately, the paper argues that the bilateral defence relationship is essentially a barometer of the larger political one, and a decline in the former is normally reflective of a weakening in the latter.

Before examining the specific issues, though, some context should be established. While I believe that the bilateral defence relationship is waning (and has been for some time), that is not to say that the security alliance is nearing its end.<sup>5</sup> Canada and the US have one of the most complex and multi-faceted relationships in the world, and it is to be expected that the defence component of it would ebb and flow over time. Indeed, the bilateral relationship has so many other aspects to it -- including a complex and enormous

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<sup>3</sup> For a comprehensive look at Canada's involvement, see Janice Gross Stein and Eugene Lang, *The Unexpected War: Canada in Kandahar*, (Toronto: Viking Canada, 2007). Also see Alexander Moens, "Afghanistan and the Revolution in Canadian Foreign Policy," *International Journal*, vol. 63, no. 3, (Summer 2008) and Jim Keeley, "Should We Stay or Should We Go? Canada and Afghanistan," *Journal of Military and Strategic Studies*, vol. 10, no. 2, (Winter 2008), ([www.jmss.org](http://www.jmss.org), accessed December 6, 2008).

<sup>4</sup> At the time of writing (September 2009), the government's electoral prospects changed almost daily. Early in the month, Liberal leader Michael Ignatieff announced that his party would no longer support the Conservatives, and would vote against it at the first opportunity. Given that both the NDP and the Bloc Quebecois had previously announced their intention to vote against the government (dating from the time of their coalition agreement with the Liberals in December 2008), it seemed virtually certain that the government would be defeated early in the fall session of Parliament. However, on September 18, the government survived a confidence motion with the surprise support of both the NDP and the BQ. That said, there are several other confidence motions planned for the fall, any one of which could trigger an election. See "Ignatieff's Double Dare," *Maclean's*, September 14, 2009, and "Layton Delves into Uncharted Waters to Keep Harper Afloat," *The Globe and Mail*, September 19, 2009.

<sup>5</sup> Canada and the US have signed 80 treaty-level defence agreements and more than 250 memoranda of understanding. For recent accounts of the relationship, see Kim Richard Nossal, "Defence Policy and the Atmospherics of Canada-US Relations: The Case of the Harper Conservatives," *The American Review of Canadian Studies*, vol. 37, no. 1, (Spring 2007); Bernard Stancati, "The Future of Canada's Role in Hemispheric Defence," *Parameters*, vol. 36, no. 3, (Autumn 2006); and Christopher Sands, "An Independent Security Policy for Canada in the Age of Sacred Terror?," in Brian Bow and Patrick Lennox (eds.), *An Independent Foreign Policy for Canada? Challenges and Choices for the Future*, (Toronto: University of Toronto Press, 2008).

trade relationship, vast social and cultural ties, a common history and language, etc. -- that it often seems to operate outside of any governmental control or regulation. Thus, while the defence alliance is declining, I do not believe that either it or the larger relationship upon which it is based is in danger of permanently rupturing.

In addition, it should be emphasized that the defence relationship has never remained static in the post-war period, having gone through periods where it was particularly strong (ie., the Pearson years and the Mulroney decade) and those where it was rife with tensions and disagreements (ie., the Diefenbaker and Trudeau periods).<sup>6</sup> Thus, there is nothing inherently "unusual" about a decline in the relationship, provided that the trust and sense of mutual cooperation and understanding that are at its centre is not violated. I am convinced that this trust has not been breached, and thus it is likely -- perhaps certain -- that the downturn will eventually be reversed. Indeed, as noted, there are reasons to believe that this process has already begun, although it is rather tenuous, and open to disruption by developments in either country.

That said, the decline in the defence relationship has not emerged out of a vacuum for, in point of fact, the broader bilateral relationship declined during the tenure of former Prime Minister Jean Chrétien. Chrétien came to office determined to maintain some distance between Ottawa and Washington, the (supposed) lack of which had been the primary criticism of his predecessor, Brian Mulroney.<sup>7</sup> Thus, from 1993 until 2005 (including the two year tenure of his Liberal successor, Paul Martin), the relationship grew increasingly strained, reaching its low point when Canada decided to stay out of the Iraq war. In general, the US had little time or patience for the Canadian policies of "human security" and "soft power", nor did it support several Canadian foreign policy initiatives during this decade -- including a treaty on landmines and the establishment of an International Criminal Court -- that seemed to pit the US against many of its traditional

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<sup>6</sup> For a recent account of these periods, see Brian W. Tomlin, Norman Hillmer, and Fen Osler Hampson, "Streams in the Defence Policy Process," in Tomlin, Hillmer, and Hampson, *Canada's International Policies: Agendas, Alternatives, and Politics*, (Don Mills: Oxford University Press, 2008). See also J.L. Granatstein, "A Friendly Agreement in Advance: Canada-US Defence Relations Past, Present, and Future," *C.D. Howe Institute Commentary*, no. 166, (June 2002) and Joel Sokolsky, "The Bilateral Defence Relationship with the United States," in David B. Dewitt and David Leyton-Brown (eds.), *Canada's International Security Policy*, (Scarborough: Prentice-Hall Canada, 1995).

<sup>7</sup> Andrew Richter, "From Trusted Ally to Suspicious Neighbour: Canada-US Relations in a Changing Global Environment," *The American Review of Canadian Studies*, vol. 35, no. 3, (Autumn 2005), p. 486.

allies.<sup>8</sup>

Further, it was not only specific issues that suggested a weakening of the relationship. A series of Canadian public comments around the time of the Iraq war strongly hinted at tensions between the two countries. These statements<sup>9</sup> reflected a growing sense of disdain towards our southern neighbour, feelings that could not help but complicate the defence relationship (in addition, Canadian public attitudes toward the US were changing as well<sup>10</sup>). While anti-Americanism has long been a staple of Canadian political culture, the shrillness of some of the comments was startling. And while military historian Jack Granatstein has noted that "on one level, a modicum of anti-Americanism is necessary for Canadian survival,"<sup>11</sup> I believe the comments reflected something novel, a Canadian sense of superiority combined with scorn for both (former) President George W. Bush and (at least for some) the country he led. There can be little doubt that the statements stung many Americans, and may have contributed, in turn, to an altered sense of how many of them viewed Canada.<sup>12</sup>

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<sup>8</sup> For a review of Canadian foreign policy under Chrétien, see Graham Fraser, "Liberal Continuities: Jean Chrétien's Foreign Policy, 1993-2003," in David Carment, Fen Osler Hampson, and Norman Hillmer (eds.), *Canada Among Nations 2004: Setting Priorities Straight*, (Montreal: McGill-Queen's University Press, 2004). For a discussion of the differing conceptual approaches of Canada and the US toward "soft power", see Mark Proudman, "Soft Power Meets Hard: The Ideological Consequences of Weakness," in Carment, Hampson, and Hillmer (eds.), *Canada Among Nations 2003: Coping With the American Colossus*, (Don Mills: Oxford University Press, 2003).

<sup>9</sup> Three comments stood out: (1) Liberal Member of Parliament Carolyn Parrish said she "hated" American "bastards"; (2) Francois Ducros, Jean Chrétien's Communications Director, was overheard by reporters calling US President Bush a "moron" at a NATO forum; and (3) Herb Dhaliwal, the Minister of Natural Resources, said that President Bush was letting the world down by not being a "statesman".

<sup>10</sup> A 2005 PEW Research Center study revealed that the percentage of Canadians with a favorable view of the US declined from 72 per cent in 2002, to 63 per cent in 2003, to 59 per cent in 2005. The study noted that the "poll finds Canadians holding increasingly negative views of both the US and the American people." See *Pew Global Attitudes Project*, "US Image up Slightly but Still Negative," June 23, 2005, (<http://pewglobal.org/reports/display.php>, accessed September 20, 2009). More surprisingly, a 2008 BBC poll found that only 27 per cent of Canadians had a positive view of the US, while 62 per cent had a negative one. See J.L. Granatstein, "Looking East? Yes, But Canada's Future is Still American," *The Globe and Mail*, May 26, 2008. For additional recent details on Canadian attitudes toward the US, see Nik Nanos, "Canadians Agree, we're America's Best Friend; they're less sure a Threat to the US also Threatens Canada," *Policy Options*, vol. 30, no. 4, (April 2009).

<sup>11</sup> J.L. Granatstein, *Whose War is it? How Canada can Survive in the Post-9/11 World*, (Toronto: Harper Collins Publishers, 2007), p. 86.

<sup>12</sup> A 2004 PEW study found that American attitudes toward Canada had changed quite dramatically between 2002 and 2003. In 2002, 83 per cent of Americans had a favourable opinion of Canada, but that number

An additional complicating factor in the bilateral relationship was the tendency toward unilateralism in the Bush administration, a preference that was essentially proclaimed in both Presidential speeches and official documents like the *National Security Strategy of the United States* (2002 and 2006<sup>13</sup>). Indeed, even before the events of September 11, 2001, President Bush had dismissed international agreements including the Kyoto accord on global warming, the Biological Weapons Convention, and the Comprehensive Nuclear Test Ban Treaty. In the post-9/11 environment, this unilateralist tendency grew stronger, with the US government demonstrating that it would not be restrained by either international law or established norms from taking actions that it believed would protect the US homeland from further attacks.<sup>14</sup>

With regard to the continental defence relationship, American scholar Bernard Stancati has written that in the aftermath of the terrorist attacks, the Department of Defense (DoD) moved aggressively to take the lead in determining how the US would behave and operate with regards to its security alliance with Canada.<sup>15</sup> While DoD has made some attempts to involve Canada in post-9/11 security architecture, there are questions about how genuine these efforts have been. Combined with decades of spending cuts that have left the CF in a badly weakened position (see Part II below), the US tendency toward unilateralism in continental defence raises additional doubts about the future of the security alliance.<sup>16</sup> That said, given the wide-ranging criticism directed

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slipped to 65 per cent the following year. See *Pew Global Attitudes Project*, "Americans and Canadians: The North American Not-so-Odd Couple," January 14, 2004, (<http://pewglobal.org/commentary/display.php>, accessed September 17, 2009). Reflecting this shift, a 2004 poll conducted by *Maclean's* found that 12 per cent of Americans reported that their view of Canada had worsened over the previous year. Of these, 47 per cent said this was because Canada had not supported the US in Iraq and did not seem committed to fighting terrorism. See "Canada-US Relations Poll: Taking the Pulse," *Maclean's*, May 3, 2004.

<sup>13</sup> See President George W. Bush, *The National Security Strategy of the United States of America*, (Washington: The White House, 2002) and President George W. Bush, *The National Security Strategy of the United States of America*, (Washington: The White House, 2006). Reflecting the option of unilateralism in US security policy, the 2002 NSS notes that "while the United States will constantly strive to enlist the support of the international community, we will not hesitate to act alone, if necessary, to exercise our right of self-defense."

<sup>14</sup> See, for example, Ivo Daalder and James Lindsay, *America Unbound: The Bush Revolution in Foreign Policy*, (Washington: The Brookings Institution, 2003). For a more recent account of President Bush's foreign policy, see Robert Swansborough, *Test By Fire: The War Presidency of George W. Bush*, (New York: Palgrave Macmillan, 2008).

<sup>15</sup> Stancati, p. 108.

<sup>16</sup> As Bernard Brister has recently written, "[the] trend is clearly away from a partnership approach to

against American unilateralism over the past several years, there is a strong likelihood that President Barack Obama will be more agreeable to bilateral/multilateral approaches, and there is a widespread expectation that the new administration will attempt to mend relations with allies that may have been damaged during the Bush years. This expectation is particularly strong in Canada, where anger and frustration toward the Bush administration was quite intense.<sup>17</sup>

While this paper will not examine all of these developments, they help form its backdrop. It should also be noted that the broader bilateral relationship has, in fact, improved considerably over the past few years, largely coinciding with the Harper government's tenure in Ottawa. Prime Minister Harper came to office in January 2006 determined to strengthen the relationship and reverse some of the damage that had been done under the previous Liberal government(s).<sup>18</sup> In that regard, he has largely succeeded -- the tone of the relationship has changed, some long-standing disputes have been resolved (foremost among them softwood lumber), and at the public level the relationship seems to be on increasingly solid ground.<sup>19</sup>

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continental security and toward a unilateral one, or a lopsided partnership with Canada assuming a subordinate position." See "When Perpetuity Doesn't Mean Forever: The Approaching Demise of NORAD," *Policy Options*, vol. 29, no. 1, (December 2007 – January 2008), p. 80.

<sup>17</sup> For recent accounts of how the Obama administration is likely to approach Canada (and vice versa), see Colin Robertson, "Mr. Harper Goes to Washington: A Policy Update Paper," CDFAI Research Paper, September 2009, ([www.cdfai.org](http://www.cdfai.org), accessed September 4, 2009); John Manley, "Obama and Harper: A New Beginning," *Policy Options*, vol. 30, no. 4, (April 2009); Derek H. Burney, "Engaging Obama," *Policy Options*, vol. 30, no. 4, (April 2009); and Denis Stairs, "Managing the Canada-US Relationship in the Obama Era," *The Dispatch*, vol. 6, no. 4, (Winter 2008), ([www.cdfai.org/newsletters/newsletterwinter2008.htm](http://www.cdfai.org/newsletters/newsletterwinter2008.htm), accessed January 22, 2009). It might also be noted that many of the administration's early foreign policy decisions have demonstrated a US desire to appear more engaging with both friends and foes, and a move away from the widespread perception that under President Bush the US did not take other country's opinions into account before reaching decisions. Thus, regarding allies, President Obama has given speeches across Europe (for example) where he has emphasized the need to craft new policies that take European interests into account. And regarding foes, the President has called for formal talks with Iran and announced a new chapter in US-Russia relations, both of which are intended to symbolize a new US approach to international relations.

<sup>18</sup> See, for example, Elinor Sloan, "Canada's International Security Policy Under a Conservative Government," in Andrew F. Cooper and Dane Rowlands (eds.), *Canada Among Nations 2006: Minorities and Priorities*, (Montreal: McGill-Queen's University Press, 2006).

<sup>19</sup> Reflecting this, the (former) US Ambassador to Canada, David Wilkins, said in the fall of 2008 that "I think there's been a remarkable improvement in the tone of the relationship....in the last three years." See "A Conversation with the US Ambassador," *Policy Options*, vol. 29, no. 9, (October 2008). Similarly, in September 2009, the outgoing Canadian Ambassador to the US, Michael Wilson, said that "the tone of the

That said, the new Democratic government in Washington will undoubtedly bring with it some new concerns and challenges, particularly given some of the statements that candidate Obama made during the lengthy election campaign (recall, for example, his comments calling for significant changes to NAFTA, remarks that sparked controversy in both Canada and the US<sup>20</sup>). Indeed, within weeks of the president taking office, the Democratically-controlled Congress passed a massive stimulus bill that contained a “Buy American” provision, a development that immediately sparked new tensions in the relationship, and posed the first real test between Prime Minister Harper and the new President.<sup>21</sup> At the same time, though, it is also clear that given the enormous popularity of President Obama in Canada,<sup>22</sup> the door seems open to a new chapter in bilateral

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[Canada-US] relationship is clearly better” than it had been when he took up the position in 2006. See “Michael Wilson in Conversation with John Geddes,” *Maclean's*, September 14, 2009.

<sup>20</sup> During the Democratic primaries in 2007 and '08, both candidate Obama and his primary challenger, Senator Hillary Clinton, said that the US should consider withdrawing from NAFTA unless parts of the treaty were re-negotiated. However, in March 2008, the Associated Press released details of a memo that it reported had been written by a Canadian embassy official following a meeting with Obama's senior economic policy advisor, Austan Goolsbee. The memo suggested that Obama's threat should be viewed as “political positioning”, and did not reflect a “clear articulation of policy plans”. Coming just days before the crucial Ohio primary (which Senator Clinton won), the memo threatened to derail Obama's campaign. Facing opposition calls that the leak constituted a major diplomatic embarrassment, Prime Minister Harper established an internal committee to investigate, but its report in May of 2008 proved inconclusive. See “Canadian Memo Suggests Obama's NAFTA Comments ‘Political Positioning,’” *CBC.ca*, March 3, 2008, and “Signs Point to PMO in NAFTA Leak,” *The Toronto Star*, May 27, 2008. In any event, since taking office in January, President Obama has not given any indication that he is interested in re-opening NAFTA. See “No Plan to Reopen NAFTA, says US Trade Rep,” *The Toronto Star*, April 20, 2009.

<sup>21</sup> In February 2009, the US Congress passed a \$787 billion stimulus bill that contained provisions that banned foreign companies from being awarded steel and manufacturing contracts. Almost immediately, Canadian Trade Minister Stockwell Day warned that if the provisions were to become law, Canada would have no choice but to take legal action. Over the summer, talks aimed at giving Canada an exemption began, but little progress was reported. However, at a meeting between President Obama and Prime Minister Harper in September 2009, details of a possible compromise emerged. The two sides appointed negotiators to explore the possibility of an agreement that would give American companies access to provincial and municipal contracts in Canada, in exchange for opening state and local contracts in the US to Canadian firms. See “Obama Offers Reassurance but no Breakthrough in Buy American Issue,” *The National Post*, September 16, 2009, and “Keep Buy American in ‘Perspective’: Obama,” *The Globe and Mail*, September 17, 2009. Recognizing that even if an agreement can be worked out it would need the approval of House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid, Prime Minister Harper held meetings with both during the same September visit.

<sup>22</sup> President Obama's popularity in Canada is nothing short of astonishing. In March 2008, a poll was released that showed that if Mr. Obama led either of Canada's major political parties, that party would easily win a federal election (an Obama-led Liberal Party would have 33 per cent support, compared to 18

relations, as the traditional Canadian wariness toward the US seems to have largely disappeared – at least for the time being.

This paper will be divided into two sections, corresponding with the issues identified above. The first will examine the Canadian missile defence debate, which culminated with the decision to reject involvement in the US program. The second will focus on Canadian defence expenditures, and the effect that low spending has had on military capabilities and the CF more generally. The study will conclude with a section outlining recent developments to both NORAD and the Bi-national Planning Group (BPG), a Canada-US defence study group formed in 2002 to enhance bilateral cooperation.

A final note of caution should be added, though. This paper focuses on Canadian actions and decisions that have adversely affected the bilateral defence relationship. As noted, this does not mean that the US is without responsibility for the downturn, and perhaps a subsequent study on American actions that have contributed to the decline will be written in the future. This paper, however, does not address that question, and thus readers should be aware of its specific focus.

## **Part I: The Canadian Missile Defence Debate**

The Canadian decision to decline involvement in the US missile defence program was one of the most important decisions in the history of the bilateral defence relationship. Unlike the nuclear weapons decision in the early 1960s<sup>23</sup> or the decision over cruise missile

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per cent for the Tories, while an Obama-led Conservative Party would lead the Liberals 32-15). See “Obama would Win in Canada: Poll,” *The Toronto Star*, March 7, 2008. A poll commissioned shortly after Mr. Obama became president revealed continuing strong support, as 41 per cent of respondents said they wanted closer ties with the US, an enormous change from the Bush years when Canadians rated President Bush’s leadership below that of Russia’s Vladimir Putin. See “Canada’s Love Affair with Barrack Obama,” *Maclean’s*, February 13, 2009. More recently, a September 2009 poll showed these attitudes have not appreciably changed, with 52 per cent of Canadians saying that they viewed Mr. Obama’s presence in the White House as a positive development for Canada. The poll also showed that while 39 per cent of respondents had said in October 2008 (ie., at the end of the Bush presidency) that Canada needed to maintain its distance from the US, that number has now declined to just 13 per cent. See “Obama’s Popularity Higher than Ever in Canada: Poll,” *The National Post*, September 20, 2009.

<sup>23</sup> For reviews, see Andrew Richter, *Avoiding Armageddon: Canadian Military Strategy and Nuclear Weapons, 1950-1963*, (Vancouver: UBC Press and Michigan State University Press, 2003); Sean M. Maloney, *Learning to Love the Bomb: Canada’s Nuclear Weapons During the Cold War*, (Dulles, Virginia: Potomac Books, 2007);



testing in the early 1980s,<sup>24</sup> in this case the Canadian government chose to reject cooperation with the US. While I believe that Canada made the wrong decision, that judgement is not based on the importance that the US attached to the issue (which was considerable), or the possibility (now largely discounted) of long-term political fallout. Rather, I believe that the US offer was in *Canada's* political and military interest, and would have sent a clear signal that Ottawa remains committed to cooperating in North American defence, a long-standing tenet of Canadian security policy, and one which successive governments have supported.<sup>25</sup>

It is not necessary to review the entire history of the decision, as several studies have been written that deal with many of the basic issues.<sup>26</sup> Rather, the following account will focus on the critical period in the debate, beginning in late 2003 and lasting until the final verdict was announced in February 2005. It was during this 16 month period that most of the major developments took place, and the dynamics of the Canadian debate became clear. Indeed, the carefully cultivated ambiguity that had dominated Canada's initial debate unravelled during this period, and a series of statements and developments strongly suggested eventual Canadian participation. It was largely because of this impression that the final decision was met with such surprise and disappointment in many quarters.

In brief, though, it should be noted that Canada first began to consider cooperating

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and most recently, Patricia I. McMahon, *Essence of Indecision: Diefenbaker's Nuclear Policy, 1957-1963*, (Montreal: McGill-Queen's University Press, 2009).

<sup>24</sup> For a review, see John Clearwater, *Just Dummies: Cruise Missile Testing in Canada*, (Calgary: University of Calgary Press, 2006).

<sup>25</sup> In fact, just two months after the missile defence decision was announced, the government released its *International Policy Statement*, which reaffirmed that "defending North America in cooperation with the United States" remained one of the three "broad roles" of the CF (the other two being "protecting Canadians" and "contributing to international peace and security"). See *Canada's International Policy Statement: A Role of Pride and Influence in the World [Defence]*, (Ottawa: Department of National Defence, 2005). It might be noted that these roles have remained largely unchanged since being first identified in the 1964 *White Paper on Defence*, and were most recently re-stated in the "Canada First Defence Strategy", a 20 year defence plan released in June 2008 (see note 82 below).

<sup>26</sup> See, for example, James Fergusson, "Shall we Dance? The Missile Defence Decision, NORAD Renewal, and the Future of Canada-US Defence Relations," *Canadian Military Journal*, vol. 6, no. 2, (Summer 2005) and David McDonough, "BMD and US Strategic Doctrine: Canadian Strategic Interests in the Debate on Missile Defence," *Journal of Military and Strategic Studies*, vol. 9, no. 3, (Spring 2007), ([www.jmss.org](http://www.jmss.org), accessed October 7, 2008).

in the US missile defence program in 1997, and despite strong support from within the Department of National Defence (DND), the Chrétien government adopted a cautious “wait-and-see” attitude. Particularly important during the first few years of the debate was the role played by Foreign Affairs Minister Lloyd Axworthy, who issued a series of statements that downplayed the possibility of Canadian involvement, and indicated that unless Canadian concerns -- which largely focussed on the possible “weaponization of space” and the prospects for a renewed arms race between the US and Russia<sup>27</sup> -- could be satisfied, Canada’s participation was unlikely. Perhaps reflecting Axworthy’s dominant role in the process, for two years following his resignation from politics in 2000, the Chrétien government essentially stopped talking about missile defence altogether.

However, this self-imposed silence ended in early 2003, when conflicting signals regarding Canada’s possible participation emerged. First, both Defence Minister John McCallum and Foreign Affairs Minister Bill Graham made statements that indicated that Ottawa was leaning toward involvement in the US program. And yet, just a few days after Graham made his initial statement, he made a second one that suggested that such participation was primarily intended to prevent the American weaponization of space, hardly an unambiguous declaration of support.<sup>28</sup> Shortly after, it was reported that the Liberal government had decided to postpone a final decision, likely reflecting a political calculation that the risks associated with any judgement favouring participation were simply too great in an environment where a federal election was approaching and public support toward missile defence was unclear.<sup>29</sup> As a result, Canada’s unofficial policy of

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<sup>27</sup> Additional concerns included that missile defence would de-stabilize an already volatile international environment, that the system was not technologically feasible, and that it would be prohibitively expensive to construct and deploy. Indicative of Axworthy’s thinking was a May 2000 letter (co-written with the Swedish Foreign Minister Anna Lindh) that was sharply critical of the US, and of its perceived willingness to forego multilateralism in order to pursue its interests unilaterally. See “Axworthy Slams Missile Plan in Swedish Newspaper,” *The National Post*, (May 5, 2000). Readers might note that this letter was published during the final months of the Clinton presidency, one not generally regarded to have acted in a unilateral fashion.

<sup>28</sup> McCallum noted that Ottawa still had an “open mind” on the question of Canadian participation, while Graham initially said that there was a “long tradition of Canada and the United States working together on the defence of North America, because it’s in our interest...if one is attacked, the other is at risk.” See “‘Open Mind’ on Role in Missile Plan: McCallum Aide,” *The National Post*, January 27, 2003 and “NORAD Could be in Jeopardy if Canada’s Doesn’t Join Missile Defence: Cellucci,” *The Peterborough Examiner*, May 3, 2003. For Graham’s second statement, see “Missile Defence ‘in our Interest’,” *The Ottawa Citizen*, May 7, 2003.

<sup>29</sup> Throughout the missile defence debate, public opinion on the issue was divided. For example, a poll

deliberate ambiguity was continued.

If one was to predict the likelihood of Canada's eventual decision at this time, then, one could have reasonably argued that the odds were roughly 50-50, with the net result being that the final decision was still very much in doubt. That sense of uncertainty was exacerbated by the internal split the issue was causing for the Liberal Party, especially with regards to its Quebec and Women's caucuses, where opinion ran strongly opposed to involvement.<sup>30</sup>

As noted, however, this ambiguity began to end by late 2003, and particularly with the emergence of Paul Martin as the successor to Jean Chrétien. The first indication of this was an interview that Martin gave in April 2003 when he was still campaigning for the Liberal leadership. On CTV's *Question Period*, Martin said that "I certainly don't want to see Canada isolated from any moves the United States might take to protect the continent....If there are going to be missiles that are going off...over Canadian airspace....I think that we want to be at the table."<sup>31</sup> The statement was the most definitive yet made by a senior Canadian politician, and seemed to set the stage for Ottawa's eventual participation. That sense was dramatically strengthened several months later, in November on the day that Martin assumed the Liberal leadership. When asked in a press conference whether Canada should cooperate more closely with the US, Martin said that "if you're talking about the defence of North America, Canada has to be at the table," a seemingly unambiguous declaration of support.<sup>32</sup> Combined, the two statements strongly

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completed in May 2003 revealed that 60 per cent of Canadians supported involvement in the project, while 33 per cent opposed. See SES Media Release, "Opposition Parties Fired up on Missile Defence," May 27, 2003, ([www.nanoresearch.com/main.asp](http://www.nanoresearch.com/main.asp), accessed January 10, 2008). An additional poll conducted in February 2004 similarly found 64 per cent of respondents favouring participation. See "Canadians Want Harmonized US-Canada Security Policy," *The National Post*, (February 11, 2004). However, in these and other polls, there was a regional element at play, with opinion in Quebec sharply opposed to the program. In any event, by 2005 public opinion had moved strongly against participation. Thus, a March poll (conducted in the days following the announcement) found that 57 per cent of respondents opposed the program, with only 26 per cent in favour. See "Poll Shows Canadians Back PM on Missile Defence," *CTV.ca*, March 22, 2005.

<sup>30</sup> Regarding Quebec attitudes toward missile defence, David Haglund has noted that "what is noteworthy is the unanimity on display in the Quebec discussions, with near-total agreement that missile defence must be bad, the only items of disagreement arising over exactly why this should be so." As cited in Nossal, p. 26.

<sup>31</sup> As quoted in Stein and Lang, p. 161.

<sup>32</sup> Martin quoted in David T. Jones, "When Politics Trumps Security: A Washington Vantage Point," *Policy*

suggested that the new Prime Minister's mind was largely made, and that Canada needed to cooperate with the US on this issue.

In January 2004, the Martin government surprised observers when it agreed to a formal bilateral exchange of letters which outlined Canada's willingness to negotiate an agreement on missile defence (this followed an earlier May 2003 decision to begin bilateral negotiations aimed at defining the possible Canadian role in the missile defence program<sup>33</sup>), thereby again suggesting that the key decision had essentially been made. While the government immediately denied that the negotiations signified a final pronouncement to support Washington's plan, the sense that Canada had passed a critical threshold was strengthened. As Janice Stein and Eugene Lang have noted, "the purpose of the letter was clear. It was a strong signal that the new prime minister would no longer dither and that Canada would participate in [missile defence]."<sup>34</sup>

In April 2004, *The Globe and Mail* reported that the government had decided to participate, but was waiting until after the upcoming federal election before making a formal announcement.<sup>35</sup> In August, a critical amendment<sup>36</sup> to NORAD ensured that it would share information with the new US Northern Command<sup>36</sup> (an American military command established in 2002 that shares some of the air defence responsibilities of NORAD) and the American ground-based ballistic missile defence system on missile warning and detection -- known as Integrated Tactical Warning and Attack Assessment,

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*Options*, vol. 26, no. 4, (May 2005), p. 46. See also "Open Nomination Part of Martin's Plan," *CBC.ca*, November 15, 2003.

<sup>33</sup> Canada's objectives in the negotiations were reported to be: (1) to protect Canadian territory; (2) to ensure that NORAD remains central to continental defence planning; and (3) to prevent the weaponization of space. See "Canada in Talks to Join Missile Defence System," *The Ottawa Citizen*, May 30, 2003.

<sup>34</sup> Stein and Lang, p. 126.

<sup>35</sup> "Martin Government Will Sign Bush's Missile-Warning Program," *The Globe and Mail*, April 29, 2004. In 2005, the CBC similarly reported that the Martin government had decided to join the missile defence program in the prior year, but had concluded to make the official announcement following the election, a decision that was re-considered after the vote and the narrow Liberal victory. See "Canada Poised to Join Missile Defence Project Before 2004 Election: Documents," *CBC.ca*, January 13, 2005.

<sup>36</sup> After 9/11, the US government moved quickly to create a new military command that would be responsible for homeland defence. Upon activation in 2002, US Northern Command (NORTHCOM) assumed responsibility for an enormous geographic area that includes the US, Canada, Mexico, and parts of the Caribbean. According to the NORTHCOM web site, the command's mission is to "deter, prevent, and defeat threats and aggression aimed at the United States, its territories, and interests." For more on NORTHCOM from a Canadian viewpoint, see Philippe Lagasse, "Northern Command and the Evolution of Canada-US Defence Relations," *Canadian Military Journal*, vol. 4, no. 1, (Spring 2003).

or ITW/AA -- a move critics suggested indicated that Ottawa was already cooperating in missile defence in everything but name. The following month, the new Defence Minister, Bill Graham (who had been shuffled into the position after the June election), stated that missile defence "is an important program in the context of Canada-US relations," a further indication that a decision favouring participation was likely.<sup>37</sup>

It was at a Bush-Martin bilateral summit in November 2004, however, where the seeds of Canada's missile defence reversal may have been planted. The meeting set off a political firestorm when it was reported that despite Canadian efforts to keep the missile defence issue off the agenda, President Bush directly raised it in both his discussions with the Prime Minister and in a speech the President gave in Halifax (and at a joint press conference).<sup>38</sup> Given the President's low public approval ratings (in both Canada and the US), and continuing Canadian anger over the war in Iraq, the timing could scarcely have been worse.<sup>39</sup> There can be little doubt that the American interjection into the Canadian debate complicated the government's thinking, as Prime Minister Martin -- the leader of a rather shaky minority government<sup>40</sup> -- would now have to be acutely aware of the political

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<sup>37</sup> "Missile Defence Talks Important for Canada: Graham," *CBC.ca*, September 23, 2004.

<sup>38</sup> In actual fact, the language used by President Bush was quite innocuous. In his press conference, Bush said "we also discussed ways to strengthen the security partnership that for more than six decades has helped to keep this continent peaceful and secure. We talked about the future of NORAD, and how that organization can best meet emerging threats and safeguard our continent against attack from ballistic missiles." In his Halifax speech, the President said that "I hope we will also move forward on ballistic missile defence cooperation to protect the next generation of Canadians and Americans from the threats we know will arise." See "The Long Summit," *The Globe and Mail*, December 1, 2004, and "Evoking World War II, Bush Prods Canadians," *The Globe and Mail*, December 2, 2004. Despite the mildness of these words -- a point that an editorial in *The Globe and Mail* recognized -- the reaction was incredibly fierce, with *The Globe's* Jeffrey Simpson saying that "Mr. Bush slid a knife into Mr. Martin's ribs," while columnist John Ibbitson wrote that President Bush had thrown "a political stink bomb into Paul Martin's lap."

<sup>39</sup> Stein and Lang, p. 164. It might be noted that in the press conference, the Prime Minister emphasized that "Canada will make a decision in Canada's interest, and the timing of that decision will be in Canada's interest," a reflection of Martin's discomfort that the issue had been raised at all. See "Martin Takes Heat on Missile Defence," *The Globe and Mail*, December 2, 2004.

<sup>40</sup> The outcome of the June 2004 election resulted in a divided House of Commons. The Liberals won 135 seats, the Tories 99, the Bloc Quebecois 54, the NDP 19, and one independent was elected. The Liberal minority government was particularly precarious because the combined seat count of the Liberals and the NDP (parties that could normally be expected to support one another) totaled 154 seats, the exact same number as the combined count for the Tories, BQ, and the one independent (Chuck Cadman, a former Conservative). Thus, the government was in danger of being defeated at virtually any time, a point Prime Minister Martin was obviously aware of, and resulted in him looking for political advantage at all

consequences of being perceived as “bending” to the US will on missile defence (even though by this time the issue had been on the Canadian radar for years). In effect, by publicly commenting on the issue, the President dramatically changed the political dynamic of the decision. It is thus entirely possible that this was a key turning point in the debate, the moment when a likely Canadian “yes” decision turned into a “not so fast” one (and ultimately a “no”).<sup>41</sup>

In December 2004, in a year-ending interview, Prime Minister Martin revealed three key considerations for Canada's eventual decision -- ie., there could be no missile interceptors on Canadian soil, there could be no weaponization of space, and there would be no Canadian money for the program. Despite the appearance of significant objections, the introduction of these three criteria did *not* interject anything new into the debate, as all were consistent with an eventual decision to cooperate.<sup>42</sup> Around the same time, the Quebec wing of the Liberal Party adopted a resolution calling for the government to decline the US invitation, or any other initiative that would lead to the possible weaponization of space, another political dynamic at play in a decision that suddenly had no shortage of such considerations.

On February 22, 2005, Canada's incoming ambassador to the US, Frank McKenna, appeared before the House of Commons Standing Committee on Foreign Affairs and stated publicly that Canada was effectively *already* participating in missile defence as a result of changes made to NORAD the previous summer. As he noted to reporters after his testimony, “we are part of [missile defence] now, and the question is what more do we need to do?”<sup>43</sup> The media, assuming that an in-coming ambassador would have been well briefed before appearing in front of a Parliamentary committee, quickly concluded that McKenna's comments constituted Canada's long-delayed “official” decision, and immediately began reporting this (these stories appeared widely in newspapers on February 23). It thus appeared that a decision in favour of participation had finally been

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times. For a discussion of the election results, see Elisabeth Gidengil et al., “Back to the Future? Making Sense of the 2004 Canadian Election Outside Quebec,” *Canadian Journal of Political Science*, vol. 39, no. 1, (March 2006).

<sup>41</sup> Prime Minister Martin himself has argued this. In a 2007 interview with authors Janice Stein and Eugene Lang, Martin said that after President Bush made his public pronouncement on Canadian cooperation, he turned to Bush and remarked “we are now a lot further away than we were five minutes ago.” Stein and Lang, p. 164.

<sup>42</sup> Fergusson, p. 18.

<sup>43</sup> As cited in Stein and Lang, p. 172.

made.

And yet, the next day, Foreign Affairs Minister Pierre Pettigrew announced in the House of Commons that Canada would *not* participate in the US program, saying that while Canada “respects the right of the United States to defend itself and its people...ballistic missile defence is not where [the Canadian government] will concentrate [its defence] efforts.”<sup>44</sup> The Minister further stated that the government’s decision was partly based on a desire to spend Canadian resources on other defence programs (despite the fact that Ottawa had never been asked to make a financial contribution to the program). Indeed, in the very same speech, Pettigrew announced a substantial increase in the defence budget, thereby signalling that a “no” on missile defence was not meant as a “no” toward defence in general.

While exploring the reasons behind the government’s final decision falls outside the scope of this paper, it seems likely that a combination of public doubt (while popular opinion was mixed, missile defence critics did a better job of attracting attention), strategic ambiguity (there were legitimate questions about what Canada was being asked to agree to<sup>45</sup>), political considerations (many saw missile defence as a proxy for the unpopular Bush administration), and the timing of President Bush’s interjection ultimately persuaded the government to decline the offer. Furthermore, the Martin government, having won a narrow election victory in 2004, recognized that it was likely going to face a new vote in the near-future, and agreeing to missile defence could result in diminished support (particularly in Quebec).<sup>46</sup> Thus, as David McDonough has noted, “it is likely that the

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<sup>44</sup> “Canada Says ‘No’ to Missile Defence: Martin,” *CTV.ca*, February 25, 2005.

<sup>45</sup> Stein and Lang assert that despite repeated Canadian attempts to get answers to basic questions, US officials either could not or would not provide clarity. As the authors ask (referencing questions that the Prime Minister had), “did [missile defence] imply the weaponization of space? What control or influence, if any, would Canada have over the development of the system? Would it be designed to cover Canadian cities if Ottawa signed on?...Would the United States ever seek the use of Canadian territory to base radars or interceptors?...And, finally, how would the system work to provide security for Canada?” (pp. 164-165). Stein and Lang quote Scott Reid, Martin’s Director of Communications, as saying that American officials had a “staggering inability to articulate what [missile defence] was, and what we were being asked [to do].” That said, readers might note that co-author Lang was chief of staff for Defence Ministers John McCallum and Bill Graham (affiliations that are mentioned only ambiguously in the book), and thus is hardly an impartial observer in the matter.

<sup>46</sup> Roy Rempel, *Dreamland: How Canada’s Pretend Foreign Policy Has Undermined Sovereignty*, (Montreal: McGill-Queen’s University Press, 2006), p. 11. On the question of political factors favouring a “no” decision, Brian Bow has written that “the public was divided at the national level, [and] there really was a

senior members of the Paul Martin government were swayed, not by any careful analysis of Canadian strategic interests vis-à-vis missile defence, but rather for reasons of sheer political expediency."<sup>47</sup> Lastly, "standing up" to the US is a time-tested Canadian political strategy, and one that numerous governments have adopted over the years.<sup>48</sup>

The Canadian distinction that a "no" on missile defence did not mean "no" to defence in general or to the US in particular, however, was not necessarily received in Washington. While official response was muted (Secretary of State Condoleezza Rice quickly cancelled a long-planned trip to Ottawa, a decision the State Department insisted had nothing to do with the decision), the US ambassador to Canada, Paul Cellucci, said that "we simply cannot understand why Canada would, in effect, give up its sovereignty -- its seat at the table -- to decide what to do about a missile that might be coming toward Canada."<sup>49</sup> And among the community of Canadian defence observers in the US, the reaction was similarly negative, with long-time defence analyst Dwight Mason noting that "the basic partnership policy underlying the US-Canadian defence relationship" is now in question, while former State Department official David Jones noted that Ottawa's decision was "just another in a series of decisions that have perplexed or disappointed Washington."<sup>50</sup> For his part, defence analyst and observer Christopher Sands told an Ottawa audience that Canada's handling of the issue supported the view of those in Washington who favour treating Canada as a protectorate, rather than as an independent state.<sup>51</sup>

Canada's tortuous missile defence debate and final decision reveals Ottawa's

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tidal wave of opposition within the party organization in Quebec, and everyone understood that the province was going to be critical in the next federal election." See Brian Bow, "Defence Dilemmas: Continental Defence Cooperation, from Bomarc to BMD," *Canadian Foreign Policy*, vol. 15, no. 1, (Spring 2009), p. 57. For a recent look at Quebec attitudes toward defence and foreign policy issues, see Jean-Christophe Boucher and Stephane Rousel, "From Afghanistan to 'Quebecistan': Quebec as the Pharmakon of Canadian Foreign and Defence Policy," in Jean Daudelin and Daniel Schwanen (eds.), *Canada Among Nations 2007: What Room for Manoeuvre?*, (Montreal: McGill-Queen's University Press, 2008).

<sup>47</sup> McDonough, p. 3.

<sup>48</sup> Granatstein examines this point at length in *Whose War is it?* See, in particular, Chapter 4, "Getting on with Washington and the Pentagon."

<sup>49</sup> "Canada Won't Join Missile Defence Plan," *CBC.ca*, February 25, 2005.

<sup>50</sup> Mason's quote is taken from Rempel, p. 12. For Jones, see p. 47.

<sup>51</sup> Christopher Sands, Remarks at the Conference of Defence Associations Annual Meeting, Ottawa, March 3, 2005.



general reluctance to agree to any proposal that calls for closer defence relations between the two countries.<sup>52</sup> Ultimately, in my opinion, the most important consideration is not whether the decision was poorly articulated and defended (which it was), or whether the Canadian government misled its US counterpart (which it did); rather what was most significant was the message the decision sent, and what it said about Canada. Regardless of intent, the message sent was that Ottawa was no longer interested in cooperating with Washington in North American security. On an issue of critical importance to the US, and one which most allies supported (see below), Ottawa effectively said "thanks, but no thanks." Coming just a few years after the Canadian government had infuriated the Bush administration with its inconsistent decision making on Iraq – where the government had similarly straddled both sides of the participation fence, before finally deciding not to get involved<sup>53</sup> -- the response on missile defence further confounded and disillusioned Washington.<sup>54</sup>

Lastly, it should also be noted that Canada's missile defence decision runs counter to what most other US allies have decided. Countries including the UK, Japan, Australia, Poland, and the Czech Republic have all negotiated agreements with the US to allow components of the missile defence program to be stationed on their soil (although the missile architecture for the latter two countries has recently been altered<sup>55</sup>). Indeed, such

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<sup>52</sup> Brian Bow has recently written an article that looks at the dynamics at play when the US makes a request for closer Canadian defence cooperation. Looking at four specific issues – whether to arm Bomarc missiles with nuclear weapons in the early 1960s, the 1983 decision on whether to allow cruise missile testing over northern Canada, the 1985 decision on whether to cooperate in the Strategic Defense Initiative ("Star Wars"), and the 2005 decision on missile defence -- Bow argues that much depends on the strength of the government at the time. Thus, he concludes that when governments are "steady" – ie., have majorities in Parliament and sport unified cabinets – they are more likely to make quick decisions, while those that are politically weak will tend to delay and avoid putting themselves at political risk. As a result, Trudeau (1983) and Mulroney (1985) made decisive decisions, while Diefenbaker (1960-63) and Martin (2004-05) proved indecisive. That said, Bow largely overlooks the larger strategic question of what factors might favour closer cooperation with the US, and instead focuses primarily on political dynamics. See Bow, "Defence Dilemmas...."

<sup>53</sup> See Richter, "From Trusted Ally to Suspicious Neighbour..." and Frank Harvey, *Smoke and Mirrors: Globalized Terrorism and the Illusion of Multilateral Security*, (Toronto: University of Toronto Press, 2004).

<sup>54</sup> Most of the studies that have been done on the decision agree on this point. See, for example, Fergusson, Jones, Bow, and John Noble, "Defending the United States and Canada, in North America and Abroad," *Policy Options*, vol. 26, no. 4, (May 2005).

<sup>55</sup> President Obama announced major changes to the European missile defence program in September 2009. Most significant was the decision to cancel construction of a radar site in the Czech Republic and

support also includes the broader NATO alliance, which in April 2008 formally endorsed the US program<sup>56</sup> (thereby putting Canada in the awkward position of having rejected participation in a program which the larger alliance of which it is a member supports). While, to be sure, there were elements within each of these actors/countries that shared the same misgivings about US foreign policy under President Bush that Canada did, their respective governments evidently concluded that the benefits of cooperation on missile defence outweighed the costs. That said, while there remains a slim possibility that the Canadian decision will ultimately be reconsidered<sup>57</sup> -- one scenario would be a request from Liberal leader Michael Ignatieff to re-open the debate, while a second involves a possible Conservative request in the aftermath of a majority electoral win -- Ottawa's "no" can be expected to remain firm.

### **Part II: The Decline of Canadian Defence Expenditures and Military Capabilities**

It has become a virtual truism to note that Canadian defence capabilities have declined sharply over the past few decades.<sup>58</sup> This decline has taken several forms --

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the placement of missile interceptors in Poland, and instead deploy smaller missiles on ships. With an initial deployment date of 2011, the revised plan is intended to have an operational system several years earlier than the one proposed by the Bush administration. The stated rationale for the change is that the previous architecture was designed to counter long-range Iranian ballistic missiles, but recent intelligence has concluded that Tehran's development of such missiles has slowed, while its progress on short and medium range missiles has accelerated. Anticipating criticism that the changes made the US look weak, President Obama stressed that the decision was based on the unanimous recommendation of Defense Secretary Robert Gates and the Joint Chiefs of Staff. That said, the move generated strong negative reaction in Poland and the Czech Republic, was supported by Russia (a reaction that fed domestic criticism), and closer to home Republicans immediately denounced the move. See "White House to Scrap Bush's Approach to Missile Shield," *The New York Times*, September 18, 2009, and "US Reversal on Defence Shield Angers Prague, Warsaw," *The Globe and Mail*, September 18, 2009.

<sup>56</sup> "Missile Defense Endorsed by NATO," *The Washington Post*, April 4, 2008.

<sup>57</sup> While there was considerable early speculation that Prime Minister Harper would re-open the debate, that seems increasingly unlikely. A recent article examined this very question, and concluded that Canada should, in fact, do so. See Fraser Mackenzie, "Should Canada Re-examine its Position on Missile Defence?," *Canadian Military Journal*, vol. 9, no. 2, (Summer 2008). It might also be noted that in October 2006, the Standing Senate Committee on National Security and Defence similarly called on the government to re-consider its decision, concluding that "it is in our national interest to co-operate with America to defend the continent. Supporting [missile defence] would help do that."

<sup>58</sup> See, for example, J.L. Granatstein, *Who Killed the Canadian Military?*, (Toronto: Harper Collins, 2004) and Douglas Bland (ed.), *Canada Without Armed Forces?*, (Montreal: McGill-Queen's University Press, 2004). It should be noted that this paper does not examine the strategic environment that Canada currently faces

reduced personnel, outdated and obsolete equipment, funding concerns -- but the net result is that Canada has grown increasingly limited in what it can do militarily, which has serious implications for the bilateral defence relationship, especially considering that the US is the world's pre-eminent military power and fields the most technologically sophisticated force.

A review of the numbers tells much of the story. In 2008, Canada spent \$18.3 billion on defence, or about 1.25 per cent of its Gross Domestic Product (GDP).<sup>59</sup> While the former number has increased significantly over the past decade, the latter has not, and as a percentage of GDP Canada's defence spending falls below most of its NATO allies. Thus, in comparison, the US spends 3.5 per cent of its GDP on defence, while both the UK and France spend 2.3 per cent. The alliance average is 1.8 per cent, with Canada in a group that includes Belgium, Denmark, Germany, Spain, Hungary, Lithuania, and Luxembourg as the only members with figures at or below 1.3 per cent.<sup>60</sup>

In terms of the size of Canada's defence force, the numbers are similarly unimpressive. From a post-war peak strength of 120,000 in the 1960s, the CF today claim a nominal strength of 62,000, although as Jack Granatstein has noted, the actual force is closer to 53,000.<sup>61</sup> The reserves -- part-time soldiers, sailors, and airmen and women -- as well as the Canadian Rangers together total an additional 25,000 or so. And while the Harper government initially promised to add 13,000 troops to the regular force, and 10,000 personnel to the reserves, over the past three-and-a-half years the government has steadily

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nor the roles that DND can be expected to perform in the future, and thus is not concerned with examining the kinds of military forces and defence capabilities that Canada should be pursuing. Such concerns, while important, are tasks better left for a different paper. This study does, however, assume that readers recognize the importance of military forces for any sovereign state, and that attempting to maintain three distinct services (ie., army, navy, and air force), as Canada has for much of the past century, imposes obvious financial costs. It also assumes that readers recognize that it is in Canada's interest to retain such forces, as they provide a range of capabilities that can be used in a broad array of missions.

<sup>59</sup> While most media accounts pegged defence spending for 2008 at \$18 billion, official figures indicate the amount was slightly higher. See Treasury Board of Canada, *National Defence: Report on Plans and Priorities 2008-2009*, ([www.tbs-sct.gc.ca/rpp/2008-2009/inst/dnd](http://www.tbs-sct.gc.ca/rpp/2008-2009/inst/dnd), accessed December 15, 2008). It might be noted that \$18.3 billion represented 7.6 per cent of total federal government expenditures in 2008.

<sup>60</sup> Defence Policy and Planning Division, NATO International Staff, *NATO-Russian Compendium of Financial and Economic Data Related to Defence*, December 20, 2007, ([www.nato.int/docu/pr/2007/p07-141.pdf](http://www.nato.int/docu/pr/2007/p07-141.pdf), accessed November 2, 2008).

<sup>61</sup> Granatstein, *Whose War is it?*, p. 40.

backtracked from these goals, which has raised doubts about whether the force will grow at all in the near-to-medium term.<sup>62</sup>

As for the CF's equipment, the problems are so severe that pessimistic predictions and accounts abound. While, to be fair, the Conservative government has embarked on an aggressive plan of capital equipment spending<sup>63</sup> (which, in many respects, builds on projects first announced by the Liberals), it is unclear whether the recently announced projects will significantly lessen the crisis that is now well underway. In this regard, one of Canada's foremost defence scholars, Douglas Bland, concluded in a 2004 study that the CF were on the brink of "rapid collapse", and that "even if the government were to act immediately and aggressively to halt the decline, many defence capabilities cannot be recovered before they become militarily ineffective."<sup>64</sup> Bland argued that this was the result of the "steep" nature of the decline, and the time required to re-build eroding capabilities. Essentially, Bland put the government on notice that the CF's problems were so severe that a breakdown was likely *regardless* of what actions were taken in the near-term, a prediction that may yet come true as more of the CF's equipment is withdrawn from service due to either use or obsolescence.<sup>65</sup>

While each of these problems is worthy of examination, I plan to focus on one in particular -- expenditures -- because I believe the crisis in funding has led to most of the

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<sup>62</sup> In 2007, the Harper government delayed the plan to increase the size of both forces, and reduced the size of the increases to 6,500 for the regular force and 1,000 for the reserves. The following year, the "Canada First Defence Strategy" established new goals of 70,000 personnel for the regular force and 30,000 for the reserves, to be in place "by 2028". However, as Jack Granatstein has recently noted, "the growth in the military's strength, repeatedly promised by both the Liberals and the Conservatives is all but frozen." See J.L. Granatstein, "The Defence Budget After Afghanistan," *CDFAI Monthly Column*, April 2009, ([www.cdfai.org/Columnmonthly.htm](http://www.cdfai.org/Columnmonthly.htm), accessed September 10, 2009)

<sup>63</sup> In 2006, the government announced four major capital projects: strategic air transports, tactical transports, Chinook helicopters, and Joint Support Ships (this project was effectively cancelled in August 2008, although a replacement vessel is still expected). Other recent re-equipment programs include naval helicopters, Arctic/off shore patrol vessels, fighter aircraft, and warships (the latter two are still in the preparatory stage). The total cost of these projects has been estimated at between \$25 and \$40 billion, although the latter figure seems more realistic.

<sup>64</sup> Douglas Bland, "The Fundamentals of National Defence Policy are not Sound," in Bland (ed.), *Canada Without Armed Forces?*, p. 2.

<sup>65</sup> Reflecting this possibility, Lt.-Gen. Andrew Leslie, the head of Canada's land force, warned in a 2008 assessment report that "the Army is now stretched almost to the breaking point, and something is going to have to give if [the Army is] to be sustainable over the short and medium-term." See "Army Pushed to 'Breaking Point': Leslie," *The Ottawa Citizen*, April 19, 2008. Given that Canada's Afghanistan mission will continue until 2011, the Army crisis is likely to worsen over the near-term.

problems in Canadian defence today. While length restrictions preclude a detailed examination of Canada's defence spending history, it should be noted that spending (adjusted for inflation) began to decline in the 1960s, and since that time it has oscillated sharply, moving from brief periods of fairly rapid growth (ie., the late 1970s and the past three or four years) to lengthy periods of stagnation or decline (ie., most of the 1980s and 1990s). That said, I will focus on developments since the 1993 decision of Prime Minister Chrétien to slash the defence budget in response to Canada's financial situation, a decision that began the most intensive period of defence cuts in the post-World War II era.

However, a note of caution is required. The process of determining the "correct" amount of money to be spent on defence has always been problematic in Canada. This is partly linked to Canada's unique strategic situation, and to the fact that since the country's founding, Ottawa has allied itself with more powerful countries committed to its security.<sup>66</sup> In addition, as Douglas Bland and Sean Maloney have argued, successive Canadian governments have concluded that defence is effectively subordinate to other domestic priorities, and unrelated to other programs and goals.<sup>67</sup> Given that issues like health care and education consistently rank near the top of most voters' list of concerns -- while defence perennially sits near the bottom<sup>68</sup> -- defence has frequently been regarded as a type of government "slush" fund, to be raided whenever fiscal conditions warrant.<sup>69</sup> And while it appears as if DND has been spared this fate in the current economic downturn (see below), there can be little doubt that if the recession was to be prolonged, pressure will build in many quarters (indeed, such pressure is *already* building) to dramatically cut the military budget.

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<sup>66</sup> The definitive look at Canada's strategic environment during the Cold War was written by R.J. Sutherland. See "Canada's Long Term Strategic Situation," *International Journal*, vol. 17, no. 3, (1962). An additional widely cited historical work is Jon B. McLin, *Canada's Changing Defence Policy, 1957-1963: The Problems of a Middle Power in Alliance*, (Baltimore: Johns Hopkins Press, 1967). For a historical overview, see Desmond Morton, *Understanding Canadian Defence*, (Toronto: Penguin Canada, 2003).

<sup>67</sup> Douglas L. Bland and Sean M. Maloney, *Campaigns for International Security: Canada's Defence Policy at the Turn of the Century*, (Montreal: McGill-Queen's University Press, 2004), p. 156.

<sup>68</sup> The 2008 federal election effectively revealed the relative priority of these issues, as defence -- and even the broader topic of foreign policy -- was largely ignored during the campaign. See J.L. Granatstein, "Our Policy-Free Election," *The National Post*, October 17, 2008.

<sup>69</sup> As Brian Bow has recently noted, "there is no changing the fact that defence budgets are one of the very few places where a government can actually make significant cuts without encroaching on provincial transfers or more politically sensitive government services like health care." See "Parties and Partisanship in Canadian Defence Policy," *International Journal*, vol. 54, no.1, (Winter 2008-09), p. 79.

By the time Jean Chrétien was elected Prime Minister in 1993, it was widely accepted that Canada's financial situation required immediate attention, as more than twenty consecutive years of government deficits had resulted in an enormous accumulated public debt. As Brian Tomlin, Norman Hillmer, and Fen Hampson have noted, "quantitative indicators showed that Canada was on the brink of insolvency....[and it was] understood that a massive reduction in federal expenditures was necessary to save Canada from international ruin."<sup>70</sup> True to form, defence was quickly singled out as being largely discretionary, and it thus fell to National Defence to withstand the largest and most painful cuts of any government department. Between 1993 and 1999, the defence budget was reduced by 30 per cent in real terms, an unprecedented decline.<sup>71</sup> As a result, DND was forced to borrow money from re-equipment projects to simply fund current operations. The net effect was a deferred defence train wreck, one which while not immediately apparent, was to become more pronounced in future years.

Throughout the mid-to-late 1990s, spending continued to decline even though deployed missions increased and changing fiscal dynamics made the business of managing the defence budget more difficult. CF bases were closed, capital equipment purchases were delayed and/or cancelled (the contract to replace the Sea King helicopters being the one that received the most public attention), and personnel strength was reduced. Re-engineering studies were conducted that were aimed at improving the efficiency and cost-effectiveness of many activities, while the "contracting out" of some services began.<sup>72</sup> The total cuts amounted to \$5 billion from the capital equipment budget and about \$3.5 billion from personnel, operations, and maintenance. These reductions were intended to divert resources to the operational force, and away from bureaucratic and administrative activities,<sup>73</sup> but their long-term consequence was to significantly (and systematically) weaken the Canadian military.

From its lowest point in 1999, the defence budget has increased every year. Indeed, over the past decade, the budget has more than doubled -- from \$9 billion to an expected \$19.1 billion in 2009<sup>74</sup> -- an average annual spending increase of about 7.5 per cent. Given

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<sup>70</sup> Tomlin, Hillmer, and Hampson, p. 108.

<sup>71</sup> Rempel, p. 89.

<sup>72</sup> Bland and Maloney, p. 165.

<sup>73</sup> *Ibid.*, p. 165.

<sup>74</sup> Curiously, the budget speech of January 27, 2009, was noticeably silent on the issue of defence expenditures. However, in March, DND released its annual Report on Plans and Priorities, which placed

that inflation over this period has averaged just three per cent per year, it is clear that defence spending has been growing quite rapidly. That said, as noted earlier, Canada still spends only 1.25 per cent of its GDP on defence (up from a low of 1 per cent in 2000), and of the entire defence budget, only 17 per cent is spent on capital equipment, a low percentage in comparison with most NATO countries, and one that suggests that Canada's total defence expenditures are still not nearly large enough.<sup>75</sup>

The terrorist attacks of September 11, 2001, had a significant impact on defence and security spending in Canada. The 2002 federal budget allocated an additional \$6.5 billion to security-related activities, of which DND received \$1.2 billion in new funding.<sup>76</sup> The following year, the Afghanistan mission as well as on-going terrorism related activities resulted in an additional increase of approximately \$500 million. And in both 2003 and 2004, a baseline funding increase of \$800 million was announced.<sup>77</sup> Furthermore, by this time pressure from Washington to increase defence spending even more was likely having an effect. Upon his appointment as US ambassador to Canada, Paul Cellucci was given one primary directive from Secretary of State Colin Powell -- to encourage Ottawa to invest more in its military.<sup>78</sup> In combination with an array of both official and unofficial studies that warned of an impending crisis at DND,<sup>79</sup> along with the demands of the

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defence spending for the 2009 fiscal year at \$19.1 billion. For fiscal year 2009/10, defence spending is estimated at \$20.9 billion, for 2010/11, \$20.5 billion, and for 2011/12, \$19.6 billion. The declining estimates reflect the (expected) end of Canada's mission in Afghanistan in 2011. See Treasury Board of Canada, *National Defence: Report on Plans and Priorities 2009-2010*, ([www.tbs-sct.gc.ca/rpp/2009-2010/inst/dnd/dndtb-eng.asp](http://www.tbs-sct.gc.ca/rpp/2009-2010/inst/dnd/dndtb-eng.asp), accessed September 7, 2009). Useful expenditure information is also contained in J.L. Granatstein, "The Defence Budget After Afghanistan," and in Brian MacDonald, "Waiting for Defence Budget 2009: First of the Canada First Defence Strategy Budgets?," Conference of Defence Associations, *CDA Commentary 1-2009*, January 19, 2009.

<sup>75</sup> In comparison, France spends 22 per cent of its defence budget on capital equipment, the UK 24 per cent, and the US 26 per cent. See *NATO-Russian Compendium of Financial and Economic Data Related to Defence*. According to the "Canada First Defence Strategy" only 12 per cent of DND's budget will be spent on capital equipment over the period 2008-2028, a figure that suggests that it will simply not be possible to acquire much of the equipment that the CF will need. It might be noted that over the past 50 years, the only time that the capital budget has consistently been that low was during the 1970s, a period that ultimately led to a crisis in Canada's military.

<sup>76</sup> Bland and Maloney, p. 166.

<sup>77</sup> Department of National Defence, "Defence Budgets 1999-2007," ([www.forces.gc.ca/site/Reports/budget05](http://www.forces.gc.ca/site/Reports/budget05), accessed November 20, 2008).

<sup>78</sup> Tomlin, Hillmer, and Hampson, p. 129. See also Paul Cellucci, *Unquiet Diplomacy*, (Toronto: Key Porter Books, 2007), pp. 81-82.

<sup>79</sup> Among official reports, see *For an Extra \$130 Bucks....Update on Canada's Military Financial Crisis: A View*

rampaging Revolution in Military Affairs,<sup>80</sup> a political consensus began to emerge that the military needed a significant infusion of new money.

Thus, in the same 2005 speech in which Canada said "no" to the US on missile defence, Foreign Affairs Minister Pettigrew announced that Ottawa would allocate an additional \$12.8 billion on defence to be spent over five years. Not to be outdone, the opposition Conservatives quickly announced a further \$5 billion in spending, bringing the combined pledged amount to almost \$18 billion. These announcements were unprecedented, and defence spending (in percentage terms) began to rise at a rate not seen since the 1950 decision outlining Canada's involvement in the Korean war and subsequent decision to station military forces in Europe.

And yet, despite the increase in funding that has taken place, the CF remains in a precarious position. In comments that were seen by some as being politically motivated -- although clearly true -- the (now retired) Chief of the Defence Staff, General Rick Hillier, said in the fall of 2006 that the Canadian Forces were "still very much on life support" after "a decade of darkness" where all of the forces' focus was "designed to constrain, reduce, close, get rid of, stop doing, or minimize."<sup>81</sup> The bluntness of the message surprised many observers (particularly Liberal supporters), but Hillier's likely purpose in making the statement was to ensure that the CF's dire position was widely understood, and that Canadians needed to recognize that the increase in funding was badly needed.

In the 2008 federal budget, defence spending was increased from \$16.9 billion to \$18.3 billion, an increase of about seven per cent. Subsequently, the Conservative government released the "Canada First Defence Strategy", a document that outlined a 20

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*From the Bottom Up*, (Ottawa: Standing Senate Committee on National Security and Defence, 2002) and *Facing Our Responsibilities: The State of Readiness of the Canadian Forces*, (Ottawa: Standing Committee on National Defence and Veterans Affairs, 2002). Among non-government reports, see David Bercusson et al., *To Secure a Nation: Canadian Defence and Security in the 21<sup>st</sup> Century*, (Calgary: Center for Military and Strategic Studies, University of Calgary, 2001).

<sup>80</sup> For a Canadian view, see Elinor Sloan, *The Revolution in Military Affairs: Implications for Canada and NATO*, (Montreal: McGill-Queen's University Press, 2002).

<sup>81</sup> As cited in Granatstein, *Whose War is it?*, pp. 209-210. It might be noted that in April 2008, Hillier announced his retirement from the CF, effective July 1, and he has now been succeeded by General Walter Natynczyk. Furthermore, in January 2009, rumors circulated that Hillier might be interested in succeeding Stephen Harper as leader of the Conservative Party, rumors that Hillier himself quickly denied. See "General doesn't Want Harper's Job," *The National Post*, January 23, 2009.



year defence program with the goal of a \$30 billion budget in 2028.<sup>82</sup> And in 2009, defence spending has continued to grow, to an expected \$19.1 billion (an almost 4 per cent increase from last year). And yet, there are several signs that the period of major annual defence spending increases may be over. The most obvious one is the 2009 expenditure number, which features the smallest percentage increase in the past decade. Perhaps more importantly, the additional funding pledged to DND in 2005 will soon be fully allocated, which will make further increases difficult (particularly in a period of slow economic growth). Further, the funding formula identified in the “Canada First Defence Strategy” established a “base line” funding increase of only two per cent per year, a figure that is likely to be *below* the average annual inflation number.<sup>83</sup> As a result, there is a widespread expectation that the defence budget will shortly top out – perhaps as early as 2010 -- at approximately \$20 billion, and then level off (although it will continue to grow slowly given inflation).<sup>84</sup>

With regards to *why* Canadian defence spending seems likely to revert to its traditional pattern of small scale increases/stagnation, there is one principal explanation that, while rarely publicly stated, seems clear enough -- Canadians have a limited tolerance for defence spending, and at some point they will not accept further investments in the country's military ahead of programs like health care and education, both of which

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<sup>82</sup> It should be noted that given the expected effect of inflation, this number is not impressive, and will almost certainly constitute a *reduction* in defence spending as a percentage of GDP, down from the current 1.25 per cent to about 1 per cent. The “Canada First Defence Strategy”, which was released in June 2008, can be downloaded from the main CF web page ([www.forces.gc.ca](http://www.forces.gc.ca), accessed November 18, 2008). For recent discussions, see Elinor Sloan, “Canada First Defence Strategy,” Canadian Defence and Foreign Affairs Institute, June 2008, ([www.cdfai.org](http://www.cdfai.org), accessed October 8, 2008) and Brian MacDonald, “Reservations About the Canada First Defence Strategy,” *On Track*, vol. 13, no. 3, (Autumn 2008).

<sup>83</sup> A recent Senate report concluded that “2 percent budgetary increases will become decreases in any year that the military’s inflation rate is above 2 percent, and it is safe to predict that this will happen every year into the foreseeable future.” See Colin Kenny (Chair), *Four Generals and an Admiral: The View from the Top*, (Report of the Standing Senate Committee on National Security and Defence, 2008). Indeed, the “Canada First Defence Strategy” document essentially acknowledges that the increases in funding over the period 2008-2028 will be negligible. In a chart outlining “nominal growth” and “real growth” in defence spending over the next two decades, the document puts “nominal growth” at 2.7 per cent per year over this period, but “real growth” at just 0.6 per cent.

<sup>84</sup> Jane’s Staff, “Country Briefing: Canada,” *Jane’s Defence Weekly*, September 5, 2007. As discussed in note 74 above, recent Treasury Board estimates confirm this, as spending is expected to peak in fiscal year 2010 at \$20.9 billion, and then begin declining. See Treasury Board of Canada, *National Defence: Report on Plans and Priorities 2009-2010*.

seem to be perpetually in need of more funding. In addition, there are electoral considerations at play, especially in the province of Quebec, where public opinion runs strongly opposed to anything that suggests of militarism (an observation that held particularly true in the 2008 campaign).<sup>85</sup> This implies that as long as Quebec remains a “battleground” province, each of the major political parties will have to approach defence issues cautiously, and be wary of appearing to be too “pro military”.

Indeed, while a consensus that defence spending needed to be increased was apparent in the immediate post-9/11 environment, that consensus appears to have broken down, with both the Liberals and the New Democrats openly questioning the requirement for continued spending increases. While the commitment of the NDP to higher defence spending was always doubtful (given its long history of pacifism and opposition toward the military), recent statements by high profile Liberals similarly indicate that their party believes that the defence budget has effectively already peaked (although the signals have been decidedly mixed<sup>86</sup>). Furthermore, both the Bloc Quebecois and the Green Party also oppose defence spending increases, with the result that among Canada’s major political parties, only the Conservatives favour increasing the defence budget. However, given that Prime Minister Harper requires some opposition support to keep his minority government in office, it seems unlikely that such backing will cover substantive defence spending increases.<sup>87</sup> Indeed, in an on-going economic downturn and with battles over scarce government resources taking place, the Conservatives will likely be perfectly content to let the defence budget languish, although there is also a possibility that, as in previous downturns, the budget will be cut to free up finances for other programs that have greater popular appeal. That said, should the Liberals form a government in the next

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<sup>85</sup> Boucher and Roussel partially challenge this interpretation, noting that “Quebec’s ‘pacifism’ pertains more to ‘anti-Americanism’ than to any anti-militarism or isolationism”, although they acknowledge that more research is needed before a definitive conclusion can be reached. See “From Afghanistan to ‘Quebecistan’....”, p. 150.

<sup>86</sup> In September 2008, the Liberal Party released its “Action Plan” that revealed the party’s priorities if it was to win that fall’s election. While the document – which contained a total of only three paragraphs on defence -- indicated the Liberals were committed to maintaining defence spending at projected levels, comments made by former Defence Minister John McCallum revealed significant party divisions over the issue. In a conference call with reporters, McCallum said that he thought further spending increases were “irresponsible”. As cited by Douglas Bland, “Our Best Defence,” *The Windsor Star*, October 7, 2008.

<sup>87</sup> As J.L. Granatstein recently noted, the Harper government “will almost certainly be more constrained in its defence expenditures, such will be the demands for massive investments in economic stimulus in a recessionary climate.” See “The Coalition, the Obama Administration, and the Canadian Forces,” *The Globe and Mail*, December 10, 2008.

year, pressure will be intense to cut defence spending as the party's left-wing would strongly prefer to allocate additional funding to environmental policy and health care (for his part, Mr. Ignatieff has been largely silent on the issue, although his views prior to running for public office were decidedly hawkish).

Further reflecting the changing political dynamics at play, in 2007 left-leaning Canadian interest groups began to aggressively challenge Ottawa's spending priorities, indicating that they were not happy with DND's new-found budgetary importance. Thus, in October of that year two such groups -- the Canadian Center for Policy Alternatives and the Rideau Institute -- jointly released a study that argued that Canadian defence spending was quite high when compared with most other countries, and that spending had reached a post-war peak. Steven Staples, the director of the Rideau Institute, noted that "Canada is the 13th highest military spender in the world, yet the popular perception persists that Canada is a low-military spender."<sup>88</sup> Staples and his project partner, Bill Robinson, further suggested that, even taking inflation into account, the (nearly) \$17 billion defence budget (in 2007) was the most that Canada had *ever* spent on defence. The story was immediately picked up by many media organizations in Canada, and quickly sparked further comment that suggested that Canadian defence spending was spinning out of control.

Continuing their public advocacy in September 2008, in the middle of the federal election campaign, the Rideau Institute commissioned a public opinion poll that suggested that 52 per cent of Canadians opposed the Conservative government's defence spending plans as outlined in the "Canada First Defence Strategy" document. Explaining the poll results, Mr. Staples noted that "with a worsening economy on the horizon...it doesn't make sense to commit [so much money] on defence spending, given that [the government] may need that money for social programs or to avoid a deficit."<sup>89</sup> While, as noted, defence

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<sup>88</sup> "Canada: Big Military Spender," *The Toronto Star*, October 29, 2007. The title of the report is *More Than the Cold War: Canada's Military Spending 2007-2008*, and it can be downloaded from the CCPA web site ([www.policyalternatives.ca](http://www.policyalternatives.ca), accessed November 16, 2008). As an aside, Staples was also one of the leading critics of Canadian participation in missile defence. For his account of that debate, see *Missile Defence: Round One*, (Toronto: J. Lorimer, 2006).

<sup>89</sup> See "Half of Canadians Want Reductions in Tory Military Spending: Poll," *The Globe and Mail*, September 24, 2008. It might be noted that before being asked whether the next federal government should "reduce its planned spending on purchasing new equipment and the [Afghanistan war]," those polled were informed that "Stephen Harper is planning to spend \$490 billion on his proposed 20 year defence strategy." However, respondents were not informed that, according to the government's own

did not figure prominently in the election, the poll was clearly intended to influence both the voting choices of Canadians and the policies – or, at a minimum, the relative priorities -- of the parties, and to remind everyone of where defence stood vis-à-vis other issues. And while it is unclear how much support advocacy groups like the Rideau Institute have, it shares such support with several other established groups on the left, groups like Project Ploughshares and the Canadian Peace Alliance, each of which calls for reduced defence spending and a larger and more expansive network of social programs.<sup>90</sup>

Leaving this matter aside, this section will conclude by noting that while the spending increases of the past decade are obviously welcome, they remain insufficient to provide for the type of defence force that the government of Canada wishes to maintain and operate. Thus, even at \$20 billion per year, there will be a significant spending shortfall, the precise size of which remains unclear. Commenting on this prospect, retired Commodore Eric Lehre has warned that "the CF has a force structure that will cost, to maintain all its current capabilities, \$30 billion a year," and that the existence of this (roughly \$10 billion) shortfall raises a danger "that capabilities will disappear, not by any plan, but simply because their time is up."<sup>91</sup> Similarly, Douglas Bland has noted that the CF face a capital budget shortfall of approximately \$30 billion, or \$2 billion per year for 15 years (let alone an additional shortfall for the larger budget).<sup>92</sup> Most other analysts of the CF accept the reality of a funding shortfall, despite the recent spending increase.<sup>93</sup> There is thus a broad consensus that \$18-20 billion (or its equivalent future figure adjusted for inflation) is simply not nearly enough money to supply and maintain a military that aims to fight, in the words of the *1994 Defence White Paper*, "alongside the best, against the best."

In a final analysis, then, an examination of Canadian defence expenditures can lead one to reach both positive and negative conclusions. On the positive side, this discussion

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estimates, personnel costs are expected to account for 51 per cent of that figure (ie., \$250 billion), or that, adjusted for inflation, defence spending will actually decline over the course of the program.

<sup>90</sup> For a recent look at the various players in the Canadian peace movement, see J.L. Granatstein, "The New Peace Movement," *The National Post*, August 20, 2008.

<sup>91</sup> As cited in Jane's Staff, "Country Briefing: Canada," p. 32.

<sup>92</sup> Bland, "A Summary of Major Findings," in *Canada Without Armed Forces?*, p. 107.

<sup>93</sup> Senator Colin Kenny, Chair of the Senate Committee on National Security and Defence, said in May 2008 that "Canada will require a defence budget of \$35 billion by 2011 to give our armed forces personnel a reasonable chance of performing the roles assigned to them." Assuming a defence budget of \$20 billion, the shortfall will amount to \$15 billion per year. See "Despite Harper's Promises, Canadian Forces Still Lacking," *The Toronto Star*, May 16, 2008.

has revealed that the numbers have improved considerably over the past decade, and as a result a series of equipment projects have been announced that should go a long way toward building a more capable defence force. Unfortunately, though, the reality is that even after a doubling of the budget, the CF remain underfunded and limited in terms of the operational missions they can undertake. In addition, as discussed, there are clear signs that the period of large annual defence spending increases is coming to an end, and in its aftermath, it appears as if the Canadian government will, once again, authorize the defence budget to increase by a rate that may – or more likely may not – keep up with inflation.

As far as the bilateral defence relationship is concerned, the US cannot help but notice that Canada's military capabilities have been declining for some time, and that many core missions have either already been lost (for example, the Army's inability to conduct high-intensity combat operations) or are likely to be lost in the near-future (for example, naval command and control capabilities with the upcoming retirement of the Iroquois-class destroyers). The effect of this decline on the relationship is clear. As Dwight Mason has noted, "the less Canada brings to the fight, the less Canadian influence there will be on how the fight is conducted. The less Canadian participation there is in North American defence, the less US-Canadian cooperation there can be to that end."<sup>94</sup> This paper will conclude with a brief section outlining some recent developments impacting the defence relationship.

## **Findings and Conclusions**

Canada and the US formalized their defence alliance during the Second World War, and established institutions that ensured that there was a cooperative approach to continental defence. In the war's aftermath, the primary threat to the US became the possibility of a nuclear aerial attack by the Soviet Union. There was thus a requirement for rapid warning as well as pre-planning for a timely and effective response, recognizing that there would no longer be time to negotiate and plan a joint reaction to specific events. The result was the establishment of a new defence command that made use of the air defence

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<sup>94</sup> Dwight Mason, "The Canadian-American North American Defence Alliance in 2005," *International Journal*, vol. 60, no. 2, (Spring 2005), p. 391.

forces of both the US and Canada as appropriate.<sup>95</sup> While over the years the security threat to the continent gradually diminished -- and with the dissolution of the USSR in 1991 the Cold War itself came to an end -- military cooperation had become so entrenched that Canada and the US maintained their close alliance even as geo-political conditions changed.

The terrorist attacks of September 11, 2001, however, led to a complete rethinking by the US of how to best organize its defences both at home and abroad. As noted, one of the reactions was a tendency toward unilateralism, and while this practise was much more pronounced outside of North America, it naturally affected the Canada-US defence relationship as well.

The Canadian government was, not unexpectedly, caught off guard by this development, and initially seemed unsure of how to respond. As Stancati has written, in April 2002 the US offered Canada a seat at the table of a new defence command that was being designed, Northern Command, but when the Canadian government did not respond within the desired time frame, which was no longer than a few months, the US simply moved ahead unilaterally.<sup>96</sup> The message was clear -- a new era had begun, and the old practises governing North American defence no longer applied. If Canada wished to remain a close defence partner of the US, it would need to re-consider established procedures and re-think political considerations, which for decades had complicated plans for cooperation. As James Fergusson has also argued, though, in the post 9/11 period the US "was open to a fully integrated defence and security relationship with Canada," but the onus -- especially following the NORTHCOM affair -- would be left on Ottawa to both identify possible measures and make the initial overture to Washington.<sup>97</sup> Given Ottawa's traditional caution in continental defence matters, however, it was predictable that few initiatives were to be proposed.

Since that time, the results have not been particularly impressive, thereby

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<sup>95</sup> Ibid., p. 387.

<sup>96</sup> Stancati, p. 108. Explaining Canada's uncertainty, Joseph Jockel has noted that "Ottawa hesitated, not feeling the urgency Washington did.....Within the Canadian bureaucracy there was no consensus, while the ever-cautious Chrétien government was not prepared to step in." See *Canada in NORAD, 1957-2007: A History*, (Montreal: McGill-Queen's University Press, 2007), p. 178.

<sup>97</sup> James Fergusson, "A Question of Drift," *The Dispatch*, vol. 7, issue 1, (Spring 2009), ([www.cdfai.org/newsletters/newsletterspring2009.htm](http://www.cdfai.org/newsletters/newsletterspring2009.htm), accessed September 15, 2009).

contributing to the sense of drift in the defence relationship. In December 2002, Canada and the US signed a Diplomatic Agreement for Enhanced Military Cooperation, which led to the formation of the Bi-national Planning Group (BPG). The BPG's mandate was to improve defence cooperation and arrangements to defend North America against maritime threats, and to respond to land-based threats and natural disasters.<sup>98</sup> With a full-time staff of 50 Canadian and US defence personnel, and a broad mandate, over the next four years the BPG intensively studied the future of the defence alliance.

The group's final report was released in 2006,<sup>99</sup> and while it made several interesting recommendations, actions to date have been minimal. Specifically, the BPG recommended that while both countries have articulated the need for cooperation in their respective national strategy documents, there is a requirement for a comprehensive defence and security agreement. Such an agreement could replace the "ad hoc" arrangements that have held sway for decades with more formal "systemic" approaches.<sup>100</sup> The report further found that recent changes in the defence commands of both countries -- ie., the creation of NORTHCOM in the US and Canada Command in Canada<sup>101</sup> (both of which, it should be emphasized, are national defence commands) -- had rendered old strategic and operational plans obsolete, thereby adding to the feeling that new approaches are needed in continental defence planning.

The BPG outlined four concepts that could implement a new defence and security strategy, although it (perhaps regrettably) did not identify the specific option that it felt was most desirable. Nonetheless, three of the four options were based on a higher level of cooperation than is the case at present, and throughout the report there was an unstated assumption that NORAD needed to be either transformed and expanded, or conversely,

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<sup>98</sup> Mason, p. 389.

<sup>99</sup> Bi-National Planning Group, *The Final Report on Canada and the United States (CANUS) Enhanced Military Cooperation*, (Peterson AFB, Colorado: 2006).

<sup>100</sup> David Biette, "The Outlook for Canada-US Defence Cooperation: Recommendations From the Bi-National Planning Group's Final Report," prepared by the Canada Institute, *Woodrow Wilson International Center for Scholars* (2006).

<sup>101</sup> In the 2005 Defence Policy Statement, a new national command focused exclusively on domestic and continental operations was announced. Canada Command is the national operational authority for the defence of Canada and North America, and is also the primary military link with NORTHCOM and NORAD. See *Canada's International Policy Statement*. For a look at the relationships between the various commands, see D.J. Martin, "The New Relationship Between USNORTHCOM and Canada Command: Is This the End of NORAD?," *Canadian Forces College, CSC 32*, (2007).

diminished and its tasks replaced by other commands.<sup>102</sup> As noted, though, in spite of the BPG's efforts, its recommendations have so far been largely ignored, and the group's report seems to have been shelved.<sup>103</sup> Thus, while the group's work did lead to some new thinking on continental defence - certainly an achievement on its own in a difficult political environment - the lack of results must be considered a disappointment. For his part, Stancati has argued that the biggest obstacle in getting the BPG's recommendations adopted is that the US is increasingly questioning the bilateral defence relationship, and with it the value and desirability of joint approaches to North American defence problems.<sup>104</sup>

A further cause for concern are changes to NORAD that have taken place over the past few years. As noted, NORTHCOM has taken on some of the same responsibilities as NORAD (such as air defence), and the new command's responsibilities include maritime and land operations, and management support to civil authorities. In spite of this, in 2006 NORAD was renewed, and for the first time its mission was extended to include "maritime warning", likely a nod to the BPG that had worked extensively on this issue.<sup>105</sup> However, the renewal did little to reassure observers who have started to wonder if NORAD's 50 year mission may be nearing its end.

Most critical is the fact that NORTHCOM is reportedly unhappy with the current division of responsibilities between it and NORAD, and in the future can be expected to favour changes that will strengthen it.<sup>106</sup> In addition, NORAD's core function of warning and assessing of a ballistic missile attack on North America is gradually being conducted by the US on its own, and over time this will likely threaten the very existence of the command. This development has obviously been aided by Canada's decision to decline involvement in the US missile defence program. Given that both Canada and the US have developed new defence commands whose responsibilities encroach on those of NORAD, there is a growing belief that, in the words of Joseph Jockel and Joel Sokolsky, "it is easy to

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<sup>102</sup> Jockel, *Canada in NORAD, 1957-2007*, pp. 181-182.

<sup>103</sup> See Biff Baker, "The Final Report of the Canada-US Bi-National Planning Group," *Canadian Military Journal*, vol. 7, no. 4, (Winter 2006).

<sup>104</sup> Stancati, p. 111.

<sup>105</sup> Joseph Jockel and Joel J. Sokolsky, "Renewing NORAD: Now if not Forever," *Policy Options*, vol. 27, no. 6, (July/August 2006), p. 57.

<sup>106</sup> *Ibid.*, p. 54.



imagine NORAD being replaced by a task force."<sup>107</sup> For his part, James Fergusson has labelled NORAD an "anomaly", in that it is a bilateral defence institution at a time when both Canada and the US have moved toward national institutions.<sup>108</sup>

All that being said, there are grounds for optimism in the defence relationship. The first was the October 2008 re-election of Prime Minister Harper, an outcome that suggested that a Canadian government would remain in office that valued the bilateral relationship and was committed to ensuring that diplomacy would be relied upon in any future disputes. As noted in the introduction, the larger tone of the bilateral relationship has a significant effect on its defence component, and the general improvement over the past few years – and in particular, the seriousness with which Canada is taking the relationship, not to mention the absence of the name calling and posturing that had become hallmarks of the Chrétien government – cannot help but improve all facets of the relationship, defence included.<sup>109</sup> Combined with a new administration in Washington, and a new President who is enormously popular in Canada (which dramatically changes the political dynamics of bilateral relations here at home), the stage seems set for an extended period of positive ties.

A second development has been the significant increase in Canadian defence spending that has occurred, particularly since 2005. The boost in dollars has allowed DND to announce a series of equipment purchases, which will ultimately have an effect on the types of missions that the CF will be able to undertake. Thus, for example, the introduction of new helicopters on-board Canadian frigates (which are themselves to be eventually replaced), new tactical and strategic airlift capabilities, new supply ships, and

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<sup>107</sup> Ibid., p. 57.

<sup>108</sup> James Fergusson, "NORAD's Indefinite Future?," *The Dispatch*, vol. 6, issue 1, (Spring 2008), ([www.cdfai.org/newsletters/newsletterspring2008.htm](http://www.cdfai.org/newsletters/newsletterspring2008.htm), accessed September 15, 2009). Fergusson notes that NORAD, "once the institutional expression [of the bilateral relationship], is now the institutional exception. Exceptions for organizations, especially military ones that are desirous of operational efficiency and elegance, are problematic to say the least."

<sup>109</sup> This paper thus disagrees with a recent article by Brian Bow, which argues that political parties do not matter much in Canadian defence policy (although Bow qualifies his argument by saying that parties can matter "but only under certain circumstances, and usually only indirectly"). See Bow, "Parties and Partisanship in Canadian Defence Policy." I believe parties do matter at the present time, and the Conservatives have staked out a different position than the Liberals on matters of defence and Canada-US relations. Having said that, it will be interesting to see whether the Liberals under Michael Ignatieff start moving to the right (as many expect), or whether the party holds its ideological centrist ground.

new battle tanks will result in the CF having many of the capabilities required of an RMA-relevant defence force, and will allow it to cooperate with the US (and other allies) in a broad range of missions. While, to be sure, total spending is still not where it should be, the improvement in the past decade has been considerable (and to long-time observers, quite surprising). And while the future “base line” funding increase established under the “Canada First Defence Strategy” is not particularly impressive, it at least constitutes a long-term funding framework for DND, a welcome development for a department that has frequently been unable to plan for future procurement given ever-changing budgetary (and political) dynamics.

In addition, a further cause for optimism -- although one naturally tempered by sadness and regret -- is Canada's mission in Afghanistan, one which the US has been very supportive of. While there is no need here to review the history of Canada's involvement, the deployment of 2,500 troops to the volatile southern part of the country has demonstrated a level of military commitment and resolve that has not been seen in some time. In fact, the arrival of the main contingent of Canadian forces in the Kandahar region in February 2006 coincided with the expansion of the Taliban insurgency in southern Afghanistan and the importation of insurgent tactics from Iraq.<sup>110</sup>

Canada's participation has come with a heavy price -- as of September 2009, 131 CF personnel had died -- making Canada's casualty rate the highest in the alliance on a per-capita basis (and which may have been the determining factor in the government's decision to end the mission in 2011<sup>111</sup>). And while Canadians sometimes think (with good reason) that their contributions to international security go largely unnoticed in the US, that has certainly not been the case with this mission. Presidents Obama and Bush,

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<sup>110</sup> Nossal, p. 30.

<sup>111</sup> In March 2008, a motion was passed in Parliament (by a vote of 198 to 77) to extend the Afghanistan mission to 2011, provided some conditions were met. However, in subsequent statements, Prime Minister Harper appeared to suggest that Canadian troops could stay in the country after 2011, as long as they were in a less violent region (ie., outside of Kandahar). In September 2008, Harper announced that Canada's military mission would definitely end in 2011, and since that time the decision has been re-stated several times. In January 2009, in the aftermath of President Obama's inauguration, the Prime Minister repeated that the timetable stood. See “MacKay Stands Firm on 2011 Exit from Afghanistan,” *The Globe and Mail*, January 21, 2009. And following his meeting with President Obama in September 2009, the Prime Minister again said that he had made it “very clear” that Canada would not change its Afghanistan timetable. See “US General Warns of Failure in Afghanistan,” *The Province*, September 22, 2009.

(former) Secretary of State Rice, and Defense Secretary Robert Gates have all thanked Canada publicly.<sup>112</sup> Although it is widely expected that the US (and NATO) will press Ottawa to extend Canada's involvement past 2011,<sup>113</sup> the standing and credibility that has been re-gained in Washington as a result of this country's commitment cannot be withdrawn, regardless of when Canada's military mission ultimately ends.

Despite these positive developments, though, the defence relationship continues to suffer from the long-term effects of Canadian indecision (and fiscal stinginess) and American indifference. There is certainly no shortage of academic comment in either country about the current problems in the bilateral defence relationship. In Canada, one of the country's pre-eminent defence scholars, James Fergusson, noted this past spring that "the defence relationship since 9/11 has been adrift with little, if any, strategic Canadian direction....The net result [is] the erosion of Canada's longstanding strategically important binational defence relationship."<sup>114</sup> Similarly, Jack Granatstein, perhaps the country's best known military historian, noted in his 2007 book *Whose War is It?*, that many in the US Armed Forces have come to the conclusion that "the capabilities and equipment of the Canadian Forces have atrophied so much that they are no longer interoperable with US forces," and that some Americans "see Canadians as freeloaders on defence for forty years and more, failing to pay their share to defend their North American

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<sup>112</sup> In February 2009, President Obama said that "the Canadian contribution [in Afghanistan] has been extraordinary, and to all the families that have borne the burden in Canada, we all have a heartfelt thanks." See "Obama Thanks Canada's Military Families," *The Toronto Star*, February 17, 2009. Similarly, in December 2008, Secretary Gates said that "the countries that have partnered [in Afghanistan]...have made an extraordinary commitment, and proportionately none has worked harder or sacrificed more than the Canadians. They have been outstanding partners for us and all I can tell you, as has been the case for a very long time, the longer we can have Canadian soldiers as our partners, the better it is." See "US Hopes Canada Will Prolong its Afghan Stay," *The Toronto Star*, December 12, 2008.

<sup>113</sup> For his part, President Obama has thus far refused to comment publicly on any possible request for a Canadian extension. Following his meeting with the Prime Minister in September, the President said that "I am not worried about what will happen post-2011 [with Canadian troops]. I want to make sure that...we make sure that the Canadian presence there fits into a coherent whole." See "Canadian Withdrawal from Afghanistan not a Concern – Yet: Obama," *The National Post*, September 16, 2009. With the September leak of a confidential Pentagon report warning that the US and NATO risked "failure" in Afghanistan unless additional troops are sent, pressure on Canada can be expected to build, although a public request seems unlikely. For his part, J.L. Granatstein has written that "it will require some toughness for Ottawa to say no to President Obama" on a request for an extension. See Granatstein, "Afghanistan: Going...Going...Gone?", *CDFAI Monthly Column*, July 2009, ([www.cdfai.org/Columnmonthly.htm](http://www.cdfai.org/Columnmonthly.htm), accessed September 13, 2009).

<sup>114</sup> Fergusson, "A Question of Drift."

homeland."<sup>115</sup>

However, it bears noting that, if anything, it is American observers and scholars who are even more pessimistic in their outlooks. Thus, Dwight Mason, a former deputy ambassador to Canada as well as a former Chairman of the US section of the Permanent Joint Board on Defence, noted in 2005 that the decline in Canadian military capabilities "ought to give the US pause in thinking about the future of NORAD and how to manage North American defence generally."<sup>116</sup> Similarly, David Jones, a former US diplomat and political minister-counsellor at the American Embassy in Ottawa in the 1990s, noted that same year that "the US defence establishment is on the verge of giving up on Canada...by making it more and more difficult to find ways to cooperate...the Canadian government discourages further military-to-military initiatives."<sup>117</sup> Lastly, Bernard Stancati concluded in 2006 that "looking into the future, Canada's role as a trusted partner in continental defence is being seriously re-examined....[Canadian defence weakness and questionable policy decisions] could drive the US to seriously question whether its northern partner has the political will to pull its share and to do its part to secure the continent from attack."<sup>118</sup> Clearly, Canada's recent actions and decisions have raised considerable American concerns, and it will take a concerted effort, as well as time, before (and if) these attitudes are to change. That said, it is worth noting that each of these comments date from a few years ago, and it will be interesting to see if future American studies on the bilateral defence relationship will be similarly pessimistic, or whether recent developments will lead to a change in outlook.

In sum, the Canada-US defence relationship is at a crossroads. That juncture has been brought about by several developments, including the Canadian decision to decline involvement in missile defence and Ottawa's low level of military expenditures and declining defence capabilities. In addition, the post-9/11 security environment, combined with the Bush administration's preference for unilateralism, has further complicated the alliance. As the smaller of the two states, Canada stands to lose more if the relationship continues to weaken, and will be faced with an array of difficult choices should it do so. Thankfully, though, this prospect seems unlikely, at least in the near-term. For its part, the

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<sup>115</sup> Granatstein, *Whose War is It?*, pp. 99, 104.

<sup>116</sup> Mason, p. 393.

<sup>117</sup> Jones, pp. 49-50.

<sup>118</sup> Stancati, p. 114.

Harper government recognizes and appreciates the importance of the defence relationship, and seems committed to further strengthening both it and the larger political relationship upon which it is based. And in the US, the Obama administration has demonstrated that it is less inclined toward unilateralism (at least in terms of its foreign policy). Thus, although the storm clouds of the recent past remain visible, the prognosis is at least partly encouraging.