CANADA'S DEFENCE POLICY: CAPABILITIES VERSUS COMMITMENTS

A POSITION PAPER
OF THE
BUSINESS COUNCIL ON NATIONAL ISSUES

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INTRODUCTION

National defence and security policy issues have recently begun to receive increasing attention in Canada. Concern about the changing military balance between East and West has been one factor behind this growing interest in defence questions. The controversy surrounding the deployment of new nuclear missiles by NATO, and the Canadian decision to permit the United States to test the cruise missile, has also heightened the nation's awareness of international security issues. In addition, many Canadians have become alarmed about the mounting evidence that Canada's Armed Forces lack the capabilities to fulfill the international commitments and domestic tasks assigned to them. These and related considerations prompted the Business Council on National Issues to establish a Task Force on Foreign Policy and Defence in 1981. Although Canadian business groups and associations have not directed much attention to defence policy matters in the past, the Business Council membership concluded that business leaders had both the responsibility and the ability to make an effective, thoughtful contribution to the evolving national debate over the future of Canadian defence policy and the adequacy of Canada's military forces.

Over the past three years, the Task Force has undertaken an extensive review of Canada's defence preparedness, policies and capabilities. In the course of this review, Task Force members visited Canadian Forces stationed in Europe; the headquarters of the North Atlantic Treaty Organization (NATO); and the Supreme Headquarters Allied Command Atlantic (SACLANT); the Supreme Headquarters Allied Powers Europe (SHAPE); the headquarters of the North American Air Defence System (NORAD) in Colorado Springs; and the Joint Chiefs of Staff and other officials of the Departments of Defence and State in Washington. Briefings were organized by the Department of National Defence and other departments in Ottawa. The Task Force also held meetings with non-governmental groups involved or interested in the peace movement, disarmament issues and arms control.

Overall, we have found that the state of Canadian national preparedness -- both civil and military -- is poor. Despite significant acquisitions of some major replacement equipment, it is fair to say that the Canadian Armed Forces have clearly been subject to benign neglect and an inadequacy of resources for almost twenty years. As a result, they are incapable of meeting the international military commitments which Canada has assumed and the broad range of national tasks assigned to them. Further, Canada's civil preparedness arrangements are all but non-existent, with most departments of government still "planning to plan". It is important to note that these inadequacies are in no way attributable to any shortcomings on the part of the men and women who have served, and continue to serve, in the Canadian Armed Forces. Indeed, Canada's allies are unanimous in praising the quality and dedication of Canadian military personnel. Instead, the problems and weaknesses that afflict the Canadian Armed Forces are traceable to many years of financial stringency and neglect.

While recently defence questions have received a greater measure of public and media attention due to the reemergence of a nuclear disarmament movement and the debate about testing the cruise missile in Canada, we believe that public discussions have often taken place in a policy vacuum, without examination of the full range of considerations and without all relevant data. The differences between effective fulfillment of Canada's national commitments and the dangers of "token" responses do not appear to be well understood by Canadians, nor is there an adequate perception of what the contribution of a full-member of NATO should be in an increasingly complex and interdependent world.

This discussion paper endeavours to provide a balanced and careful treatment of major issues and options relevant to this country's future defence posture and commitments. Its conclusions reflect the strong belief of the Business Council that Canada's security is inextricably linked to that of our allies and trading partners. An isolationist posture is not a viable option for a nation as closely involved with the outside world as Canada. We accept, and indeed support, the concept that Canada has a significant contribution to make both to world peace and to the integrity and effectiveness of our collective security alliance. In the pages that follow, we shall try to spell out how we believe this contribution can best be made.

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SUMMARY

INTRODUCTION

This summary sketches the major points, conclusions and recommendations of the Business Council's position paper on Canada's defence policy and commitments. The decision to examine Canada's defence commitments and capabilities resulted from concern about the changing military balance between East and West, misgivings regarding an apparent discrepency between our commitments and capabilities, and a desire to see more public consideration of this vital issue. It is also in keeping with the Business Council's mandate to examine broad public policy issues of national concern.

THE OVERALL STRATEGIC ENVIRONMENT

Canada's defence policy and military commitments must be formulated with the evolving global strategic situation in mind. Over the past two decades or so, the most salient trend in this area has been the steady erosion of the West's strategic position as the Soviet Union and its allies have increased their military power. Across most dimensions of military capability, the Soviet bloc has now equalled or surpassed the NATO alliance, and the trend toward increasing Soviet military power shows little sign of being reversed. In the nuclear sphere, the Soviets have at the very least attained a position of rough parity in strategic forces, and enjoy clear superiority in theatre nuclear forces in Europe. The Soviet bloc also is considerably stronger than NATO in terms of conventional military power in Europe. The Soviet Union has also developed an impressive capability to project its growing military power worldwide. In the area of naval forces, the massive increase in Soviet naval strength in recent decades is particularly striking in view of the Soviet Union's minor dependence on the oceans for commerce as compared to the Western nations.

That the Soviet Union and its allies have greatly increased their relative military power and succeeded in eroding the strategic position of the West over the past twenty years is indisputable. The steady growth of Soviet military capability, across the entire spectrum of weaponry and forces, is admitted by Western analysts and experts of all political persuasions. What is rather less clear is the complicated question of Soviet intentions. There is no way of determining with precision what objectives underlie Soviet policy. Western governments can, however, make judgments about Soviet capabilities and actions. These suggest that the Soviet leadership is committed to the

continued growth of military power and believes deeply that military power plays a decisive role in international affairs. The Soviets have made no secret of their desire to take advantage of opportunities to lessen Western influence and weaken the strategic position of the NATO alliance, as innumerable statements by Soviet political and military leaders make clear.

UNDERLYING CONCEPTS AND STRATEGIC OPTIONS FOR CANADA

Since 1945, Canada's security policy has rested on three complementary foundations: deterrence of aggression through NATO and NORAD; the pursuit of reciprocal, balanced and verifiable arms control; and a commitment to the peaceful settlement of international disputes through the United Nations and other appropriate bodies. These three basic elements of Canadian security policy continue to deserve support today. In particular, NATO's fundamental objective of maintaining peace and security by deterring aggression through the deployment of credible military forces must remain the cornerstone of Canada's defence policy. In order for this deterrence strategy to work, NATO members must develop and deploy the capability, and demonstrate the willingness, to defend themselves effectively at any level necessary against potential conventional or nuclear aggression or threats of aggression. A potential aggressor must be convinced that the costs of aggression will greatly outweigh any possible gains it might hope to achieve. This in turn makes it essential for NATO to maintain credible military forces at the conventional, intermediate and short range nuclear, and strategic nuclear levels. Further, NATO's doctrine of flexible response, whereby NATO maintains the option of escalating the level of response to an attack, is justified because it confronts a potential aggressor with uncertainty regarding NATO's reaction and thus lessens the likelihood that aggression will be carried out against the alliance.

It is often argued that NATO need not worry about Soviet conventional military superiority or about Soviet capability in theatre nuclear weapons because the existence of American, British and French strategic nuclear weapons gives the West all the security it requires. Experience over the past three decades, however, has shown that NATO cannot return to a doctrine based solely on massive nuclear retaliation. In an era of reciprocal nuclear vulnerability, when the Soviet Union enjoys at the very least parity in strategic nuclear power with the United States, the threat of massive retaliation alone is simply not suited to all or even most contingencies. A solely nuclear posture would restrict the West to responding only to one contingency -- the worst possible one -- and leave it with no means of dealing with all the other possible threats, from political and economic pressures to various forms of conventional aggression.

Some have argued that the danger of nuclear weapons is so great that the West should renounce their first use or even abandon the nuclear deterrent. This course would simply allow a potential aggressor to plan aggressive actions with the certainty that risks would be limited or non-existent. In practice, it would make the NATO area safe for conventional war by guaranteeing to the Soviet Union and its allies that the West would (or could) not escalate to the nuclear level, even if faced with overwhelming defeat by Warsaw Pact conventional forces. In short, renouncing the nuclear component of NATO's deterrent would gravely undermine the West's ability to deter conflict or confront aggression or intimidation.

The option of a neutral foreign and defence policy for Canada evidently has appeal in some quarters because of the belief that neutrality would somehow insulate Canada from threats to its security and permit the reduction or even elimination of defence spending and military forces in this country. Examination of the arguments typically advanced in support of neutrality, however, suggests that the benefits would prove elusive, and the risks high. A declaration of neutrality by Canada would represent nothing less than the abandonment of the basis on which Canada's postwar security and foreign policy has rested, and would lead inevitably to deteriorating relations with our key economic and political allies. Moreover, far from contributing to a lessening of international tensions and the risk of East-West conflict, Canada's departure from NATO and NORAD could upset the balance between East and West and lead the Soviets to believe that other NATO members also lacked the resolve to defend themselves through the maintenance of their system of collective defence. Abandonment of NATO in particular would weaken the bond between the democratic nations of Europe and North America and thus constitute a marked departure from Canada's historical traditions. Nor would Canadian neutrality lessen Canada's de facto dependence on the United States, whose own legitimate security concerns would doubtlessly be greatly heightened by the presence of a neutral neighbour on its northern border. Finally, the experiences of other neutral nations suggest that rather than contributing to reduced military expenditures, a policy of neutrality appears to go hand in hand with very substantial military forces and spending, as the examples of Sweden, Switzerland and Finland indicate.

NATO's basic deterrence strategy remains sound and deserves continued Canadian support. However, it is widely recognized in the alliance today that efforts to improve NATO's conventional military forces are essential in view of growing Soviet conventional military power and the loss of the West's previous advantage in nuclear weapons. The stronger are NATO's conventional forces, the less likely it is that the alliance would have to resort to nuclear weapons in the face of a massive Warsaw Pact conventional assault. Canada should help NATO to develop improved conventional military forces by doing whatever it can to enhance its own conventional military capability.

Canada also has a responsibility to contribute to the credibility of the NATO nuclear deterrent by permitting its allies to test the cruise missile over Canadian territory. The cruise missile will provide an important retaliatory capability needed to make United States B-52 bombers, which are an essential part of NATO's strategic nuclear forces, an effective deterrent in a period when marked improvements in Soviet air defences have reduced the likelihood that B-52s could successfully penetrate Soviet air space in the event of hostilities. Canada should also continue to support the NATO "two track" decision of 1979, whereby NATO decided to move to lessen the major advantages now enjoyed by the Soviet Union in respect of intermediate range nuclear weapons in Europe, while at the same time remaining committed to the pursuit of balanced and verifiable arms control agreements with the Soviet Union both in Europe and elsewhere. It is important that the Canadian public understand that NATO's decision to station ground-launched cruise and Pershing II missiles in Europe was taken to counter the Soviet deployment of hundreds of mobile, longer-range SS-20 missiles in Eastern Europe, which has given the Warsaw Pact an undoubted advantage in intermediate range nuclear weaponry and is clearly unnecessary for the defence of the Soviet bloc.

Continued Canadian support for NATO and for deterrence does not exclude the possibility that arms control and disarmament can play a useful role in enhancing Canada's security. Canada has long been active in international deliberations aimed at achieving arms control and disarmament agreements, and should continue to work on behalf of verifiable accords between NATO and Warsaw Pact powers. It is probable, however, that Canada's voice on these matters would carry more weight if the Canadian contribution to NATO's conventional military strength were more proportionate to the country's broader economic and political standing in the world.

CANADIAN DEFENCE POLICY

The 1960s and the 1970s saw a significant reduction in Canada's military forces and capabilities, particularly with respect to Europe. Canada's current European commitment consists of very limited forces stationed in the European theatre as well as forces based in Canada which are designated for deployment to Allied Command Europe (ACE) in the event of a crisis. Both European-based formations, the 4th Canadian Mechanized Brigade Group (4CMBG), and the 1st Canadian Air Group (1CAG), are manned at only 58 percent, far below NATO's required strength level of 90 percent, and they both lack a wide range of needed equipment and material. 4CMBG requires an increase in war establishment strength of 5,600 to about 8,500 plus an adequate support group to maintain it in operations. Reinforcement capability

must also be sharply improved so that the group could be sustained over 30 days of operations in Europe. 1CAG, which is based at CFB Baden and consists of fighter aircraft, can operate only 36 of its 54 aircraft with existing resources. When the new CF18s replace the CF104s, 1CAG will have even fewer aircraft. In addition to more manpower, efforts must be made to provide improved protection for Canada's fighter aircraft in Europe and for their airfields. In addition to these European-based forces, Canada has undertaken commitments to help defend the Northern European Flank area, in particular by agreeing to commit an air-sea transportable brigade group (CAST) of some 4,000 personnel to reinforce Norway. However, these and other forces stationed in Canada but designated for the European theatre are not properly equipped or manned for the tasks assigned to them, and thus do not currently make a credible contribution to NATO strategy. Additional resources will be required to preposition equipment and to increase the strength of these forces.

Canada has extensive maritime interests and an enormous coastline, but the country's maritime forces have declined drastically over the past twenty years. At present, they are manifestly incapable of fulfilling their several key responsibilities: protection of Canada's maritime interests and sovereignty through control of territorial waters, defence of North America in cooperation with the United States, and defence of the NATO sea lanes of communication between North America and Europe. The latter role is critical to NATO's ability to reinforce Europe in times of crisis or hostilities, but the expansion of Soviet naval power has thrown into question NATO's ability to control vital sea lanes in the Atlantic and elsewhere. Few of Canada's warships are equipped for modern warfare, and the strength of the navy's regular forces has fallen sharply since 1968. The new frigates and the ten-ship Destroyer Life Extension Program have helped to overcome some of the deficiencies in the country's naval forces, but additional warships, equipment and trained naval personnel are urgently needed.

North American defence cooperation with the United States under the North American Air Defence Agreement (NORAD) has long been a cornerstone of Canadian defence policy. Canada contributes to the credibility of the U.S. strategic nuclear deterrent and protects its own sovereignty through NORAD. The replacement of existing fighter aircraft by the CF18 will improve the effectiveness of Canada's air defence forces, but will also result in a reduction in the total number of aircraft available. Canada should do more to modernize its radar system and to take initiatives leading to greater participation in the development and deployment of space-based air defence systems, which will be increasingly essential for early warning and surveillance in the future.

Examination of Canada's NATO and North American defence commitments and capabilities raises the critical issue of Canada's overall

military manpower requirements. It must be noted that manpower requirements for the initial day of potential hostilities in Central Europe and the Northern Flank are almost double what Canada now provides, and the reinforcements required for both of these areas in the first thirty days of operations would likely more than exhaust the total pool of trained military personnel in Canada. To meet Canada's European and other defence requirements, the Canadian Armed Forces should be augmented as follows: the regular forces should be increased from 82,000 to 115,000, the primary reserves from 20,000 to 61,000, and the supplementary reserves from 17,000 to 25,000. In expanding Canada's military forces, efforts should be made to increase the numbers of young, unemployed Canadians enrolled in the military's Youth Training and Employment Program (YTEP), which provides both basic military and trades training. An annual intake of 10,000 young people with a term of service of at least two years constitutes a feasible target for this worthwhile program.

To bring the Canadian Armed Forces up to an acceptable level of strength and readiness will require a substantial financial commitment from government. In recent years, defence has accounted for only about 8 percent of federal spending and 1.8 percent of GNP, the latter figure being the second lowest in NATO. Canada has begun to devote more resources to defence since the mid-1970s, and is one of only two NATO countries which has lived up to the commitment to increase defence spending by 3 percent in real (after-inflation) terms annually. But more is required, since the Canadian Armed Forces were permitted to decline in size and strength so drastically in the late 1960s and early 1970s. The Business Council believes it is necessary to aim for an 80 percent real increase in defence spending over the next ten years in order to allow the Canadian Armed Forces to meet the NATO requirement of thirty days of operations during hostilities. Such an expansion of the defence budget should be undertaken in two phases. In phase one (1985/86 to 1989/90), the regular forces would be increased to 92,000, the primary reserves to 36,000 and the supplementary reserves to 17,000 personnel (with equipment and training). In phase two (1990/91 to 1994/95), the regular forces would rise to 115,000, the primary reserves to 61,000 and the supplementary reserves to 25,000. In phase one, the concentration would largely be on re-equipment, which has already begun, but a policy shift would be made to begin the essential process of increasing manpower in Europe. In phase two, the priority would be shifted to completing the strengthening of the Armed Forces' manpower levels, although the re-equipment process would still continue on a more modest scale.

In order for this program to be implemented, the government will have to reallocate its spending commitments, particularly after 1987/88, which is the last year of the current fiscal plan. Because Canada now devotes a

considerably smaller share of both government spending and GNP to defence than its NATO allies, a strong argument can be made that a measure of re-allocation away from other government activities and programs to defence is justified. It may also prove necessary to consider modest tax increases as part of a long term program to restore Canada's military capability and credibility. In the event that short-term economic and fiscal pressures make it extremely difficult for the government to meet the ten-year target of an 80 percent real rise in defence spending, then the program for rebuilding the Armed Forces could be extended over a slightly longer period, say twelve years. For the remaining period of the current fiscal plan, i.e. until 1987/88, the additional funds required to meet the BCNI's objectives, over and above what is forecast in the fiscal plan amount to approximately $100 to $300 million annually (assuming 4% annual inflation).

THE OVERALL STRATEGIC ENVIRONMENT

Canada's defence policy and military commitments must be formulated with the evolving international strategic situation in mind. Over the past two decades or so, the most important trend in this area has been the steady erosion of the West's strategic position as the Soviet Union and its allies have increased their military power. Most observers believe that the Soviet Union has achieved rough parity with the United States in strategic nuclear forces. The Soviets have more strategic nuclear launch vehicles than the United States, and also have a very large advantage over the U.S. in terms of the explosive power (megatonnage) of their nuclear weapons. The United States, whose strategic nuclear weapons are much more concentrated in the air- and sea-based components of its nuclear forces than are those of the Soviet Union, retains an advantage in the number of warheads that can be delivered by its missiles, and continues to enjoy a slight superiority in the accuracy and reliability of its weapons (although this is decreasing).

In addition to having attained a position of rough parity with the U.S. in strategic nuclear forces, the Soviet Union and its Warsaw Pact allies have added to their superiority over the U.S. and NATO in two other important categories of military power: theatre nuclear forces, which consist of intermediate or medium range nuclear weapons; and conventional military forces. With respect to the former, the Soviet Union has greatly improved its arsenal of theatre nuclear missiles in Europe, particularly through the deployment of hundreds of more accurate and mobile missile systems. The United States and its NATO allies have only recently moved to counter the marked Soviet advantage in theatre nuclear forces by deploying cruise and Pershing-II missiles in Western Europe. In the sphere of conventional (i.e., non-nuclear) military forces, the Warsaw Pact's historical superiority in numbers of troops and quantities of military equipment has been largely

maintained, while the qualitative advantages long enjoyed by NATO's forces have been significantly reduced. For example, the Warsaw Pact has added some 10,000 new tanks to its forces over the past decade and now has a total of some 42,500 tanks facing NATO's 13,000. Equally important to any assessment of recent trends in comparative conventional military power is the major improvement in the technological quality and combat capabilities of Soviet and Warsaw Pact weapons. It is undeniable that NATO's ability to offset superior Warsaw Pact numbers with more advanced defence technologies has been considerably lessened.[1]

The growth of Soviet and Warsaw Pact military power has by no means been restricted to land forces alone. Major expansions and improvements in East bloc naval and air forces have also been recorded in the past twenty years. An especially important element in the changing international strategic situation is the growing ability of the Soviet Union to project its military power beyond the Eurasian land mass. This trend has caused much concern among Western analysts.[2] The member countries of NATO have many vital strategic interests that lie outside the sphere of direct NATO territorial control, including the Middle East and Pacific regions. Heightened conflict and political instability in parts of the Third World have created opportunities for the Soviet Union and its allies to expand their influence and weaken that of the West. Military power has been the chief element used by the Soviets to expand their external influence. In this connection, it is worth emphasizing the growing numbers of military bases established by the Soviet Union in key areas of the Third World -- South Yemen, Ethiopia and Vietnam are examples -- in recent years. The tremendous growth of the Soviet navy is perhaps the main reason behind Moscow's increasing ability to exercise its military power abroad. Traditionally a largely defensive force dedicated to the control of waters contiguous to the Soviet Union itself, the Soviet navy has now become a truly "blue-water" navy capable of expanding Soviet influence throughout the world.

The expansion and modernization of Soviet and Warsaw Pact military forces has been financed by steady annual increases in real defence spending over many years. Although major conceptual and empirical difficulties attend the analysis of defence spending in the centrally planned economies of the East bloc, there is widespread agreement among Western experts that the Soviet Union devotes some 12-14 percent of its gross national product to defence.[3] This is roughly twice as large a share of GNP as the United States allocates to defence, but the total size of the latter's economy is of course much greater. However, the point to emphasize is the consistent willingness of the Soviet leadership to devote such a major share of their nation's resources to the military, even though the strength of the Soviet armed forces now exceeds any conceivable requirement for the basic defence of the Soviet Union and its allies. What the Soviet Union has developed, at great expense, is a largely offensively postured and equipped military, particularly in the European theatre and in respect of conventional and theatre nuclear forces.[4] This poses a real and tangible threat to the security of the Western democracies, including Canada.

Innumerable statements by Soviet political and military leaders indicate they are convinced that the growth of the Soviet Union's military power has conferred many benefits on the Soviet Union, and will continue to do so in the future. Soviet leaders, in their internal pronouncements, often argue that changes in the "correlation of forces" -- i.e. growing Soviet military power relative to that of the West -- provide the Soviet Union with more influence in international affairs. Moveover, they have regularly portrayed detente with the West as a consequence of growing Soviet power, not as a reflection of any underlying accommodation between Soviet interests and those of the West. The idea that the "social systems" of the Soviet bloc and the democratic West will be in constant conflict is steadfastly adhered to by Soviet leaders. This basic orientation helps to explain the Soviets' commitment to the development

of offensively oriented military power capable of both projecting Soviet influence abroad and defending the territories of the Soviet Union and the other Warsaw Pact nations.[5]

The Question of Soviet Intentions

That the Soviet Union and its allies have greatly increased their military power and succeeded in eroding the global strategic position of the West over the past twenty years is indisputable. The steady growth of Soviet military capability, across the entire spectrum of weaponry and forces, is admitted by Western analysts and experts of all political persuasions. What is much less clear is the whole question of Soviet intentions or motivations. What are the objectives of the Soviet leadership in foreign and defence policy? Do they believe that by building up Soviet military power they will be able to gain a decisive strategic advantage over the West, or perhaps even win a nuclear war with their NATO adversaries? These and related questions have long been discussed and debated within the relatively small Western community of Soviet experts, but no clear consensus concerning the intentions that can be imputed to Soviet external policy has emerged. Some commentators view the Soviet Union as a highly militaristic society whose leaders have limitless designs on the outside world and who even believe a nuclear war can be fought and won.[6] Others dispute the contention that expansionism is the sole motivating force behind Soviet foreign and defence policy and that the Kremlin really believes it can prevail in a nuclear war with NATO. According to these analysts, the Soviets tend to be insecure and cautious in their external behaviour, and their motivations vis-a-vis the world outside the Eastern bloc are often quite defensive in nature.[7] It has also been frequently argued by students of Soviet foreign and defence policy that the Soviets are mainly opportunistic in their approach: whenever and wherever

opportunities arise, or can be created by their efforts, to strengthen the Soviet strategic position and/or to weaken that of NATO and the West, the Soviets will pursue them; but in doing so they will seek to avoid an open conflict with NATO.

Unfortunately, in formulating their defence and security policies Canada and its NATO allies are forced to accept the uncertainties and ambiguities that surround the issue of Soviet intentions and objectives; it is simply impossible to know exactly what factors shape Soviet policy and conduct. However, Western governments do possess extensive information concerning Soviet military capabilities, and they can make judgements based on Soviet actions taken around the globe. These latter criteria strongly suggest that the Soviet leadership is committed to the continued growth of Soviet military capability and that the Soviets will move vigorously to create or take advantage of opportunities to lessen Western influence and weaken the strategic position of the NATO alliance. The available evidence also suggests that the Kremlin believes superior military power, both conventional and nuclear, translates into greater influence in international affairs and in various key regions of the world. The continuous improvement in the Soviet bloc's military capabilities relative to those of the West since the early 1960s is thus regarded as a highly positive development by Soviet leaders.

NATO members, including Canada, have begun to address the Soviet strategic threat by increasing their real defence expenditures and by improving the alliance's ability to counter superior Soviet military power in various areas. Further expenditure increases by NATO will be necessary for a number of years to come. However, NATO's efforts to counter adverse trends in the East-West balance should not imply the abandonment of the search for East-West agreements to contain conflicts and to limit and control the development and deployment of military forces of various kinds. Improved

NATO military capability, particularly in the conventional weapons area, is not inimical to the objective of arms control, but is rather a prerequisite for the achievement of reciprocal and balanced arms control agreements that maintain NATO's essential deterrent capability and improve Western security.

UNDERLYING CONCEPTS AND STRATEGIC OPTIONS FOR CANADA

Since 1945, Canada's security policy has rested on three complementary foundations: deterrence of aggression through the NATO collective security alliance, the North American Aerospace Defence Agreement (NORAD), and other defence accords with friendly states; pursuit of reciprocal and verifiable arms control agreements with opposing states and alliances; and commitment to the peaceful settlement of international disputes and the resolution of international tensions through the United Nations and other appropriate vehicles. The role of Canada's Armed Forces has in large measure been based on these fundamental underpinnings of Canadian security policy. In addition, Canada has sought, particularly during the past fifteen years or so, to strengthen national control and sovereignty over the vast expanses of the Canadian north and the offshore waters on both the Atlantic and Pacific coasts, a development that has significant implications in terms of the adequacy of Canada's military forces.

The changing international strategic environment since 1945 has complicated the task of devising and implementing an effective security policy for Canada. Whereas the military threat to North America once consisted first of conventionally- and then nuclear-armed manned bombers, in recent decades intercontinental and submarine-launched ballistic missiles, cruise missiles on attack submarines, and an expanding range of mine warfare devices and other conventional naval weapons systems have been progressively developed and deployed by the Soviet Union; all these now constitute potential threats to the once relatively invulnerable nations of North America. The growing use and sophistication of space-based defence and intelligence-gathering systems represents another trend which has intensified the challenge of developing an effective Canadian defence policy. Another change in the nature of the threat to Canada's security has arisen as a consequence of the

increasing dependence of the West as a whole on actually or potentially unstable regions of the world for supplies of petroleum and other vital natural resources. Although this development has affected Western Europe and Japan much more directly than Canada, Canada and the United States cannot stand aloof from the threats facing the Western democratic world in this area.

In reviewing and revising Canadian security policy, the Government of Canada must be cognizant of the importance of these and other global trends. Also critical to Canadian security is the ability of Canada and allied states to defend the various ocean areas and connecting passages vital to the free flow of trade and commerce in peacetime and the shipment of military men and supplies in times of conflict. In short, the scope of Canada's security policy must be broadened to include new dimensions -- the Pacific, the Arctic, the Western Hemisphere, and perhaps other areas outside the current boundaries of NATO. It is of course clear that close cooperation with our allies will be essential in meeting our expanded security requirements in these areas.

Neutrality For Canada?

Some Canadians will no doubt dispute the points made in the previous paragraphs; indeed, some may even believe that Canada should no longer be involved in collective security arrangements such as NATO and NORAD. The option of a neutral foreign and defence policy for Canada has a seductive appeal in some quarters because of the belief that neutrality would somehow insulate Canada from threats to its security and permit the reduction or even elimination of defence spending and military forces. If it could convincingly be demonstrated that a declaration of neutrality and withdrawal from the Western alliance by Canada would lead to a more peaceful world, and yet not at the same time lend encouragement to those states hostile to the values of

democratic societies; and if a policy of neutrality actually served to remove international threats to Canadian security -- then perhaps the option would be worthy of serious consideration. However, examination of the arguments typically advanced in support of neutrality suggests that the benefits would prove elusive or non-existent, and the risks high.

A policy of neutrality would represent nothing less than the abandonment of the basis on which Canada's postwar security policy has rested, and would almost certainly lead to deteriorating relations with our key economic and NATO allies. Given our geographical location between the two superpowers, the vastness of our territory and our need to defend three ocean frontiers, and the integration of our economy with both the United States and other Western nations, it is difficult to put forward a credible argument in favour of a neutral security policy for Canada. Moreover, far from contributing to international stability and lessening the risk of East-West conflict, Canada's departure from NATO and NORAD could upset the balance between East and West and cause the Soviet Union to believe that other Western nations also lacked the resolve to maintain their system of collective defence. Abandonment of NATO in particular would serve to weaken the critical bond between the great democratic nations of Western Europe and North America, and thus constitute a major departure from Canada's historical traditions. Nor would leaving the Western alliance system really reduce Canada's de facto dependence on the United States, whose own legitimate security concerns would be greatly heightened by the presence of an officially neutral neighbour on its northern boarder. To judge from the experiences of other neutral countries, it does not appear to be the case that neutrality leads to the disbanding or significant reduction of a nation's military forces. In this connection, it is noteworthy that other neutral democratic states, such as Sweden, Switzerland and Finland, devote far greater resources on a per capita basis to national defence than does Canada, and yet still feel themselves

vulnerable to serious security threats despite their posture of neutrality.[8] Even if Canada were to decide actually to boost defence expenditures substantially following a declaration of neutrality, this would not provide any guarantee that Canada could avoid being a victim of external aggression from the East bloc; nor would it lessen the risk that a neutral Canada might well be seen to pose to the security of the United States. In short, continued participation in the Western alliance system, in cooperation with the other democratic nations with which Canada has so much in common, should remain the core of this country's defence policy. As Peter Newman has recently observed: "We are, by geography and by choice, firmly tied into the North Atlantic Treaty Organization, which, despite its weaknesses ... has managed to maintain a semblance of peace for more than three decades."[9]

Deterrence and Flexible Response

Much debate has occurred regarding the appropriate policy and defence posture for the NATO alliance, and the intensification of this debate in recent years has caused strains both within the alliance and in the domestic politics of several NATO members. From the outset, the fundamental objective of NATO has been to maintain peace and security by deterring aggression. A secondary objective, if aggression does occur, has been to maximize the chance of halting such aggression short of an all-out nuclear war. In order for deterrence to be effective, NATO members must develop and deploy the capability, and demonstrate the willingness, to defend themselves effectively at any level necessary against potential conventional or nuclear aggression or threats of aggression. This strategy requires that a potential aggressor be convinced that the costs of aggression will outweigh any possible gains it might hope to achieve. In order to meet the threat of Warsaw Pact aggression, NATO has endeavoured to maintain combat-ready land, sea and air

forces in close proximity to likely invasion routes, and to ensure that its forces would be capable of prompt, integrated action if required. NATO has also developed a doctrine of flexible response, according to which the alliance must be able to deter and, if necessary, counter military aggression of varying scales in any region of NATO. This doctrine can only be implemented by maintenance of a wide range of effective military forces, both conventional and nuclear, so that NATO is capable of a flexible response in the face of aggression and can offer direct defence at whatever level is judged appropriate to defeat an attack. Under the doctrine of flexible response, NATO has the option of escalating the level of response to an attack if the first level selected is not effective. Thus, in the face of a massive Warsaw Pact conventional attack, NATO policy allows resort to theatre nuclear weapons if the attack cannot be defeated solely by conventional means.[10]

To implement its deterrence and flexible response strategy, NATO fields an interlocking array of forces as deterrents to the entire spectrum of possible armed conflicts:

Conventional Forces, including, for example armoured and mechanized divisions, tactical aircraft, and naval forces;

Intermediate-, Medium- and Short-Range Nuclear Forces based in Europe, with delivery systems operated by the United States and by other NATO allies and France; and,

Strategic Forces, including intercontinental ballistic missiles (ICBMs), submarine launched ballistic missiles (SLBMs), and heavy bombers, based in the United States.

This range of weapon systems confronts a potential aggressor with great uncertainty as to the level and nature of a Western response. This uncertainty is essential to effective deterrence, since any aggressor must assume that an attack on NATO would incur incalculable risks, up to and including strategic nuclear retaliation. All three levels play essential roles in the maintenance of an effective deterrent. They provide NATO with the capability to counter aggression at various levels, threatening an aggressor with escalation if that is necessary to restore peace. The effect of the three elements working together is more than the sum of the individual parts. So long as the Soviet Union has a comparable or significant nuclear capability, conventional defence alone would not provide political confidence or military deterrence. Similarly, a nuclear force by itself would not be a credible deterrent in all possible contingencies, and might, in fact, invite political pressure and limited military adventures. Together, however, the combination of conventional and nuclear forces has proved to be an extremely effective mechanism for preserving peace in the North Atlantic area.

In recent years, the NATO strategy of deterrence has been criticized from a variety of perspectives. There are those who consider that the cost of maintaining conventional forces has seemed too great. These critics suggest that it is far easier to move back toward the simple strategy of an earlier era, relying on the threat of massive nuclear retaliation to provide an inexpensive deterrent. Others see the risks of nuclear weapons as unacceptable. They believe that the effectiveness of nuclear weapons as a deterrent is less important than their unquestioned destructiveness if they were ever employed. They maintain that the answer lies in reducing the role of nuclear weapons and, perhaps, in renouncing their "first use" or even unilaterally disbanding nuclear forces. Some proponents of this course of action say that they would be prepared to increase sharply the expenditures for conventional defence to offset this change.

Experience over the past three decades has shown that NATO cannot credibly return to a doctrine based solely on massive nuclear retaliation. In an era of reciprocal nuclear vulnerability, the threat of massive nuclear retaliation alone is not suited to all or even most contingencies. A solely nuclear posture would restrict the West to responding only to one contingency -- the worst one -- and to be left with no credible means of dealing with all the other possibilities, from political and economic pressure to various forms of limited aggression. On the other hand, to remove nuclear weapons from the deterrent, or to declare a policy of "no first use," would allow a potential aggressor to plan actions with the certainty that risks would be limited. In practice, it would make Europe and, indeed, Canada safe for conventional war by guaranteeing to the Soviet Union and the Warsaw Pact that the West would not escalate to the nuclear level even if faced with overwhelming defeat by conventional forces. In short, renouncing the nuclear component of NATO's deterrent would gravely undermine the West's ability to deter conflict or intimidation.

Despite irrefutable evidence of the potency of the Soviet and the Warsaw Pact threat, there are still some in the West who maintain that defence of Europe is unnecessary, and others who consider it impossible. Those who consider defence unnecessary no longer consider the Soviet Union even a potential threat and do not believe that Soviet military advantage in Europe would be translated into political gains. History strongly suggests they are wrong; the Soviets are clearly not averse to using force to achieve their political objectives. Those who form the "defence is impossible" school believe that opposition to the Soviet Union and the Warsaw Pact is futile and suicidal, and instead support a process of one-sided accommodation and unilateral disarmament.

Fortunately, Western governments have accepted that defence of their societies is both desirable and feasible. For more than three decades NATO has succeeded in preserving the freedom and relative tranquility of Western Europe. There is no reason to have confidence that unilateral disarmament and the renouncing of defence would prove compatible with the long term maintenance of freedom and security in the North Atlantic region. The essence of what NATO's deterrence strategy is intended to achieve was recently aptly restated by Professor Michael Howard of Oxford University, whose observations merit quoting at some length:

> Let us remember what we are trying to do. It is to deter the Soviet Union from using military force to solve its political differences with the West; deter them in a way that will be credible to their leaders and acceptable -- reassuring -- to our own peoples. It is to make clear to the Soviet Union that in any attack on the West the costs will hugely outweigh the benefits, and to our own people that the benefits of such a defence will outweigh the costs. We have to make it clear to our potential adversaries that there can be no easy military solution to their political problems, no "quick fix." And this is best done by showing that any attack would be met by lethally efficient armed forces, backed up and where necessary assisted by a resolute and prepared population; with the distinct possibility that the conflict might escalate to nuclear war and the certainty that, even if it did not, their armed forces would suffer casualties out of all proportion to any likely gains.[11]

The Conventional Defence Imperative

Although NATO's basic deterrence strategy remains sound, it is important to recognize that it has become more difficult for the alliance to maintain a credible deterrent because of the growth of Soviet bloc military capability and the loss of United States superiority in the strategic nuclear sphere. No longer is the Warsaw Pact advantage in conventional military forces offset by NATO superiority in either theatre or strategic nuclear weaponry. Partly because of this, it is widely accepted in NATO today that efforts to improve the alliance's conventional military forces are essential and must be continued. Improving NATO's conventional military capability has the salutary effect of raising the nuclear threshold since the stronger is NATO's conventional capability, the less likely it is that the alliance will have to resort to theatre nuclear weapons in the face of a massive Warsaw Pact conventional attack. The importance of improving NATO's conventional force posture has been noted by General Bernard W. Rogers, current Supreme Allied Commander Europe, as well as by many military and civilian strategists and analysts.[12] Particularly desirable in this respect is the replacement of short-range, tactical nuclear weapons with advanced conventional weapons, a process already begun by NATO. At the price of a relatively modest increase in its overall level of defence expenditures, NATO could build up a highly effective non-nuclear force capable of mounting a solid defence against a Warsaw Pact non-nuclear attack on the alliance. This would lessen the risk that such a Warsaw Pact attack would precipitate the use of nuclear weapons, and convince the Soviet Union that the NATO countries are committed to a serious policy of conventional defence. As the prestigious International Institute for Strategic Studies recently observed, the conventional balance of military forces in Europe "has slowly but steadily moved in favour of the East,"[13] but there are welcome indications that NATO members are resolved

to reverse this trend and to reduce the alliance's current reliance on tactical and short-range nuclear weapons. Canada should give the strongest possible encouragement to this process and do whatever it can to enhance the effectiveness and credibility of NATO's conventional military capability.

Canada's Role in NATO and in Arms Control

Regardless of improvements in conventional weapons, nuclear weapons will remain an important element of NATO's security policy. Canada has chosen not to develop a direct nuclear capability itself, and it is not proposed here that this policy be altered. Canada's contribution to NATO deterrence and defence has rested on the defence of land, air and maritime regions, including Canada's own vast territory, through conventional military means. However, while Canada has eschewed a direct nuclear role, in no sense can it dissociate itself from NATO's nuclear policies, or presume to operate on a higher "moral" plane than its nuclear-capable allies. Recognition of the essential role of nuclear weapons in the NATO alliance and as part of an effective overall strategy of deterrence has led Canada to provide facilities for the operational training of both the nuclear capable and conventional forces of our allies. The recent decision to permit operational testing of cruise missiles is consistent with this tradition. Canada should continue to contribute to the security of the alliance and the credibility of its deterrent through the provision of facilities for training and testing related to our allies' military forces.

Support for NATO and for deterrence by no means excludes the possibility that arms control and disarmament can play an important role in enhancing Canada's security.[14] Canada has long been active in international discussions aimed at achieving arms control and disarmament accords, both in

the United Nations and in NATO. For example, Canada has called for agreement among the nuclear powers to prevent or control the development of new nuclear weapons systems (e.g., in space); has participated since 1974 in the Mutual and Balanced Force Reduction Talks in Vienna between NATO and the Warsaw Pact; has participated vigorously in the Conferences on Security and Cooperation in Europe held in Finland in 1975 and in Spain in 1983 and also in the recent Stockholm Conference on Confidence Building Measures in Europe; and has called for the negotiation of an international convention to eliminate chemical weapons stockpiles and prohibit the development of new chemical weapons. Canada should continue to work for the development of verifiable arms control accords between NATO and the Warsaw Pact, between the superpowers, and more generally. However, it should be pointed out that Canada's present meagre contribution to the NATO alliance (which is discussed in the next section) cannot help but lessen our credibility within the alliance on arms control matters. In particular, Canada's voice would carry more weight if the Canadian contribution to NATO's conventional military capability were more proportionate to the country's economic and political standing in the world.

It is clear that debate over the role of nuclear weapons has intensified within Canada in recent years. Much of the discussion of this issue is quite ill-informed and simplistic regarding the requirements for an effective security policy for Canada. The long government silence during the period of the nuclear disarmament debate, and the virtual absence, until recently, of official public information on nuclear questions, have allowed the opponents of the NATO alliance and its doctrines to gain the initiative. It is important for the government to stress the fact that we are now operating in an international environment in which the Soviet Union has achieved at least parity in strategic nuclear forces and clear superiority in many key areas,

including intermediate-range nuclear systems in Europe. As for the recent controversy over Canadian testing of the United States air-launched cruise missile (ALCM), Canada has a clear responsibility to contribute to the credibility of the United States nuclear deterrent, which is the ultimate protection against Soviet military aggression and political intimidation. The ALCM will provide an important retaliatory capability needed to make United States B-52 bombers, which are part of NATO's Strategic Nuclear Forces, an effective deterrent in a period when improvements in Soviet air defences have greatly reduced the likelihood that B-52s could successfully penetrate Soviet air space. The ALCM is intended to be deployed on aircraft that can be counted and included in verifiable arms control accords, as recognized by the SALT agreements.

Canada should continue to support the NATO "two track" decision made in 1979, whereby NATO is moving to lessen the major advantages now enjoyed by the Soviet Union in respect of intermediate range nuclear forces in Europe, while at the same time remaining committed to balanced nuclear arms agreements with the Soviets in both the European theatre and elsewhere. Stationing of ground-launched cruise missiles and Pershing-II missiles in Western Europe is essential to counter the Soviet deployment of hundreds of mobile, longer range SS-20 missiles in recent years, a deployment which has given the Warsaw Pact a clear advantage in intermediate range nuclear weaponry and which is unnecessary for the defence of the Soviet bloc. It should be emphasized that the introduction of these new NATO systems does not change the theory or concept of theatre nuclear weapons. They are in no way an escalation. The escalation took place when the Soviets initiated their massive modernization with the SS-20 and other missiles. NATO's response represents a modernization and replacement of a capability that NATO has had since the 1960s in the form of British Vulcan bombers (obsolete and now withdrawn) and the U.S. F-111 aircraft flying from vulnerable bases. The

introduction of these new systems does not increase the number of warheads in the theatre; they will be offset by the reduction of an equal number of warheads. NATO has already removed 1000 warheads unilaterally, and recently has agreed to remove a further 1400. Beyond this the Americans, with full alliance support, have offered to negotiate with the Russians verifiable arms control limitations on intermediate-range theatre nuclear systems, missiles and aircraft on both sides.

In summary, the Canadian position in NATO supporting the two-track decision of 1979 is a correct posture and our agreement to test the ALCM is an acceptable responsibility for a member of the alliance. In seeking to explain to the public the nature of Canada's alliance responsibilities and the threats posed to our security, the Government should emphasize the following points:

- in the face of dramatically upgraded Soviet air defences, the ALCM is essential to maintaining the deterrent effectiveness of the B52 bomber component of the NATO strategic nuclear forces which are part of the agreed balance established in SALT I and SALT II. This is directly related to Canada's security;

- the Soviet Union has for more than two decades had the potential to threaten Western Europe with intermediate-range nuclear weapons, without there ever having been a large number of similar weapons on the Western side;

- until a few years ago, NATO was able to tolerate this situation as long as the United States enjoyed a superiority in terms of intercontinental strategic systems which kept both their Soviet counterparts and its intermediate-range systems in balance;

- however, since the Soviet Union has become at least equally strong in intercontinental weapons, and since this rough strategic parity has been codified by the SALT agreements, there is now a need to correct the imbalance in intermediate-range nuclear weapons, preferably through a reduction by the Soviet Union, but short of that by the deployment and installation of offsetting systems by the West;

- the deployment of SS20s and other systems represents an attempt by the Soviet Union to gain superiority in a second area in addition to its superiority over Western Europe in conventional forces; this has caused growing alarm in Western governments;

- the prospects for balanced arms control agreements that improve the security of Canada and the West will be enhanced to the extent that the Soviet Union is convinced that NATO will not allow it to attain significant superiority in key elements of military power.

CANADIAN DEFENCE POLICY

Canada has rededicated itself to the aims and ideals of the North Atlantic Treaty Organization (NATO) on numerous occasions since NATO was established in 1949. The Treaty commits each signatory to protect the security of all NATO members; an attack against one member state is to be treated as an attack against them all. It is expected that members of NATO will continue to have the confidence to resist any adverse pressures or threats of aggression and intimidation to which they may be subject as long as the alliance's capability to deter such aggression and intimidation remains intact. Canada has a useful role to play in achieving this important goal.

The late 1960s and early 1970s saw a significant reduction in Canada's military forces and our commitment to NATO Europe. Canada's commitments are now much smaller than in the early 1960s and our defence expenditures have declined to the point where we are the second lowest in NATO (based on percentage of GNP). The Business Council's examination of the current state of the Armed Forces strongly suggests that we have not allocated the resources necessary to allow our forces to perform the roles expected of them in Europe and in protecting Canadian territorial sovereignty, including enforcing our jurisdiction over the 200 mile coastal regime. Canada's performance in the past decade in meeting force goals and commitments has been below alliance standards. Nor is the ability of existing military resources to protect and assert Canadian territorial sovereignty adequate.

Canada's European Commitments

Canada's contribution to European defence has greatly diminished since the early 1960s. It now consists of very limited forces stationed in the

European theatre as well as forces based in Canada which are designated for deployment to Allied Command Europe (ACE) in the event of crisis. The Canadian Forces Europe (CFE) Command exercises control over all Canadian forces assigned to European defence. The European-based formations are the 4th Canadian Mechanized Brigade Group (4CMBG) and the 1st Canadian Air Group (1CAG); these are garrisoned on two bases, CFB Lahr and CFB Baden-Sollingen, in the Federal Republic of Germany's southwest corner. Total peacetime Canadian military strength in CFE has been limited by government direction to 6,700, of which 5,400 are stationed at the two bases.

In peacetime, the strength of 4CMBG is only about 58 percent of its current war establishment; whereas, NATO criteria require 90 percent. Although Canada is not the only NATO member that has not met its commitment in this respect, Canada's failure to bring the mechanized brigade group up to the NATO strength level is especially unacceptable in view of the limited nature of Canada's military presence in Europe. In wartime and at times of alert or crisis, current plans call for augmentation of 4CMBG by some 2,300 personnel based in Canada in order to bring it up to its authorized strength level. Even with this, its deficiencies are many: it lacks a fourth major combat unit, a low-level air defence unit equipped with radar-controlled weapons systems, a chemical warfare decontamination unit to provide a measure of protection for Canadian troops in the face of the Warsaw Pact's known substantial chemical warfare capabilities, a range of night-fighting equipment to allow it to operate on a 24 hour basis, and a significant number of logistics personnel and vehicles. Unless these deficiencies are overcome and the peacetime stationed strength of 4CMBG is raised to NATO criteria levels, the survivability of this formation over even a few days of active operations is very doubtful. As currently postured and deployed, these Canadian land-based European forces are exposed to undue risk by virtue of the fact that the resources provided fall so short of the appropriate stationed

force strength. In terms of personnel, 4CMBG requires an increase in war establishment strength from 5,600 to approximately 8,500, plus an adequate support group to maintain it in operations.[15] We estimate that these forces would require an effective total strength of approximately 13,000 on Day One of hostilities, exclusive of the reinforcement requirements for the first month. In addition, current plans for the reinforcement of 4CMBG in the event of hostilities are inadequate; to sustain the group over 30 days of operations will require larger reinforcements and more equipment than is currently envisaged, and this aspect also requires quick remedial action on the part of the government.

The 1st Canadian Air Group (1CAG), based at CFB Baden, consists of three squadrons totalling 54 CF104 Starfighter aircraft plus a maintenance squadron. Like 4CMBG, it is manned during peacetime at only approximately 58 percent of its current war establishment, and can operate only 36 of its aircraft unless augmented with pilots and technicians from Canada. Once the new CF18 aircraft has replaced the CF104, 1CAG will have 48 aircraft; during the transition it will have fewer, only 36, for a period of time. The role of 1CAG is to provide forces for conventional attack operations including interdiction and support of land forces on the Central European front; it also has a secondary task of air defence. 1CAG aircraft are not adequately protected against possible enemy attack; its thirty-nine protective, hardened shelters will protect only 70 percent of its aircraft. Nor are the Lahr and Baden airfields properly protected by radar-controlled, low-level air defence systems. Further, contrary to NATO criteria, Canada has provided no capabilities to carry out airfield runway, tarmac, and dispersal repairs or to dispose of unexploded bombs. All these deficiencies require urgent attention. Having made the decision to station 4CMBG and 1CAG in Europe, Canada should ensure that they are made into viable military formations.

In addition to these European-based forces, Canada has undertaken commitments in respect of the European Northern Flank area. Most importantly, it has agreed to commit an air-sea transportable brigade group (CAST) of some 4,000 personnel to reinforce Norway. Canada has also committed an infantry battalion group to the Allied Command Europe's Mobile Force for purposes of northern defence, and two rapid reactor CF5 squadrons, also for northern defence. All of these designated forces are based in Canada. Testimony before the Senate Sub-Committee on Defence indicates that at present CAST is not properly equipped for the tasks assigned it.[16] It lacks an adequate Canadian support group, and could not be sufficiently reinforced and resupplied if called upon to go into action. The availability of adequate reinforcements for this brigade is a serious matter which requires resolution, as is the need for sufficient reserve stocks of ammunition, equipment and defence stores. In addition to the prepositioning of initial force requirements, it will be essential to provide thirty days of war reserves and to make provision to supply approximately 6-7,000 reinforcements during the first month of operations if CAST is to make an effective contribution to NATO's conventional defence requirements. In the case of Canada's commitment to supply an infantry battalion group and two rapid reactor squadrons of ten CF5 aircraft each to Allied Commander Europe's special Mobile Force for northern flank defence, deficiencies are also apparent. At the very least a separate battalion should be designated for this purpose to overcome the dual tasking and consequent potential non-availability of the battalion group presently assigned to this task.

Maritime Forces and Canada's Maritime Jurisdiction

Critical to NATO's ability to successfully confront possible Warsaw Pact aggression is the reinforcement of European forces from North America,

largely by sea.[17] NATO maritime forces must, therefore, be capable of keeping the sea lanes open. They must also protect the NATO nations from seaborne attack and directly support land battle on NATO's flanks. Canada has important obligations to assist the Supreme Headquarters Allied Command Atlantic (SACLANT) to meet these objectives. Canada also cooperates with the United States to plan for forward defence in Pacific Ocean approaches to North America and in Arctic waters.

Canada's maritime forces have several roles, including protection of Canada's direct maritime interests and sovereignty through surveillance and control of territorial waters, defence of North America in cooperation with the United States, and defence of the NATO sea lanes of communication between North America and Europe. This last role is critical to NATO's strategy of reinforcing Europe from North America in the event of hostilities or serious threats of aggression in Europe. In the 1950s and 1960s NATO enjoyed a wide superiority over Soviet and Warsaw Pact naval forces, and thus was capable of successfully reinforcing NATO forces in Europe if necessary. In more recent times, however, the massive build-up of the Soviet navy has thrown into question NATO's ability to control and keep the sea lanes open. Because NATO's viability as an alliance is so heavily dependent on the seas, while the Soviet bloc's military and strategic cohesiveness is not, in times of conflict "Moscow would only have to follow a sea-denial strategy, while NATO would have to ensure sea control. The latter requires far greater naval resources than the former."[18]

As exhaustively documented in a recent Senate Sub-Committee on National Defence report,[19] Canada's maritime forces are currently inadequate to meet the tasks expected of them, particularly in light of the fact that they are in effect triple-tasked for national surveillance and control, continental and NATO alliance missions. At present, Canada's maritime forces consist of

20 destroyers, of which 16 are ill-equipped for modern warfare; 3 submarines; 18 long-range, anti-submarine patrol aircraft; 18 short-range fixed wing aircraft; 35 anti-submarine helicopters; and a variety of support vessels. (The Canadian Coast Guard and the Department of Fisheries possess a number of their own vessels for purposes of patrol and search and rescue.) The strength of the navy's Regular Forces has fallen sharply since 1968.[20] In light of Canada's extensive maritime interests as the nation with the longest coastline in the world and which borders on three oceans, current naval forces are far below what is required to effectively enforce Canadian maritime claims, particularly since the advent of 200-mile coastal state jurisdiction. This inability to properly enforce jurisdiction and undertake effective surveillance activities is especially glaring in the case of the Arctic waters, over which Canada's claims of jurisdiction are not universally accepted and where current maritime capabilities are very marginal.[21] Nor is Canada capable of adequately performing the maritime responsibilities which it has accepted as a member of NATO, such as anti-submarine warfare. Overall, the country's maritime forces are markedly deficient in trained manpower, modern equipment, and ships. Most of Canada's defence and surveillance warships are too old to perform effectively the roles assigned to them, although the ten ship Destroyer Life Extension Program has overcome some of the deficiencies. The Department of National Defence's frigate program is a welcome and necessary major equipment acquisition program which will greatly assist the Canadian Forces in fulfilling their Maritime responsibilities. However, additional warships will be required to supplement the six new frigates now being constructed. Consideration should also be given to increasing the size of Canada's submarine force and to providing our maritime forces with a mine counter-measure capability. Canada should develop the ability to perform a sea-denial role over waters over which we claim jurisdiction, including in the Arctic.

North American Defence: NORAD and the Space Dimension

Another element of Canada's defence policy involves North American defence cooperation with the United States under the North American Air Defence (NORAD) agreement. The main purpose of Canada's aerospace contribution to the collective defence of North America is to help ensure that the credibility of the United States strategic deterrent is assured; an additional purpose is maintenance of our national sovereignty. The Fighter Group (FG) of Canada's Air Command is charged with carrying out these responsibilities, in close cooperation with United States forces under NORAD. Tactical fighter squadrons are located at CFB North Bay, CFB Bagotville, CFB Chatham and CFB Comox. With the transition to the CF18 aircraft, the total number of non-training aircraft in Canada's four tactical fighter squadrons will be only 32, as opposed to the present 36 CF101 Voodoo and 20 CF5 aircraft. Other elements of air defence include the DEW and PINETREE lines and satellite identification and tracking facilities. Total personnel involved in these contributions is about 10,500. In general, Canada should be doing more to modernize its radar systems and to take more initiatives leading to participation in the development and employment of space-based systems, which will be the early warning and surveillance systems of the future. In addition, because of the limited strength of Canada's fighter aircraft component, consideration should be given to retaining the aircraft being replaced by the CF18 for use in a reserve and replacement capacity. Finally, the feasibility of employing a Canadian based AWACs system to provide improved surveillance and air control over the vast expanse of Canadian airspace should be considered. In fact, this sort of flexible airborne warning and contol system appears necessary in order to operate the CF18 aircraft in an optimal manner. The AWACs could be acquired either through direct purchase or a joint arrangement with the United States.

Discussion of NORAD leads naturally to a consideration of the space dimension of North American defence. Developments in space have been moving rapidly for over twenty-five years and have led to the much greater use of spaced-based systems for intelligence collection, communications, search and rescue, remote sensing, navigation, surveillance and early warning, scientific missions and, more recently, anti-satellite weapons systems. Emplacement of small space-based factories and space platforms is not far off, and the possible development of space-based, non-nuclear weapons capable of neutralizing the threat from intercontinental and submarine-launched ballistic missiles cannot be ruled out. In recognition of the growing importance of the space dimension of defence, the United States recently established the USAF Space Command.

It is clear that the United States, NATO and NORAD are all becoming more dependent on space systems. In light of this, it is disconcerting to note that Canada has not made a significant effort to participate actively in the development of space-based programs for defence and surveillance. With space emerging as a fourth dimension of military operations, Canada needs to assess carefully whether it can afford to eschew involvement in space developments. Canada has consistently called for progress toward the objective of a ban on the development and deployment of all weapons for use in space. This is clearly a worthwhile goal; efforts to convince the surperpowers to regulate their military activities in space should be encouraged. However, in the absence of acceptable international agreements, developments in space are certain to continue. Moreover, although Canada is not likely to become involved with weapons testing in space, there are many other activities related to early warning and surveillance, communications, and navigation which Canada should participate in. Many of these have or promise to have significant commercial implications which cannot be ignored. Space-related industries are a classic example of the kind of "high-tech"

activities in which Canada must increasingly engage in order to maintain our standard of living. Canada has already demonstrated considerable expertise in such areas as telecommunications and satellite technology. Continued Canadian participation in and development of these and other space-related industries will require explicit government decisions to keep Canada in the front ranks of space manufacturing.[22] If Canada is not involved in any of the military dimensions of space activities, there is a great danger that we will become increasingly irrelevant to our own defence and that our research and development and industrial sectors will not be able to participate in the wide range of high technology activities associated with space developments. This will be to the disadvantage of our national economy and international standing.

Land Defence of Canada

The Mobile Command is charged with fulfilling the responsibilities assigned to the general purpose Regular and Reserve Land Forces in Canada. It has major responsibilities for providing troops for tasks related to the defence of Canadian territory, bringing Canadian units in Germany up to the war establishment, providing reinforcements both overseas and in Canada, and providing a mobilization base for expansion. Unfortunately, the present force structure of the Canadian Armed Forces leaves it incapable of meeting most, if not all, of its responsibilities. For instance, fulfilling our total NATO commitments would completely exhaust Mobile Command's current resources.

Nor is the situation with respect to equipment much more encouraging. Our Regular Force units, in a number of cases, do not have a full range of the operational equipment required for the training of reinforcements. In the case of the Militia and other Reserves, there is little modern equipment available for their training and use.

It is clear from NDHQ Mobilization Studies, and from the findings of this report, that a major increase in manpower for the Regular and Reserve Forces structure along with acquisition of the related equipment is essential. Moreover, the Militia (or Primary Reserves) needs to be organized on a Field Force basis in order to increase its effectiveness. These units must be available for deployment on short notice to fulfill the requirements of the Rapid Reinforcement concept. This requires that Reserve units each have a defined mission, a Regular Force component of 10 percent of the unit's war establishment, a good range of operational equipment and a body strength of at least 75 percent of establishment. It is also necessary to develop the Supplementary Reserve through expansion, annual updating programs and the maintenance of lists of specialized persons.

Peacekeeping

Canada's armed forces have long played a valuable role in international peacekeeping operations, and Canada currently participates in multinational United Nations peacekeeping activities in Cyprus and the Middle East. While it is recognized that peacekeeping operations are and will continue to be an important part of Canadian and NATO defence policy, Canada's contributions to such operations cannot be significantly increased until such time as the force structure of the Canadian Forces is restored to at least the 1964 level. In particular, the army component of the Canadian Forces should be increased so that we can meet both our primary defence commitments as well as peacekeeping obligations. Canada has clearly demonstrated both a willingness and an aptitude for peacekeeping operations through the United Nations. It is widely accepted that peacekeeping can provide an important contribution toward promoting both the security interests of the Western alliance and the reduction of international conflict. Once the Canadian Armed Forces have

been rebuilt along the lines proposed in this paper, Canada should consider the possibility of expanding its commitments in respect of international peacekeeping operations.

Manpower Requirements and Training

Underlying the previous discussion of Canada's NATO and North American defence commitments is the critical question of Canada's military manpower requirements. In assessing Canada's various defence commitments, the Sub-Committee on National Defence of the Senate Standing Committee on Foreign Affairs reported that the regular Canadian forces should be increased from its present strength of 82,800 to 85,500 by 1985 and then to 91,800 by 1987, with the immediate priority being to increase the forces stationed in Europe. It recommended little change for the primary and secondary reserves, which are currently drastically underfunded and clearly inadequate to fulfill the roles expected of them. In fact, manpower requirements for the initial day of potential hostilities in Central Europe and the northern flank are almost double what Canada now provides, and the reinforcements required for both these areas in the first thirty days of operations greatly exceed prior estimates and would more than exhaust the total pool of trained military personnel in Canada. Department of National Defence studies indicate that Canada would need some 200,000 trained military personnel in the first thirty days of European hostilities. The evidence suggests that our forces, in order to meet this thirty day requirement, should be augmented along the following lines: regular forces, up to 115,000; primary reserves, up to 61,000 (versus the current 20,000 poorly equipped reserves); and supplementary reserves, up to 25,000 (versus the current 17,000 unorganized and non-equipped forces). These targets should be vigorously pursued and major efforts should be undertaken to make the reserves much more effective. It is worth noting that these targets

mainly address the requirements for the first thirty days of NATO operation; a pool of trained manpower beyond these numbers would be needed to sustain operations over a longer period.

In arguing for a significant expansion of Canada's regular and reserve forces, it is important to consider that such an expansion could be undertaken as part of a broader national manpower training effort intended to reduce currently high unemployment -- especially among youth -- and to equip Canadians with needed technical skills and experience. The Canadian Armed Forces offer a proven, efficient and effective training capability which is capable of expansion, as recently confirmed by the performance of the military in carrying out the Youth Training and Employment Program (YTEP). Under YTEP, some 5,000 young Canadians have been enrolled in the Supplementary Reserve for a period of three years and have been called up during this period for a period of up to one year for intensive skill training and then employment with the Regular Forces. Both basic military training and trade training are provided by the program. This valuable initiative has demonstrated a number of positive features. First, YTEP provides young Canadians with experience and training in various trades which are or are likely to be in demand in the future. This clearly enhances the future employment prospects of the young persons involved. Second, YTEP has proven to be an extremely cost-effective means of reducing the unemployment problem of young Canadians. Over the two fiscal years 1983/4 - 1984/5, the Department of National Defence estimates that the program equates to a cost of $15,000 per person, and the evidence indicates that an expanded YTEP would cost in the area of $17 million per 1,000 enrolled persons per annum, plus the one time capital costs needed to provide additional infrastructure and other related facilities. In comparison with other government programs designed to address youth unemployment, an enlarged YTEP is thus likely to be highly cost effective. Third, a program such as YTEP can help to ensure that

the Canadian Armed Forces will have sufficient numbers of trained personnel capable of mobilization from the civilian sector to meet Canada's NATO commitments over an adequate period of time in the event of hostilities or crisis. For all these reasons, it is suggested that the YTEP program should be continued and that maximum efforts be made to expand its scope. At the moment an annual intake of 10,000 young people with a term of service of at least two years constitutes a feasible target. Expansion beyond this level should be considered once the Canadian Armed Forces are able to develop a capability to handle larger numbers of enrollees.

The government should give serious consideration to re-allocating funds from other less effective training schemes in order to provide an expanded YTEP. It should be possible to accept up to 20,000 new annual enrollees within one year if the proper priority is accorded to this important program.

Improving the Armed Forces: The Financing Issue

Since the early 1960s the proportion of both government spending and GNP devoted to defence has steadily declined. As a result of this trend, in recent years defence has accounted for only about 8 percent of federal spending and 1.8 percent of GNP, the latter figure being the second lowest in NATO. More recently, Canada agreed in 1978 to increase its defence spending by 3 percent in real terms annually and some important capital re-equipment programs have been initiated. However, overall the decline in the priority accorded to defence by the Canadian government during the late 1960s and early 1970s has had a serious impact in terms of personnel reductions and equipment procurement and maintenance. Moreover, virtually all of Canada's Western allies devote in excess of 3 percent of GNP to defence, with some as high as 7.5 percent.[23] Judging by this standard, Canada is clearly failing to carry its fair share of the Western defence burden.

The February 1984 budget envisages nominal percentage increases in the defence envelope of 11.2 percent for fiscal 1984/85, 8.6 percent for 1985/86, and 8.9 percent for 1986/87. This financial plan reflects a positive trend in the right direction. Since 1975 a commendable effort has been made to increase the capital program of the defence budget; the capital budget now accounts for about one-quarter of total defence spending. It should also be noted that Canada is one of only two NATO countries (the other being the United States) which has lived up to the commitment to increase defence spending by 3 percent in real terms annually. Unfortunately, in Canada's case, this is applied to a very low base due to the cut backs of a decade or more ago. In fact, the current size of the defence budget is roughly appropriate for the size of military establishment we currently maintain. The real problem is that our forces are inadequate in size for the job given them. A higher real growth rate must be attained, as recently noted in a government document leaked to the press, if our forces are to achieve a force posture appropriate to Canada's commitments in 1995. If one assumes that Canada's current commitments will be continued and that our forces once committed should be sustained effectively in operations, the Canadian Forces, both regular and reserve, will require major increases in manpower levels and equipment allocations to achieve a peacetime force posture and readiness state which will allow Canada to meet the requirements for the first thirty (30) days of NATO operations and to establish the mobilization base for expansion to sustain our forces for extended periods of hostilities. Preliminary estimates indicate that it would require an 80 percent increase in the defence budget in real terms, or the expenditure of approximately 3.4 percent of Canada's GNP or slightly more than 18 percent of the annual estimates in 1984/85 dollars, to meet the critical thirty days' requirement. Such an expansion of the defence budget will of course be very difficult to achieve, but this is what is needed from the standpoint of defence effectiveness.

While the needs of our armed forces are great, their ability to cope with a rapid and massive injection of funds is limited by current infrastructure and project management resources. Due to the major decline in the Canadian Forces' capabilities in the ten years between 1962/63 and 1972/73, and the inadequacy of corrective actions in the past ten years, the truncated defence infrastructure and training system are no longer capable of handling the full force requirements. What is ideally required is a phased and balanced program to overcome these difficulties and to avoid creating a major disruption in the national economy. But major changes in our defence posture cannot be deferred for long without exposing the nation and our armed forces to undue risk. A two phased, ten year program is set out below as the preferred course of action to bolster Canada's military capability.

PHASE I

1. Aim

To achieve a total force of 145,000 over the five year period 1985/86 to 1989/90 with the following components:

Regular Force	92,000
Primary and Ready Reserves	36,000
Supplementary Reserves	17,000
TOTAL	145,000

2. Outline Plan

(a) To increase the Regular Force by 10,000 net military positions at an average rate of 2,000 per year for five years;

(b) To increase the Primary and Ready Reserve Forces by 15,000 net military positions at an average rate of 3,000 per year for five years; and,

(c) To make the Supplementary Reserve an effective source of 17,000 retired military persons.

Preliminary estimates indicate that it would require a real growth of approximately 6 percent per year over a five year period in 1984/85 dollars to achieve Phase I, assuming an annual increase of 2.0 percent real growth in personnel costs; 3.0 percent real growth in operations and maintenance costs; and approximately 6 percent real growth in capital expenditures. It should be recognized that, in terms of 1984/85 dollars, funding at the levels illustrated in Phase I would result in a 33.8 percent increase in the defence budget and the achievement of moderately improved force levels. The concentration in this phase would largely be on equipment, but it includes a policy shift to begin the essential process of adjusting the manpower to existing equipment, particularly in forces stationed in and committed to Europe.

PHASE II 1. Aim

To increase the total forces from 145,000 to 201,000 over the five year period 1990/91 to 1994/95 with the following components:

Regular Force	115,000
Primary and Ready Reserves	61,000
Supplementary Reserves	25,000
TOTAL	201,000

2. Outline Plan

(a) To increase the Regular Force by 23,000 net military positions at an average rate of 4,600 per year for five years;

(b) To increase the Primary and Ready Reserves by 25,000 net military positions at an average rate of 5,000 per year for five years; and,

(c) To increase the effective Supplementary Reserve by 8,000 retired military persons.

In reviewing Phase II, it should be noted that, in terms of 1984/85 dollars, funding at the levels illustrated in Phase II would result in a further increase in the defence budget, bringing the total increase over ten years to approximately 79 percent. This would result in a significant improvement in force levels. In Phase II, the concentration is shifted to personnel from equipment, but the capital required for the essential process of building up the equipment pool and providing for operational reserves and necessary infrastructure is maintained at approximately 60 percent of the capital levels developed in Phase I.

The Business Council is fully aware that what is being proposed in the preceding paragraphs amounts to a very considerable financial undertaking. For the past several years the Canadian Government has provided the financial resources necessary to increase the defence budget by 3 percent per annum in real terms. In fact it has managed in some years to exceed this target. However, to overcome the deficiencies caused by the low level of spending in earlier years, a greater effort is now required. To implement the ten year, phased program which we are recommending, the government would have to allocate an additional 3 percent annually to the increase in defence spending. Otherwise, the readiness and capabilities of the Canadian Armed Forces will be impaired and we will continue to be unable to fully meet our commitments. It is important to note that the most recent federal budget envisages annual increases in the defence envelope of 9-10 percent through to fiscal year 1987-

88. Thus, with continuing low inflation, real annual increases of 6 percent would require only a modest rise in projected spending. In fact, at the current inflation rate, the BCNI proposal involves no additional increase in defence funding in the current fiscal year over the spending already called for in the fiscal plan. Over the next two fiscal years, assuming an inflation rate of 4%, the increases required to meet the BCNI objective would be in the range of 1.1 to 1.4% per annum or roughly $110 million to $135 million each year.

It is important to recognize that increasing the national resources devoted to defence and security can offer positive economic and industrial benefits. Virtually all countries reserve a major portion of their defence procurement to domestic industries. In recent years the Government of Canada has endeavoured to ensure that the major equipment procurement programs now underway (such as the CF18) provide substantial industrial and technological benefits to Canada, and this policy should be continued as additional equipment purchases are made. In view of the significant equipment acquisitions needed to bring Canada's defence capabilities up to an acceptable level, it is clear that the role of defence procurement in providing beneficial industrial and technological opportunities for Canadians must be borne in mind. For example, Canada has impressive high technology capabilities in our aircraft, computer, telecommunications, radar, laser and simulator industries; all of these will be increasingly important as Canada and its allies move to develop more advanced conventional weaponry. Canada thus has a clear opportunity to contribute to the growth of these and other domestic industries through increasing defence spending on weapons and other capital equipment used by the armed forces. It is also important to recognize that a greater Canadian defence effort is likely to make the U.S. in particular more willing to purchase Canadian goods in its own defence procurement.

Obtaining the extra funds needed to finance the much-needed improvements in Canada's military capability will not be a simple task, but nor should the difficulties be insurmountable. The Government of Canada now spends almost $100 billion per annum, of which only about $8 billion is budgeted for defence (1983/4 fiscal year). The spending increases proposed here would gradually shift a larger proportion of federal spending to the defence envelope, but the impact in any one year would not be disruptive; the increases in defence spending as a share of total federal spending would likely fall in the range of .5 to 1.5 percent per annum. There are three ways to raise the extra funds needed to implement the defence improvements discussed in this document: raise taxes, raise the deficit, or re-allocate spending to the advantage of the defence envelope. Given the current and projected levels of the federal deficit, it would not be wise to pay for higher defence spending by boosting the deficit. Because Canada now devotes a much smaller share of both government expenditures and GNP to defence than its Western allies, a strong argument can be made that a measure of re-allocation away from other government activities and programs to defence is justified. It may also prove necessary to consider modest tax increases as part of a long term program to restore Canada's military capability and credibility.

It is clear that the ten-year program discussed above to bring the Canadian Armed Forces up to a level where Canada can meet its defence commitments will require increased resources over a lengthy period. The current inadequate state of Canada's military capability means that efforts to bring about an improvement should not be delayed. Nonetheless, because of the federal government's serious financial and deficit problems, it may not be possible to complete the build-up recommended here in ten years. If so, then the government could extend the military improvement program to twelve or thirteen years. This would permit slightly more modest annual increases in defence spending, particularly in the initial years of the program, which are

likely to see intensifying fiscal pressures on Ottawa's budget. As noted earlier, however, the BCNI's proposals involve only slightly increased budgetary allocations for defence of roughly $100 to 300 million in the initial three years, over and above what is already contained in the government's fiscal plan.

NATIONAL PREPAREDNESS

A final aspect of Canadian defence and overall security policy that requires brief consideration is national preparedness. In the 1950s Canada had an impressive capability to mobilize its military and civilian resources in the face of situations of international conflict or emergency, partly because of the existence of a large pool of wartime trained manpower. However, over the years the efforts devoted to maintaining a mobilization base and to national preparedness declined sharply. The strategic importance of being able to effectively man, sustain and deploy our conventional force contribution as part of Canada's NATO commitment was overlooked. Canadian policymakers long took for granted that any European conflict would take the form of a "short war" rather than a potentially lengthier conflict requiring the commitment of substantial conventional NATO forces. Moreover, during this same postwar period Canada's civil preparedness declined and the defence industrial base was badly eroded. As a result of these developments, by the 1970s virtually no mobilization planning was done in Canada and the attention given to questions of industrial and civil preparedness was minimal.[24] Indeed, as late as 1975 the federal government was asserting that Canada did not require any kind of mobilization plan.

Over the past few years, the Department of National Defence and, to a lesser extent, other government departments have begun to treat the interrelated issues of military mobilization, national preparedness and emergency planning more seriously. Government statements now express the view that the ability of the Canadian Forces to meet and sustain their various commitments in the context of an emergency or conflict situation is an important consideration. The Department of National Defence still does not have a coherent mobilization plan or a mobilization force structure, however, and Emergency Planning Canada and other departments responsible for aspects

of civil planning and preparedness await DND leadership in this area. One recent welcome development that deserves mention is the decision to establish an Advisory Committee on Industrial Emergency Planning by the Minister of Regional and Industrial Expansion. The Advisory Committee is to advise the Minister with respect to the latter's responsibilities in the area of emergency planning for industrial production. Other departments should move in the same direction by developing concrete plans to deal with their own responsibilities concerning emergency planning, as stipulated in the Emergency Planning Order approved by the federal cabinet in 1981. It is vital that a more comprehensive approach to national security planning be developed in Canada so that a military mobilization plan and planning for civilian emergencies can be undertaken in a coordinated fashion. In this connection, new legislation may be required to give the government the authority to take action in the area of mobilization and preparedness. There is a need for leadership in this field at the level of the Prime Minister, who should give direction to government departments under the Emergency Planning Order and ensure the performance and accountability of designated ministries.

CONCLUSION

Canada must do more in the area of national defence in order to strengthen the NATO collective security alliance, to protect and more effectively assert sovereignty and control over Canadian territory, and to establish a more credible basis from which Canada can seek to influence international and NATO discussions of security matters. As presently constituted and equipped, the Canadian Armed Forces are incapable of fulfilling the tasks assigned to them, with the result that Canada is not meeting its alliance commitments. Moreover, unless a major program to improve and increase the Armed Forces is developed and implemented, the likelihood is that this situation will deteriorate in the years ahead. A significant effort has been made in recent years to increase Canadian defence spending quite considerably; this must be expanded and continued over the next decade if we are to provide for our own security and our NATO commitments are to be met.

The Business Council believes that Canada must strengthen both its credibility within the alliance and its ability to defend its own territory. Put simply, substantial improvements must be made in the country's military capabilities. These improvements will require considerable financial resources and difficult public policy choices.

Canadians would be well advised to look upon the increased defence expenditures advocated in this paper as part of a kind of overall Western insurance policy designed to safeguard Canada and its democratic allies from aggression and to deter international conflict. Regardless of the doubts expressed in some quarters, the indisputable fact is that NATO has kept the peace in Europe for thirty-five years and allowed the nations of Western Europe to maintain their freedom and democratic systems. NATO has also

been instrumental in protecting and enhancing Canada's own security in what has become an increasingly dangerous world. The insurance "premium" paid by the Western nations to support the alliance and Western defence generally is modest in comparison with the price that might have to be paid were the alliance to disappear. Canada has not been contributing to the payment of this premium in a fashion commensurate with either its international standing or economic strength, and this neglect of our military and alliance commitments must be brought to an end.

SUMMARY OF MAJOR RECOMMENDATIONS

1. Canada's security policy should continue to be based on participation in collective security arrangements such as NATO and NORAD. However, while the present concept of collective security remains valid, it will be necessary to up-date and broaden the scope of Canada's security interests to include the Pacific and Arctic dimensions, the space dimension, the promotion of Canada's territorial sovereignty, and the protection of our national interests in other strategic areas of the world beyond NATO boundaries.

2. In order to meet our commitments in a fully effective manner, the Government of Canada, beginning in 1985/86, should strive to increase the defence budget by 6% in real terms per annum for a period of at least ten years, with a view to maintaining the budget thereafter at that level with appropriate adjustments for inflation. In the event that financial pressures on the government make it impossible to meet this goal, the proposed military buildup be extended over a slightly longer period, say twelve years. In any case, annual increases in defence spending required to implement the BCNI's recommendations, over and above those already contained in the fiscal plan, would be in the range of $100 to $300 million per annum in the initial years.

3. The force structure of the Canadian Armed Forces should be increased to provide regular and reserve forces at a suitable readiness state to meet Canada's NATO commitments for at least thirty days; the objective should be to ensure that our stationed and earmarked forces are equipped to 100% and manned to 90% of their designated strength levels in peacetime. This would require a force structure of approximately 115,000 Regulars, 61,000 Primary reservists and an effective Supplementary Reserve of 25,000.

4. Canada should continue to support the NATO strategy of deterrence based on a forward defence posture and the doctrine of flexible response.

5. Canada should also actively support NATO force modernization plans, particularly those related to the conventional component of NATO forces.

6. Canada must continue to be an active proponent of arms control and disarmament measures to achieve mutual, balanced and verifiable reductions. Canada's influence in this respect will be enhanced to the extent that we are an effective contributor to our own defence and that of our allies.

7. Canada should maintain its current non-nuclear posture, but in doing so must not view this as allowing Canada to assume a higher moral position than its allies who collectively provide a large measure of our overall security.

8. Canada should maintain its land and sea commitments to the NATO Central Front and Northern Flank, and take all necessary steps to increase the war establishments of CFE, 4CMBG, 1CAG, the Canadian Support Group in Germany, and the CAST Brigade Group and Canadian Support Group for Norway up to the mandated NATO levels in order to make them viable operational formations. These forces should have the necessary air defence, local defence and hardened facilities and the capability to conduct sustained operations for at least thirty days.

9. Canada should also maintain its commitments to NATO and North American maritime defence operations and increase its maritime

capabilities through the provision of additional frigates, diesel electric submarines, maritime patrol aircraft, ships for mine warfare and sea-denial operations and the possible arming of maritime patrol and fighter aircraft resources. The fleet composition proposed by the Senate Sub-Committee on National Defence would provide an appropriate mix of capabilities. Canada should also develop and deploy the technical means essential to sub-surface defence of Canadian waters in the Arctic archipelago.

10. Canada should continue to participate in the NORAD Agreement and make an appropriate contribution to the evolving aerospace defence of North America. In particular, it should participate in the modernization of the Dew Line and give active consideration to replacing the capability of the Pinetree Line with airborne warning and control aircraft (AWACs), either through direct national purchase or under a shared cost and joint manning arrangement with the United States.

11. Peacekeeping should continue to be a role for the Canadian Armed Forces in future defence policy, but the Forces' capabilities for both primary commitments and peacekeeping operations must be raised to permit effective participation in such operations.

12. Canada should consider how to participate in the space activities of the United States Armed Forces in order to ensure that we continue to be relevant to our own defence and that of the alliance and that Canadian space and technology industries are able to benefit from a broad range of space-related military development activities. The Canadian Armed Forces should be provided with the necessary satellite systems for position-fixing and navigation, military communications, intelligence and surveillance and search and rescue missions.

13. In developing the manpower plans for meeting the Regular Force requirements, the Youth Training and Employment Plan (YTEP) should be reinitiated and expanded as a national service multi-year plan (two or three years) at an annual intake of at least 10,000 young persons, with a view to meeting part of our defence manpower requirements from short-term volunteer resources and, at the same time, returning approximately 10,000 trained persons per year to the civil industrial community after the completion of training. This will contribute to the building of a pool of militarily trained manpower which could be available to meet the mobilization requirements beyond the first thirty days of a national and international emergency. It will also provide welcome employment and training opportunities for young Canadians.

14. The Government of Canada should establish an educational and information program to ensure that Canadians are adequately informed about NATO strategy and the defence and preparedness activities related to that strategy. This should include information on Soviet capabilities and activities.

15. Consideration should be given to the drafting of new legislation to permit the government to make graduated responses and enable it to draw on civilian capabilities in crisis situations short of war and to provide the authority to mobilize reserve forces and civilian resources as required by crises or the outbreak of hostilities. Civil preparedness planning should be accorded a higher priority and government departments should accelerate the completion of preparedness plans.

FOOTNOTES

1. The best source of reliable information on comparative NATO and Warsaw Pact military strength is The International Institute for Strategic Studies publication, The Military Balance; the 1983-84 issue was used in preparing this paper.

2. See The Commission on U.S.-Soviet Relations, The Soviet Challenge: A Policy Framework for the 1980s (New York: Council on Foreign Relations, 1981).

3. There is some dispute concerning how rapidly the Soviet Union has been increasing its real defence expenditures in recent years, with some analysts suggesting 4-5 percent and others (including the U.S. Central Intelligence Agency) closer to 2 percent. See the NATO publication, NATO and the Warsaw Pact: Force Comparisons, p. 41.

4. Coit D. Blacker, "Military Power and Prospects," Washington Quarterly Volume 6 (Spring 1983), pp. 57-9; Harriet Fast Scott and William F. Scott, The Soviet Control Structure: Capabilities for Wartime Survival (New York: Crane, Russak, 1984).

5. Blacker, op. cit., pp. 57-61.

6. Joseph D. Douglass and Amoretta Hoeber, Soviet Strategy for Nuclear War (Stanford: Hoover Institution Press, 1979).

7. Raymond L. Garthoff, "Mutual Deterrence and Strategic Arms Limitation in Soviet Policy," International Security, Volume III (Summer 1978), pp. 112-47.

8. Sweden, a neutral country with a population of 8.3 million, has total armed forces of some 70,000 and can mobilize up to 800,000 within 72 hours. Moreover, it has developed a very extensive domestic defence industrial base. Switzerland, another neutral European country of 6.4 million, can mobilize no less than 625,000 troops in 48 hours and requires recruit training of all male citizens. The Military Balance, 1983-1984, pp. 43, 47-8.

9. Peter C. Newman, True North: Not Strong and Free (Toronto, McClelland and Stewart, 1983), p. 164.

10. Karl Kaiser, Winston Lord, Thierry de Montbrial, David Watt, Western Security: What Has Changed? What Should Be Done? (New York: Council on Foreign Relations, 1981) pp. 17-18.

11. Michael Howard, "Reassurance and Deterrence," Foreign Affairs, Volume 61 (Winter 1982-83), pp. 322-3.

12. Ibid, p. 322; General Bernard W. Rogers, "The Atlantic Alliance: Prescription for a Difficult Decade," Foreign Affairs, Volume 60 (Summer 1982); Steven Canby and Ingemar Dorfer, "More Troops, Fewer Missiles," Foreign Policy, Number 53 (Winter 1983-84).

13. The Military Balance, 1983-1984, p. 137.

14. Canadian Institute of International Affairs, The Other Road to Security: Canada and Disarmament, June 1982.

15. Canada, Standing Senate Committee on Foreign Affairs, Proceedings of the Sub-committee on National Defence, October 28, 1982, pp. 1:47, 1:61, 3:32.

16. Canada, Standing Senate Committee on Foreign Affairs, Proceedings of the Sub-committee on National Defence, November 25, 1980, pp. 3:16, 3:17, 3:26.

17. Report of the Sub-committee on National Defence of the Standing Senate Committee on Foreign Affairs, Canada's Maritime Defence, May 1983, Chapter 1.

18. Ibid, p. 9.

19. Ibid.

20. Ibid., p. 113.

21. Ibid, pp. 50-52.

22. The Canadian Institute of Strategic Studies, Canada's Strategies for Space: A Paradox of Opportunity (Toronto, 1983).

23. The Military Balance, 1983-84.

24. William J. Yost, Industrial Mobilization in Canada (Conference of Defence Associations, 1983).

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