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THE STRATEGIC OUTLOOK FOR CANADA

FERRY DE KERCKHOVE

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Conference of Defence Associations Institute

151 Slater Street, suite 412A
Ottawa, Ontario K1P 5H3
613 236 9903
www.cdainstitute.ca

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THE STRATEGIC OUTLOOK FOR CANADA 2015

THE AUTHOR[1]

FERRY DE KERCKHOVE

Executive Vice-President, CDA Institute

Senior Fellow, Graduate School of Public and International Affairs, University of Ottawa

Distinguished Alumni, CDFAI/ICDAE

Former High-Commissioner to Pakistan

Former Ambassador to Indonesia

Former Ambassador to Egypt

Member of the Board of the CDA Institute

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ADVISORS

The listing of advisors does not imply concurrence with the authors' findings, rather they were a consultative resource to whom the authors are grateful. (Advisors with an * are members of the CDA Institute Board of Directors.)

The Hon Lloyd Axworthy
Former Minister of Foreign Affairs

Mr. Tony Battista*
Executive Director, CDA/CDA Institute

Mr. David C. Bennett
Former U.S. Diplomat
Professor, U.S. Army War College

LCol Dr. Doug Bland (Ret'd)
Former Chair, Defence Management Studies
Queen's University

Dr. Darrell Bricker*
CEO, IPSOS Public Affairs

LGen Charles Bouchard (Ret'd)
President & CEO, Charles Bouchard and Associates
Chief Executive, Lockheed Martin Canada

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Former Director Public Affairs, Canadian Armed Forces
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Editorial Advisor, Frontline Defence Magazine

Vice-Admiral Ron Buck
Former Vice-Chief of Defence Staff
President, Navy League of Canada

Mr. Richard Cohen*
President of RSC Strategic Connections Inc.
Former Colonel, British Army

Mr. David Collins*
Former Canadian Ambassador
Managing Director, David Collins Inc.
Scotiamere

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Former Canadian Ambassador
President, RCBI

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Professor, Royal Military College of Canada

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Former President, CDA Institute

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Former Vice President Public and Government Affairs, Magna International
Publisher & Managing Editor, Ottawa Life Magazine

LGen Richard Evraire (Ret'd)*
Former Military Representative to NATO
Chairman, CDA

Mr. Robert Fowler
Former Canadian Ambassador to the UN
Former Deputy Minister, Department of National Defence

LGen Michel Gauthier (Ret'd)*
Independent Consultant, Follow-the Sapper Consulting
Former Commander, Canadian Expeditionary Force Command

MGen Daniel Gosselin (Ret'd)
Former Commander, Canadian Defence Academy

Dr. Ann Griffiths
Co-Director and Resident Research Fellow, Centre for Foreign Policy Studies, Dalhousie University

Mr. Ken Hansen
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Gen Ray Henault (Ret'd)*
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President, GEM Strategies
Senior Partner, CFN Consultants

BGen Don Macnamara (Ret'd)*
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MGen Lewis Mackenzie (Ret'd)
Former Commander UNPROFOR – Former Yugoslavia

Dr. David McDonough
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Associate, CFN Consultants

Col Alain Pellerin (Ret'd)*
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Mr. David Perry
Senior Security and Defence Analyst, CDA Institute
PhD Candidate, Carleton University

Hon Capt (N) Colin Robertson*
Senior Strategic Advisor, McKenna, Long & Aldridge LLP
Vice President and Senior Fellow, Canadian Defence and Foreign Affairs Institute
Executive Fellow, School of Public Policy, University of Calgary

Vice-Admiral Drew Robertson*
Former Commander, Royal Canadian Navy

Ms. Valerie Shapiro
President, Canadian International Council
Vancouver Branch

Mr. David Smart
Adjunct Professor and Sessional Lecturer, School of Public Administration, Dalhousie University
Founder and Principal, Get Smart Consulting

Mr. Vernon Turner
Former Canadian Ambassador to Russia

Commodore Kelly Williams (Ret'd) *
Senior Director Strategy and Government Relations, General Dynamics Canada

Cdr Ian Wood (Ret'd)
Defence Fellow, Centre for Foreign Policy Studies, Dalhousie University

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FOREWORD

It is with considerable pleasure for the Conference of Defence Associations Institute (CDA Institute) to present Vimy Paper 22: The 2015 edition of the Strategic Outlook for Canada, authored by Ambassador Ferry de Kerckhove (Ret'd).

In the volatile security environment of the 21st Century, countries have not only come face-to-face with a broad range of new domestic security and defence challenges, but also an increasingly complex set of international responsibilities, none of which can be simply wished away. The growing threat to security has been characterized as conventional and asymmetrical – with traditional war-making, terrorist and violent criminal activities compounded by the need to respond to man-made and natural disasters – compelling international state-systems to think and act more globally in a changed and changing world. In such an uncertain environment, countries must reassess their security and defence mechanisms and work diligently to anticipate, understand, and deal with evolving trans-border and borderless threats. Events of the past year – particularly the lone-wolf style attacks conducted by autonomous and radicalized individuals – have shocked many, including Canadians, making us increasingly aware that Canada is not immune to these types of attacks. Our participation in NATO, NORAD and other multilateral institutions continues to challenge Canadian policy-makers to apply the necessary ways and means to deal with the multitude of threats.

For Canada, the past year has been marked by both success and failure; by an overwhelming sense of national pride, but also of tragedy. Some of the constructive endeavours undertaken by Canada in 2014 included participation in the American-led coalition against ISIL, the dispatch of both human and material resources to fight against radicalized acts of terror, and the deployment of medical and logistics resources to West Africa to help combat the Ebola crisis. However, last year was also clouded by challenges including the enduring issue of budget cuts to the Canadian Armed Forces, the absence of a publicly available defence policy, and further delays in decision-making on major defence acquisition programs.

Moving forward, this year's Strategic Outlook highlights the crucial elements of Canadian security and defence that Government needs to focus on. It also underlines the ever-increasing gap between the resources required to respond to on-going and future commitments and those available. All this leads to the fundamental need for a renewal of the Canadian security and defence framework – including its foreign, defence and domestic security policies – and a firm commitment by Government to provide the resources required to equip and prepare all instruments of national security, including the Canadian Armed Forces, to take effective action when called upon.

This Strategic Outlook provides an assessment of Canada's role and capabilities in these changing times. It underscores that most, if not all, responses will require sustained resolve and commitment by the Canadian government. It also reaffirms the need to educate and enlighten the Canadian population on security and defence and calls upon our government to articulate policies and apply the resources needed for the planning and execution of both short and long-term responses to the domestic and international security threats.

Many of these conclusions are reinforced by the results of a survey of Canadian attitudes towards security and defence conducted on behalf of the CDA Institute by IPSOS and its CEO, Darrell Bricker.

Canada's Strategic Outlook 2015, Vimy Paper 22, complemented by the IPSOS survey, provides much food for thought as the national and international security environment continues to evolve. The debate that is likely to be energized by the resulting findings and conclusions is therefore welcome

General Ray Henault (Ret'd), CMM, MSC, CD,
President of the CDA Institute

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EXECUTIVE SUMMARY

2014 was an extraordinary year marked by two major crises that have led, in the few months following the departure of our last troops from Afghanistan, to Canada taking part simultaneously in two military missions which now carry over to 2015. The first was the dispatch of a CAF contingent to Europe in support of the sovereignty of our Eastern European NATO partners and to stand up to Russia's aggressive posture subsequent to its criminal takeover of Crimea from Ukraine; the second was sending a training mission and another CF-18 contingent as part of the US-led coalition to counter the self-proclaimed Islamic Caliphate's aggression in Iraq and Syria. These and other events, such as the lone-wolf attacks at Ottawa's cenotaph and in St. Hubert, have reminded Canadians of the critical role of their government in providing for the defence, security, and safety of its citizens.

The world is indeed a dangerous and unpredictable place considering the challenge of facing simultaneously the apparently delusional leader of a nuclear power, the insanity but single-mindedness of a group like the Islamic State, a China playing hot and cold between a leading role in the world economy, and flexing its muscle in the China seas, the gigantic mess in Libya, Iraq and Afghanistan, the continuing killing fields in Syria, and, to top it all, an international economy with the price of oil playing yoyo in a mix of politics and economics. The negotiations with Iran offer a field day for both optimists and pessimists.

The backdrop trends of the last few years have not changed considerably. Leadership remains at a premium; international institutions are showing their age and their members' resistance to sacrificing some sovereignty for the common good; weak governance in nearly every country of the world continues to erode the people's confidence in their government, rising extremism underscores a fundamental civilizational problem, while insurgencies and irredentism push some states in name only to the verge of collapse.

In the face of the recent crises which will define the international stage in 2015 and beyond, the Government's responses have significant implications for Canada's future defence posture. According to Doug Bland, one of Canada's best analysts on defence issues, the problem is not so much "*the absence of a coherent foreign policy upon which to build the armed forces, but the absence of a defence policy aimed at providing an adequate armed force for Canada's use in any number of areas -- including foreign, domestic, allied, international, and humanitarian missions... With a reasonably and adequately structured CF, Canadian governments will be well positioned to undertake most missions where military capabilities are required and/or appropriate; on the other hand, without such capabilities any number of future missions in any policy field will fail*." While the Harper Government did commit early in its mandate to build a stronger CAF, the more recent commitment to balance the books by the time of the next election has caused a significant deviation from their strategy. Canadians must realize that the recent timely and effective responses by the Canadian Armed Forces to international events masks a considerable decline in their capabilities and readiness, the latter due to cuts and freezes to the operating funds that fund the fuel, training and maintenance that build readiness.

Despite the recent encouraging agreement on the construction of the Arctic Offshore Patrol Ships and the procurement decision on surface combatants, the Navy enters 2015 significantly weakened; the Government's deficit cutting has resulted in a 23% cut in the Navy's funding to keep what remains of the available fleet at sea. The Air Force is awaiting a decision on the replacement of its ageing fleet of CF-18 aircraft. The Army is doing better but still suffers from under-equipment and under-manning.

The figures speak for themselves. The 2008 Canada First Defence Strategy (CFDS) has not received the promised stable funding but has rather seen steadily greater cuts. The defence budget is now smaller in inflation-adjusted terms than it was in 2007 and has been subjected to $32 billion in reductions over the 20-year CFDS timeframe with an additional $5 billion in accrual space moved beyond the 2028 end of the CFDS timeframe. Despite an additional $9 billion in pressures on the budget over the life of the CFDS, due to the impact of the 2010 and 2014 operating budget freeze, the available funding has not been changed and meeting the pressures will displace other commitments from the CFDS.

Capital spending has declined for the last four years, in part due to an inability to replace major equipment, leaving approximately 25% of funds budgeted for capital spending unspent for each of the last four years. In nominal terms, between 2009/10 and 2012/13, DND failed each year to spend a minimum of $1 billion of its available funds. Today, capital spending is now approximately 14% of Defence expenditures, the lowest level of capital spending since 1977/78 – a declining share of a

declining DND budget – when the ratio should be over 20%. At the current rate, rust out is the likely outcome with a growing backlog of spending to be undertaken in future years, aggravated by the fact that budgets for deferred equipment purchases typically lose significant purchasing power over time. DND's program exceeds not only the financial resources to implement it at present, but it also has a shortage of staff, military or civil servants, with the right training and experience to effectively implement it.

Looking ahead, the cumulative effect of deferrals and delays will be that most of the fighting fleets of the RCAF and RCN will be being replaced in the years around 2025, creating a procurement demand that must be resourced, or the CAF's capacities will be further reduced.

The effects of the bow wave in 2025 of money not spent on capital, of the constant higher rate of inflation eating into purchasing power, of procurement deferrals (new fighter aircraft, Auroras replacement), delays (JSS, Cyclones), and cancellations will impose some serious choices on leaders of the future, unless resourced, including the possibilities of further deferrals while existing equipment ages. Is there a way today to make these choices easier in the future? Although some positive measures have been taken by the Government to prepare for those procurements, any optimism should be measured, at best. The reality is that we are entering a period of continued decline, diminished CAF capabilities and capacities, less training and lower output, with consequently reduced influence on the world stage and weakened contribution to our own security, domestic and international. This is not where a G-7 country with Canada's interests would wish to be.

Fundamentally, given that financial constraints are driving strategy and not the other way around, a full, independent, transparent rethink is absolutely essential. But any rethink must look at all our instruments of influence, not just defence, hence our "yearly call" for a foreign, trade, aid, security as well as defense policy review.

The consequences of all this should be made clear to Canadians. Indeed, although defence will not be very much of an election issue, it does not mean that Canadians don't want effective armed forces, but convincing them we are on the wrong path will take ownership of the issue by the political parties. This year's elections only reinforce our call on the new Government of Canada emerging from them to undertake a full foreign, trade, development and defence review in order to present a unified vision of Canada's role in the world and of the requirements, globally, to exercise it. **In simple terms, what do we want to do in the world, and how!**

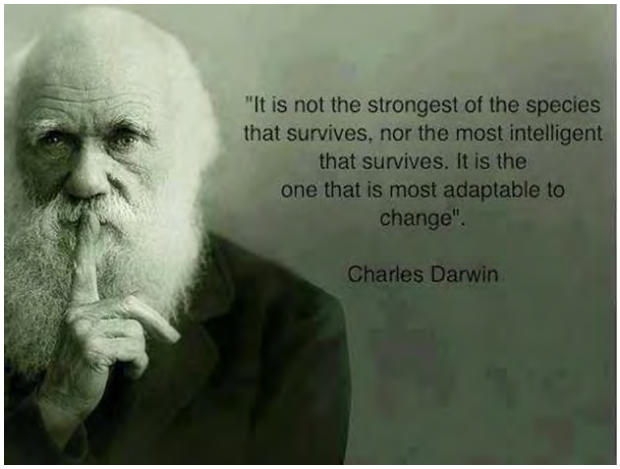
It behooves institutions such as the CDA Institute, CDFAI, the MLI, the CIC, etc. to address these issues in a non-partisan way, emphasizing the following, hoping that they will be picked up during debates.

Recommendations

A) The overarching requirement:
- A call on the government to undertake a full, integrated foreign, trade, development and defence review with a view to presenting a unified vision of Canada's role in the world and of the requirements, globally, to exercise it;
- A National Security Strategy should also be produced.

B) Defence recommendations:
- A call on the government that the Defence Policy (possibly a White Paper) component of the review include:
  1. Producing a long term investment plan, including a funded procurement strategy and speeding the implementation of the DPS;
  2. Producing a review of previous studies on Defence Renewal and Transformation;
  3. Setting out a program of rationalization of defence infrastructure and bases;
  4. Developing a framework for an expansion and a better use of the talents of reservists in new specialties and, funds permitting, keeping a small number of Reservists at the same training level as the Regular Force, for faster deployment in line with the report of the 2011 Standing Senate Committee on National Security and Defence *Answering the Call – The Future Role of Canada's Primary Reserve*, and subsequent studies.

C) Defence-related recommendations:
- A call on the government to elaborate a full-fledged policy on intelligence, cyber-security and cyber-terrorism, under the leadership of the Communications and Security Establishment, with a particular attention to DND's cybersecurity infrastructure as per the Auditor General's report;
- A call on the government to provide clarity on the extension of the anti-ISIS commitment.



1. INTRODUCTION: THE WITHERING AWAY OF REASON?

As *Strategic Outlook* enters its fourth year, in light of the amazing set of changes in the international environment, one has to wonder how Canada's security and defence posture has helped it meet the Darwinian challenge, particularly at a time when rational thinking and reality seem to give way to fiction, message crafting, and even sheer insanity.

At the macro level, the point of departure of any reflection always seems to be the 1989 fall of the Berlin Wall. Memories of the Cold War had mostly faded until Vladimir Putin's recent shenanigans got NATO's adrenaline flowing anew. The past 25 years, scholars say, were marked by what has been described as Pax Americana. Yet very few real achievements were made in terms of transforming a world that had lived under the yoke of nuclear terror for nearly 50 years into a more unified, progressive, inclusive, and law-abiding global community. The "peace dividend," which was supposed to accrue from the end of the Cold War, was wasted through ill-management of conflicts inherited from the post-World War II set-up, notably in the Middle-East, the Balkans, South Asia and Africa, as well as in the aftermath of the fall of the Soviet Union.

Then came 9-11 and the birth of the "war on terror" which, some argue, altered the course of history and the world's perspective of itself, as it now faces what "*we have today, uniquely in human history … a terrorism that seems myopically focused on killing as many people as possible and which has no clear political goals and no stated territorial aims*."[2] Altogether, not counting lives lost, between the economic losses worldwide resulting from 9-11 and the subsequent wars in Afghanistan and Iraq, the total cost has exceeded $5 trillion. More than a decade has been spent fighting global Jihad of which ISIS (Islamic State of Iraq and al-Sham) is the latest incarnation. The West has been engaged in wars that have invariably failed to meet their objectives, assuming that these were ever made clear to the populations concerned. In addition to the Iraq and Afghanistan operations, which no one objectively could call a success, Libya and Syria have been gigantic disasters, admittedly not all of the West's making. These wars, however, have brought a hardening of anti-American sentiment in the world, notably in Muslim/Arab countries.

While the Arab Spring initially had many believe that yet another turn in history was in the making, this proved as illusory as the West's naïve belief that Russia would slowly "become like us," particularly considering the West's treatment, real or perceived,

of Yeltsin's Russia as an "unruly adolescent." But this has left a world quite scarred and the US in a state of introspection, while new centres of power have emerged contesting an American leadership which the US seems at times no longer to want.

In last year's edition of Strategic Outlook, we attempted to understand if US retrenchment could be explained as a temporary phenomenon, out of war-weariness and hesitant leadership, or if it reflected a basic American trend despite more than a century of involvement in wars. Regarding China, the fundamental issue was and remains whether it will eventually play a leadership role in promoting stability in the world, even at the cost of infusing flexibility in the aggressive pursuit of its interests. Our take on Russia was quasi-prophetic in highlighting Mr. Putin's adversarial view of the West and his focus on building a Eurasian Empire. The events in Ukraine occurred just a few months later. Since then, Mr. Putin has clearly provided a delusional interpretation of facts on the ground.

With the recent aggression in Ukraine, the world has once again been witness to the quest for excessive power trumping international law and the semblance of common values as just that, semblance. With the onslaught of ISIS, the key confrontation in years to come will be that of competing values, within a vortex of a quest for power. Last year, we dedicated a section to the highly sensitive subject of "religion, politics and ethnicity" and referred to "Huntingtonian, religiously inspired or exploited conflicts." Rationality has little place in such a debate. Clearly, as so aptly put by former Al-Qaeda in the Maghreb (AQIM) hostage and senior Canadian official Bob Fowler who experienced it first-hand, "*however much we might wish it were so, there are effectively no universally agreed essential values, and we have had little success, anywhere in the world, forcing people to trade their values for ours.*"[3] With the coming of age of Asia, extremism on the rise in the Middle East, and the withering away of Western dominance, *peaceful coexistence of* values might be as critical as Cold War peaceful coexistence!

An assessment of Canada's role in these changing circumstances requires an act of faith regarding the pursuit, by the Canadian government, of well-define security and defence objectives which are not clouded by partisan bickering or ideological bent. These objectives should be generous in nature and informed by a clear sense of the threats facing our country and our people. Then and only then will it be possible to understand what defence requirements the Government should fulfill. In other words, and in keeping with the concern for values coexistence, the model that the Government should pursue is one of openness to cooperation and firmness on values. As the country approaches a federal election the debates around which should identify, among other things, the role Canada wishes to play in the world for the next 5 years and the resources its government plans on committing to the protection and security of its citizens at home and abroad, the voting public will need to be given clear and timely information on the security and defence policies it intends to pursue and on the means of implementing them.

2. A CHANGING INTERNATIONAL ENVIRONMENT: REALITY TRUMPS FICTION

"I do not feel obliged to believe that the same God who has endowed us with sense, reason, and intellect has intended us to forgo their use."
(Galileo Galilei, Letter to the Grand Duchess Christina)

As Niels Bohr once said, "*Prediction is very difficult, especially about the future.*" It is an oversimplification to state that we are facing an inordinate number of international crises of varying nature and character: Russia, Ukraine, Syria, Iraq, ISIS, now the "Islamic Caliphate", expansion of the crises in Sudan/South Sudan, the Central African Republic (CAR), Mali, the Democratic Republic of Congo (DRC), continuing stalemate between Israel and the Palestinians following the Gaza war, Boko Haram. Meanwhile, China's muscle flexing continues, provoking Japan and other neighbours into expanding their military capabilities; the negotiations with Iran have been extended in order to bridge the remaining wide gap in substance and trust; North Korea continues to improve its longer range rockets in distance and payload. As George Packer puts it, "*It has been a year of shocks. They originated in unhappy places well outside the charmed circle of safety, comfort, and freedom, but their impact was deeply felt in the West, where the structures of power and principle that used to contain such disruptions no longer seem to exist.*"[4] In fact, we are facing a fundamental challenge to the existing order, assuming one still exists.

What international order?

The world seems to be at a crossroads. It is indeed very hard to find any solace today as events seem to be undercutting conventional wisdom about the evolution of the international system and uprooting some of the basic tenets which we, maybe arrogantly or naively, thought were the foundations of international order, i.e., rules-based norms and institutions, underpinned by a growing body of international law. Three major events occurred for which the West was ill prepared:

- Russia's takeover of Crimea saw a piece of territory, likely irretrievably taken by one sovereign state from a sovereign neighbour in contradiction with international law, the UN Charter and bilateral agreements. The last such attempt, Kuwait, was overturned during the first Gulf War.
- The banned use of chemical weapons by a government against its own people, yet leading to a double "reward" – the removal of the stockpiles by the international community at no cost to the culprit and the maintenance in power of the pariah responsible, Bashar Al-Assad.
- Today an armed struggle either harks back to the days of the crusades or portends a very worrying future, i.e. the Shia-Sunni armed struggle across national borders of mostly failed states, which has spawned ISIS. Ungoverned territories such as Libya, Northern Mali, parts of Syria and Iraq offer vacant space for such groups to expand.

Seven critical trends

These significant events and many others underscore the cumulative onset of major trends with potentially serious impacts on Western security and our way of life. Few will be resolved in 2015 but they will continue to challenge the Canadian leadership as to what role, if any, our country can play or should continue to play to alleviate their effect. The complexity of today's world and the multifaceted nature of threats, military and non-military make the challenges more ominous than ever.

1. An evident **crisis of leadership** is explained in part by war-weariness, considerable neo-isolationism amongst our public opinion, and uncertainties regarding national interests in the face of an increasingly complex and polarized world. But there is definitely a failure on the part of leaders themselves, with a lack of trust fostered by WikiLeaks and Snowden's revelations. The crisis of leadership appears to be pandemic in the West. Beyond President Obama's tenure, a legitimate question remains as to US leadership post-2016. Leaders, including those in Ottawa, fail to articulate the specific 'national interests' at risk or at stake in arising situations. Leaders' statements appear to obfuscate, as evidenced in the contrived early statements of President Obama on ISIS. More often than not, the members of the public are poorly informed – even misinformed – and do not indulge in any critical analysis. Hence they often accept superficiality and spin as substance. Canadians deserve better.

2. There has been a world-wide **institutional crisis** accompanied by a diminution of confidence in multilateral diplomacy which is plaguing today's ability to defuse crises at an early stage. This institutional crisis affects NATO particularly. Initially formed as a collective defence alliance of like-minded nations, NATO undertook out-of-area operations after the 'fall of the wall,' justifying these on the basis of regional stability being part and parcel in its members' common interest – defined as the need to defend our common values (democracy, freedom and human rights), seen at risk in the new and challenging security environment. Today it rattles a worn and rusty sabre while its members fail to realize that its means hardly meet its language and that its victories are Pyrrhic at best – e.g., Libya, Afghanistan. Despite its fundamental role in enshrining collective security and preventing war, the UN's effectiveness is determined by its members. It succeeded in responding to the attack on Kuwait 25 years ago. It has utterly failed thereafter, thanks to the veto power of the 5 permanent members of the Security Council.

3. The third trend has an economic and social underpinning in the form of a general **crisis of confidence** by our populations in the face of growing income inequalities which has an impact on the "guns vs. butter" debates in democratic societies. Since 1990, the richest group of Canadians has consistently increased its share of total national income, while the poorest and middle-income groups have lost share.[5] This translates into diminished opportunities with an evident inability or deliberate refusal by governments to take corrective measures. At some stage, reduction in standards of living of the lower classes further estranges people from their governments.

4. The third trend has its companion piece in the fourth, a **crisis of governance**, namely, the relationship between the governments and the governed where difficult issues are punted away while short term responses are provided according to electoral calendars. While the political logjam in the United States, as evidenced in the fiscal cliff episode and subsequent sequestration measures, is but one example, other Western nations also face similar problems. Not only has Canada seen growing incivility in its Parliament, substantive deliberations have become an exception, sacrificed on the altar of crass partisanship and through omnibus bills. Often, domestic institutions no longer meet the requirements of modern societies and new laws barely play catch up with existing problems.

5. Probably one of the most disquieting and disruptive trends is the **civilizational** crisis, in a Huntingtonian sense or, more specifically, the role of religion, particularly Islam, in the political evolution of societies, an issue which makes Western governments uncomfortable. There is a nascent clash of civilizations, of fundamental values and cultures that we have not wanted to clearly state for some misplaced notion of 'political correctness.' The 'caliphates' totally reject Western values and way of life. The language of ISIS is not much different from the edicts of Saudi Arabia's Wahhabi religious leaders. Only the greater brutality of the practice is generalized. This must be made clear to our publics lest they be lulled into some unrealistic sense of security. While there is a certain rapprochement between Muslim moderates and the West in terms of values, there is no fundamental effort to joining on either side. In Muslim Africa, Malaysia and Indonesia, the gap is actually widening. Of course, Islamic terrorism, Wahhabi inspired, is the primary and most forceful civilizational crisis we commonly have to deal with. Democratic governments must be forthright and clear in stating the source of risks, dangers and threats in order to prepare their respective populations for the kinds of conflicts or wanton acts that will arise. Denouncing them as 'Terrorism' will not suffice. We must develop a new and distinct strategy that will address fundamental and stark incompatibilities in the international environment.

   The Arab Spring freed significant religious/political forces, including extremism. The role they played in the Arab revolutions gave them legitimacy and allowed them to claim a leadership role in the shaping and development of their countries. Yet, we are now witnessing military-inspired anti-Islamist "counterrevolutions" which add to the difficulty of choosing the right friends and fighting the right enemies. Our learning curve is all the more steep, now, due to the many factors that have fostered radical Islam, not to mention the fact that our nations, welded by history, are facing states mostly of our own creation over the previous century and whose unity stems far more from Islam than from their "Arabism" or ethnicity. Indeed, Islam permeates politics and transcends the boundaries of Muslim nation states. Understanding such a trend represents a unique challenge to the West. While Canada's multiculturalism and pluralism may help provide answers, home grown terrorism raises questions as to the adequacy of today's policy responses.

6. With this civilizational crisis comes another phenomenon: **history catching up with geography**, with today's leaders failing to take into account history, geography, ethnicity and political aspirations. A century after the Great War, the Treaty of Versailles and its successors still provoke insurgencies and failed states, all the more so now that both the Cold War overlay of forced stability and Western inspired or fostered dictatorships have given way to multiple revolutions and renewed irredentism. While the Arab World is today the epicenter of counter-revolution and the new war on terror, Stalin's geographic legacy in the post-Soviet Union era will eventually wreak havoc in Central Asia and beyond. The Western colonial division of Africa into today's "nations" in name only will also bring further chaos in multi-ethnic, multi-religious, multi-language states. Boko Haram is a stark reminder of things to come. Westphalian borders will explode. Robin Wright talks "dangerously" about 5 countries turning into 14 in the Middle-East.[6]

7. Finally, we are going through a **transition** of major proportion. If, after the fall of the Berlin Wall, we all fell under the illusion of triumphant democracy and liberalism underpinning a vibrant capitalism, it seems that the inevitability of liberal democracy spreading all over the world has taken a beating over the last few decades, notably in many countries which we now depend on for our economic growth and well-being.[7] Whether it is a by-product of emerging multipolarity, a retrenching United States, an assertive China, the failure by Russia to abide with international law, or the fact that ever since 9-11 we have imposed an anti-terrorism overlay on our security policies, thereby altering our understanding of the undercurrents, it is clear that we are entering unchartered waters and that the international security paradigm needs updating.

Other trends?

Looking further down the road, more promising trends such as the acceleration of innovation and technologies, the geometric expansion of the communications revolution and advances in the health field may start having an impact. Yet despite evident progress in finding a cure, the Ebola underscores the fragility of the human ecosystem. While the area of the crisis is limited, excessive reactions to it demonstrate how readily, once again, notwithstanding its remarkable (albeit uneven) progress, Africa has been branded a pariah, provoking excessive fear and backward xenophobic policies. Meanwhile the death count continues to mount.[8]

State power is also facing increasing competition from a wide array of non-state actors of growing importance, such as internet-driven horizontal networks, social communities and new collaborative platforms within civil society. Diffusion of power is already underscored by the "internet of everything," a world of intrusions of all kinds, à la WikiLeaks and Snowden, including cyber, industrial, multinational, even tribal, as demonstrated in Libya. Interactions are occurring in different spheres and different spaces; intellectual hierarchies and political supremacies are constantly challenged.[9] State governments are overwhelmed and are failing to adjust to these momentous changes. Meanwhile, a new form of xenophobic nationalism, exacerbated by feelings of insecurity and powerlessness, is emerging.

Demographic pressures in both aging countries and youthful nations will increasingly impact social stability, as evidenced in fast growing populations of the Asian and Muslim worlds legitimately claiming a better share of world wealth. The short term new stature of the US as the world's largest producer of gas and possibly achieving energy self-sufficiency over the next few years will not alter the growing demand for conventional sources of energy from "emerging economies." But it will certainly alter the strategic paradigm of access to energy, with or without short term, geopolitically induced drops in oil prices (e.g., the recent Saudi's "price attack" against Iran). Meanwhile, for Canada, it could represent a game-changer, assuming the Keystone blip is resolved and an integrated North American energy policy is devised.[10] In fact, it may transform North America into the vanguard of growth in the world.[11]

None of this offers much stability in the short to medium term. The world of commodities could be rocked by China, India and other fast growing economies. There is no assurance that the world economy will necessarily demonstrate balance and resilience, thus raising major issues of international governance at a time when multilateral institutions such as the UN are either being besmirched, or, for lack of commitment by member nations to reform and strengthen them, fail to respond to new demands. Even the Bretton Woods institutions are under threat, as alternative models are being developed by countries such as the BRICS (Brazil, Russia, India, China, South Africa) which no longer accept the US/European domination of the international financial system. It remains to be seen to what extent the mega-trade deals – Trans-Pacific Partnership, Transatlantic Trade and Investment Partnership – will come to fruition and if the language of trade and investment will be able to trump political competition in a multipolar world.

The bottom-line is that the complexity of the geo-political issues which Canada faces will only be compounded by the economic and social seismic changes in the make-up of the world. It is impossible, in this day and age, to manage issues one by one as if they were unrelated, self-contained and homogeneous. They challenge us at different, cross-cutting levels of analysis and call for a comprehensive, strategic response in order to provide our citizens with a stable and peaceful environment.

Russia and Ukraine: back to the Cold War?

"*One should never humiliate Russia*" (François Mitterrand, 1995)

In *Strategic Outlook 2014*, we made it clear that, in our view, President Putin's stance towards – or rather against – the West was motivated by his desire to restore Russia's image in light of its perceived and hyped-up humiliation since the fall of the Soviet Union, his concern about "losing" former Soviet Republics to the West and his anger at seeing NATO at Russia's doorstep. The Ukraine crisis, which has mutated into a frozen conflict, has only partly lifted the veil covering Mr. Putin's true intentions. The former KGB/FSB operative is both unpredictable and practices deception at the highest level.[12] There is no clear end game for this more tactician than strategist leader, who will exploit any sign of weakness in order to expand his power at home and

Russia's power and prestige abroad. He will continue to put pressure on Ukraine with various means as long as it works, nibbling at as much as is on offer, although the dream of a land-connection to Crimea would require a major and sustained military effort[13] and is therefore unlikely but not impossible. A populist, he mirrors the behaviour of past Russian leaders all the way back to the 15th century. He is unlikely to openly cave in to the West but could alter positions as he sees fit, as long as it is on his terms, as demonstrated in the Syrian chemical weapons deal with the U.S.

The paradox is that of a man who will play up an aggressive posture but, in the end, will act cautiously. The takeover of Crimea was done carefully and methodically with a minimum of risk, maybe reflecting what Henry Kissinger says about him as acting "*out of strategic weakness masked as tactical strength*."[14] Or, viewed through Putin's 18 March 2014 speech at the Kremlin, "*Russia's actions seem shaped by both aspirations to restore its standing as a great power and to address its perceived security vulnerabilities, including those sensed acutely after two decades of what it sees as: tightening NATO containment (perhaps reinforced by two centuries of turning European powers back at the outskirts of Moscow); American belief in their exceptionalism; western nations' support for colour revolutions, including that which clashed with the rights of Russians in Ukraine; and the repeated violation of international norms by western nations that took action in Kosovo, Iraq, and Libya.*"[15]

Ukraine, for President Putin, is an existential issue. As he said about Ukraine and Russia, "*we are not simply close neighbours … we are one people. Kiev is the mother of Russian cities. Ancient Russia is our common source and we cannot live without each other.*"[16] While the Western narrative underscores the free-willed decision by Ukrainians to jettison their pro-Soviet leader in favour of a pro-West government, in contrast the Russian narrative claims that the West wants to weaken Russia and even bring Ukraine into NATO, a Russian red line – something that commentators like Kissinger and Brzezinski think should not be on the table (although NATO Secretary General Stoltenberg reminded recently that "at the summit in NATO in Bucharest in 2008, … we made a decision that the door is open, and that Ukraine will become a member of NATO"[17]).

The key question for the West is how to handle a man who is both contemptuous, adversarial, and the legitimate leader of a critical, nuclear-armed, military superpower. It is clear today that the mix of sanctions and the sharp drop in the price of oil have had a major impact on the economy (see Figure 1). There is now serious concern over the impact of a potential Russian economic collapse on a fragile global economy, particularly in Europe. Some Europeans are already talking about lifting the sanctions. Russia remains resilient but some argue that at the rate of the ruble's fall and huge capital outflows, the reserves could be wiped out in 6 months.[18] The 30 year gas mega-deal with China, very much in the latter's favour, is unlikely to provide much economic relief in the next few years. Yet, success is far from assured. These sanctions lack clearly articulated objectives. If it is to get Russia to renounce Crimea, the present set of sanctions will not deliver, at least in the short and medium term. A well informed senior Swedish politician mused that "*it could take 40 years.*"[19] At best Crimea could be a chip, a weak one at best, in any future negotiations on normalization of relations, possibly including an internationally supervised referendum, mutually agreed between Russia and Ukraine.

Figure 1: *Russia's economic situation*

The recent allusion by Vladimir Putin to respecting the territorial integrity of Ukraine may be strictly tactical and aimed at forestalling our commitment to strengthening Ukraine's military capabilities. But the rebels' attacks on Ukraine, ably supported as they are by Russian forces and equipment, will continue. It would take a total collapse to bring down President Putin, and his clan is unlikely to depose their leader who enriched them, unless he becomes a total liability. If anything, sanctions will only harden Russia's turning away from the West, pushing it towards more xenophobic, anti-West, rabid nationalism. Putin only needs to continue freezing the conflict while the West has little option but to maintain essential bilateral relations with the irrepressible Russian bear. "War" against Russia is simply a non-starter. Dialogue is an option but such a dialogue has to be based on mutual respect, with clear objectives and well defined interests.

In any engagement with the Russian leader we must remain clear eyed. Whatever comes out of the Eurasian dream, we will not like it. Its foundations will have little to do with a gathering of democracies but far more with a broader clan of semi- or full dictatorships, so far encompassing: Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan, with Russia hoping to bring in the currently non-aligned, Azerbaijan, Uzbekistan and Turkmenistan.[20] The former Soviet republics lost forever include the EU/NATO members Estonia, Latvia and Lithuania, while the still "hopeful cases" include Ukraine, Moldova and Georgia, despite their efforts to join the Western camp. It is no wonder that Ukraine is the top prize of the lot. For the West, it raises difficult questions: should we and can we engage more with the countries of "Eurasia." In 2015, latent confrontation will remain the order of the day.

What remains to be seen is the future application by Russia of its policy of "preemptive protection of ethnic Russians" beyond Ukraine and its continued economic penetration of the Central and Eastern European, including the "illiberal" capitalist country of Hungary's Prime Minister Orban. Scholars and pundits wonder about a return to the days of the Cold War. Some play with words, referring to Cold Peace. The seething anger expressed by Mr. Putin in his 18 March anti-West diatribe would make either one credible: "*we have every reason to assume that the infamous policy of containment, led in the 18th, 19th and 20th centuries, continues today. They are constantly trying to sweep us into a corner because we have an independent position, because we maintain it and because we call things like they are and do not engage in hypocrisy. But there is a limit to everything. And with Ukraine, our western partners have crossed the line, playing the bear and acting irresponsibly and unprofessionally*."[21]

We now may be facing a reassertion of a deep cultural difference hyped up by the need for the Russian leadership to strengthen its grip on power. Again, to quote Kimberley Marten, "*The West is blamed for denigrating Russia throughout history as backward and wrong-headed, denying Russia its rightful place simply because its culture is different from Europe's. In the 1990s, the story goes, the West tried to transform Russia in its own image, denying Russia's separate identity and stealing its resources. Neo-Eurasianism rejects Western values of democracy, liberal tolerance and individual rights. It argues instead for the superiority of a uniquely Russian communal and statist culture.*" But the more "Russianness" determines the foundation of Eurasia, the more countries of the Community of Independent States will question their role or even their identity in the project. Even Belarus's Lukashenko expressed concern about the absorption of Crimea. Solidarity with Moscow will remain tied to the fear of losing power.

The West will have to find the right balance between taking on Russia for its actions in Ukraine and continuing a dialogue with Russia on issues such as Islamic fundamentalism, instability in the South Mediterranean, notably the dangerous Libyan disaster, terrorism in its infinite variety, and, most urgently, the potential breakdown of negotiations with Iran on its nuclear program by June 2015. It took quite some time for the Atlantic Alliance to establish a clear strategy inasmuch as we share common interests with the "enemy" in other areas. Even within the Alliance, the threat is perceived from different angles and perspectives and the need for an increase in defence expenditures is looked at askance by most members of Western Europe. The Wales Summit has come close to defining that strategy, including reassuring the "new European" NATO-member countries that NATO's Article 5 is granite-solid against any Russian attempt to redraw the borders of the post-Soviet Union. NATO is fully engaged in deterring Russian adventurism which is manifesting itself well beyond Ukraine, through increased air force activities around NATO's perimeter as well as through maritime forces activity. There is a sense of purposefulness within the Alliance which Canada has fully endorsed and which must give pause to Vladimir Putin.

The Allies' growing supply of military hardware to Ukraine and strengthening of capabilities of bordering states such as the Baltic countries reinforce the credibility of the West. But NATO reinforcement is mostly based on conventional warfare, not aimed at stealth penetration of insurgent forces such as in Eastern Ukraine, in what is referred to as "hybrid warfare tactics".[22] Classical deterrence is less effective in such cases. Yet, classical deterrence should not be abandoned as it still underpins counter-hybrid warfare strategy. One of the positive consequences of the recent events is that there should be no need to talk about Iran or other rogue states when upgrading NATO's missile defences from bases in Romania and Poland or those at sea. Russia's behaviour would be cause enough[23] and nuclear disarmament is clearly on the back-burner with clear evidence of the Intermediate Nuclear Forces (INF) treaty not being upheld. On the ground, however, around Luhansk and Donetsk, in the Donbass region, the conflict will remain frozen, just like in Trans-Dniester, South Ossetia and Abkhazia.

An inflection point in great power relations?[24]

In last year's Strategic Outlook, we did refer to a 1914 feeling in today's world. It is fascinating to see how competitive international relations have become at all levels, military, political, economic, and social, despite summitry, global trade partnerships, and multilateral institutions. It would seem somewhat facile to link China's century of humiliation, Russia's belated lament about the fall of the Soviet Union, India's bombastic nationalistic drive towards modernity under Modi, and maybe even Shinzo Abe's use of Japanese nationalism to foster the rebuilding of his country's economy. Yet, the common thread is often characterized by a desire to break the US hegemony, all the more so now that the US appears weakened by decades of war and foreign interventions and an apparent lack of leadership. This drive towards a different balance in the international order is coupled, in the case of Japan, by serious concerns about the fortitude of American treaty obligations. International cooperation will be at a very low-ebb in the foreseeable future as this multipolar world emerges, undoubtedly with considerable friction. Canada needs to think deeply as to where all this is going.

The Russia-China relationship is not limited to mega oil and gas deals. There is a tactical and often strategic congruence between the two countries which owes as much to their domestic political regimes as it has to do with their fundamental rejection of Pax America. Neither country is interested in joining the liberal democracies of the world which they consider dysfunctional and ineffective. Their joint exercise of their veto right as members of the Security Council has put a serious dent on the ability of the UN to pursue its humanitarian, peace and security mandates. They both refuse to be constrained by international norms. China's unilateral action over disputed territories, airspace and water in Asia is clear evidence. So too is its advance rejection of the potential decision of the Arbitral Tribunal of the United Nations Convention on the Law of the Sea (UNCLOS) on the Philippines' challenge of China's claim in the South China Sea. Indeed, while Russia flexes its muscles in Eastern Ukraine, China for its part is doing likewise in the East and South China Seas, albeit as yet without military intervention.

China

We dedicated considerable attention to China last year, notably to the issue of the Air Defence Identification Zone (ADIZ) in the East China Sea. One can safely predict that the attempt to enhance its regional dominance will expand. Indeed, "*China has continued or undertaken land reclamation work on disputed shoals in the South China Sea to create or enlarge the land area without regard for other nations' claims. … without any agreement with or forewarning of Vietnam, China dispatched an oil rig from the state-owned CNOOC into waters both they and Vietnam claim, and protected it with concentric rings of fishing vessels, coastguard ships and warships.*"[25]

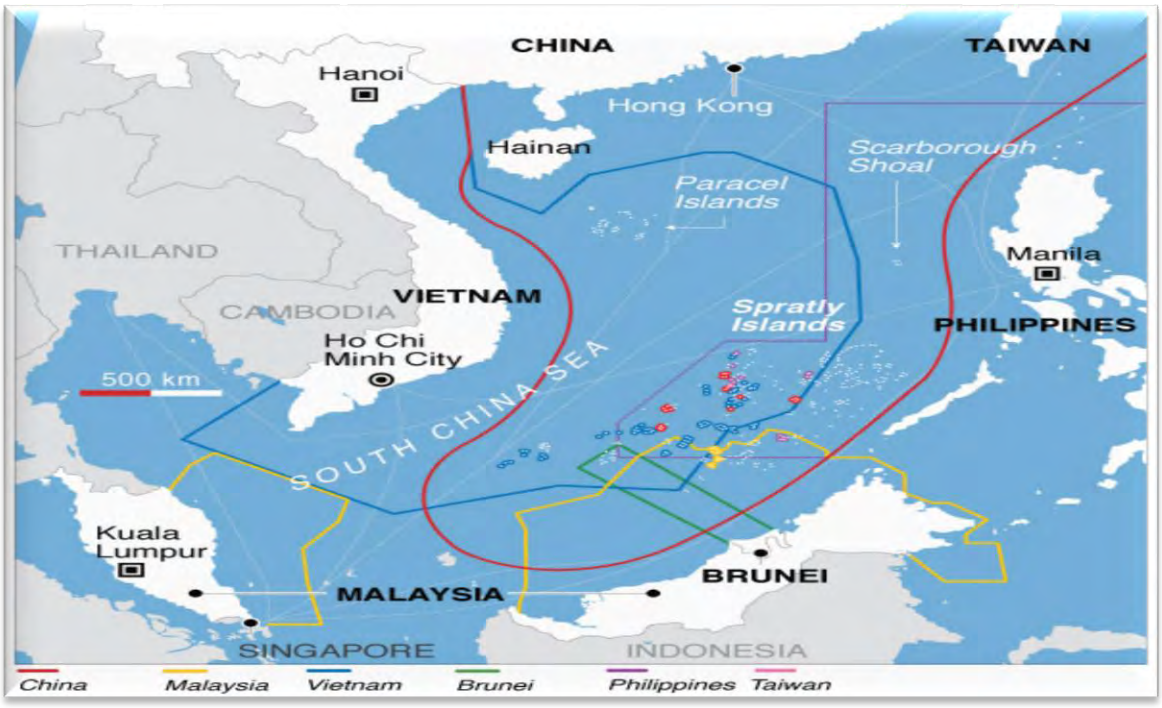


***Figure 2**: Competing claims in the China Seas*[26]

China's strategic objective is to establish control on what it considers its "interior sea" (the way the Romans called the Mediterranean "Mare Nostrum") by dominating its maritime approaches. Were it to be successful, the resulting regional hegemony would allow China to leverage its power into greater global influence. China, in its approach to the legal underpinnings of its claims, blends references to UNCLOS when it comes to enshrining to its advantage multilaterally agreed expansions of jurisdictions, with instrumentalisation of historical claims when it serves its purpose, while rejecting appeals to the International Court of Justice and any multilateral demarche to specific maritime delimitations with other countries with which it prefers to deal bilaterally, one by one. This bilateral approach is accompanied by economic muscle flexing, particularly on the investment side, in addition to attempts to alter international norms governing sovereignty over water and airspace. It seems to matter little to China that its aggressive behaviour in the China Seas is aimed at some of its major trading partners.

Over the longer run, expanding control on the "Chinese Sea" appears to follow what a Chinese official has described as the "cabbage strategy," i.e., consolidating control over disputed islands by wrapping those islands, like the leaves of a cabbage, in successive layers of occupation and protection formed by fishing boats, Chinese Coast Guard ships, and then finally Chinese naval ships. That strategy is aimed in the long run at excluding Western military power from adjacent seas and isolating states of the South China Sea from US allies or partners in a quasi "Findlandisation" process.[27] China definitely thinks long haul and envisages multiple scenarios, were things to go wrong. Figure 3 (see below) illustrates the two dotted lines, with anti-access closer to mainland and area denial further out at sea.[28] The US, for its part, is deeply committed to maintaining freedom of navigation while trying to avoid being drawn into a conflict as a result of its bilateral treaty obligations with Japan and the Philippines.

As to the issue of the nine-dash line (encompassing the area defined by the red line in figure 3) used by China to justify its claims,[29] the US finally made clear its position on 5 February, 2014 during a testimony before the House Committee on Foreign Affairs: "*Under international law, maritime claims in the South China Sea must be derived from land features. Any use of the 'nine-dash line' by China to claim maritime rights not based on claimed land features would be inconsistent with international law. The international community would welcome China to clarify or adjust its nine-dash line claim to bring it in accordance with the international law of the sea*."

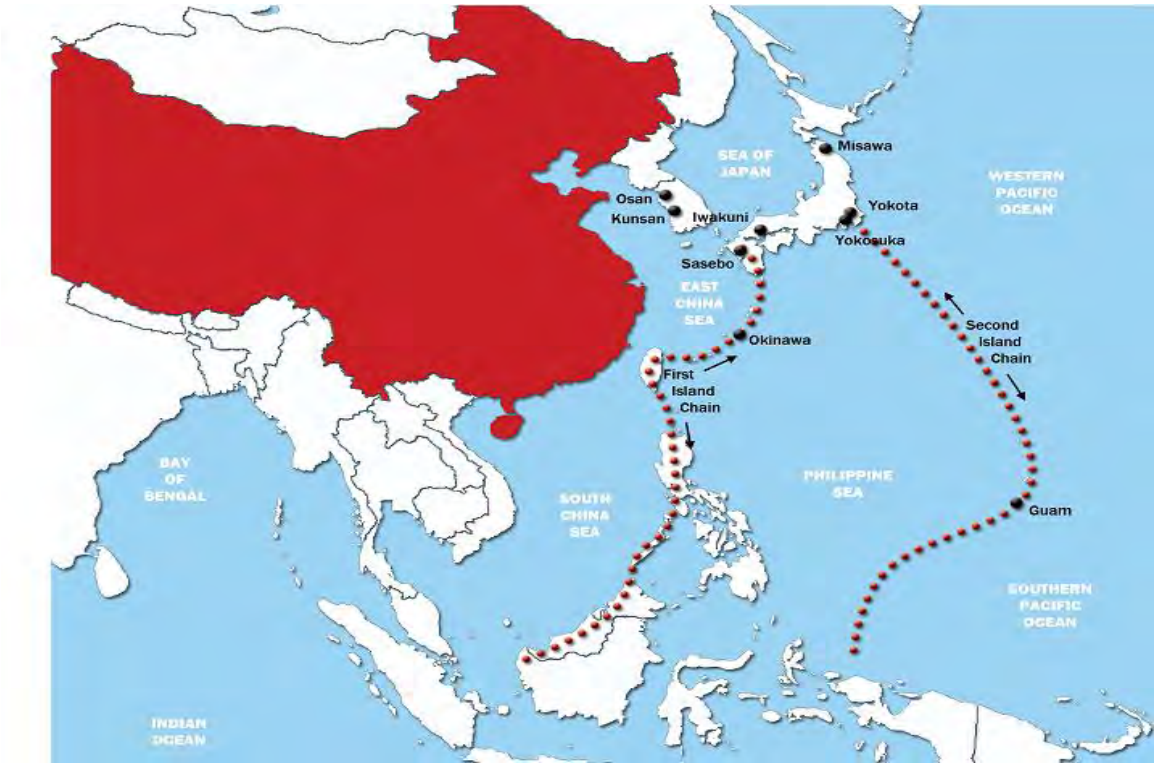


***Figure 3**: Chinese anti-access/area-denial lines*

An important development in China's patient move forward is its border spats with India. The issue has occasionally emerged since the 1962 China-India war, when China "punished" India for having harboured the Dalai Lama a few years prior, and eventually withdrew from inside the Indian border. It is no surprise that with the coming to power of a nationalistic Prime Minister in Delhi at a time when China itself is asserting its claims on sea and on land, skirmishes might resume. One should expect further skirmishes and maybe more extensive military operations between the two competing Asian superpowers. The new India-US partnership is not unrelated to this latent conflict. Russia is following this very carefully as there are also territories in Russia's Far East which were also part, some time in history, of China's Empire. But Russia is equally concerned by the "stealth" invasion of its territory by Chinese migrants in cities like Khabarovsk, north of Harbin, and beyond.

More broadly, China's strategy is to reduce US's credibility, its "Asian rebalancing" and its alliances in the region while pushing the envelope with all regional parties. While it is still far away from achieving maritime parity with the US, an arms race is now underway which China believes it can sustain through its own massive shipbuilding program, while the US eventually exhausts itself through sequestration and other implosion-inducing congressional battles and presidential powerlessness. This could very well be utopian.

The global commons will continue to be challenged by China, destined to soon become the largest economy on the planet at purchasing parity prices. There are, however, huge trade and investment interests arguing for continued and expanding cooperation with the West. It is difficult to predict to what extent the balance of competing interests and common sense will favour harmony vs discord. While pursuing their economic interests within the broad framework and norms of capitalism (e.g., World Trade Organization, free trade negotiations, foreign investment protection agreements), China also seeks to alter or push back some of the international norms, notably humanitarian ones such as the Responsibility to Protect, sacrificing them on the altar of strong state nationalism and the sacrosanct Westphalian, principle of non-interference.

The following two figures[30] illustrate the density of trading patterns making China an integral and leading part of the global economy, but also very dependent on international trade even if it moves to a more domestic demand based growth. In fact, such growth will be accompanied by increased imports. More importantly, the US trade deficit with China, at $320 billion in 2013, is the largest in the world. As a major buyer of US Treasury notes, China is the largest lender to the US government for a

debt of $1.25 trillion in 2014, which represents one fifth of the total US public debt owned by foreign countries. While some fear the leverage this provides China, as it could precipitate a recession by either calling its loans or simply stopping to buy the Treasury notes, China is the country that has the least interest in provoking such an outcome. The US and China are basically a couple continuously fighting but remaining together due to overriding interests. But as a deeply unstable relationship, there are serious dangers of external events rocking it beyond control.

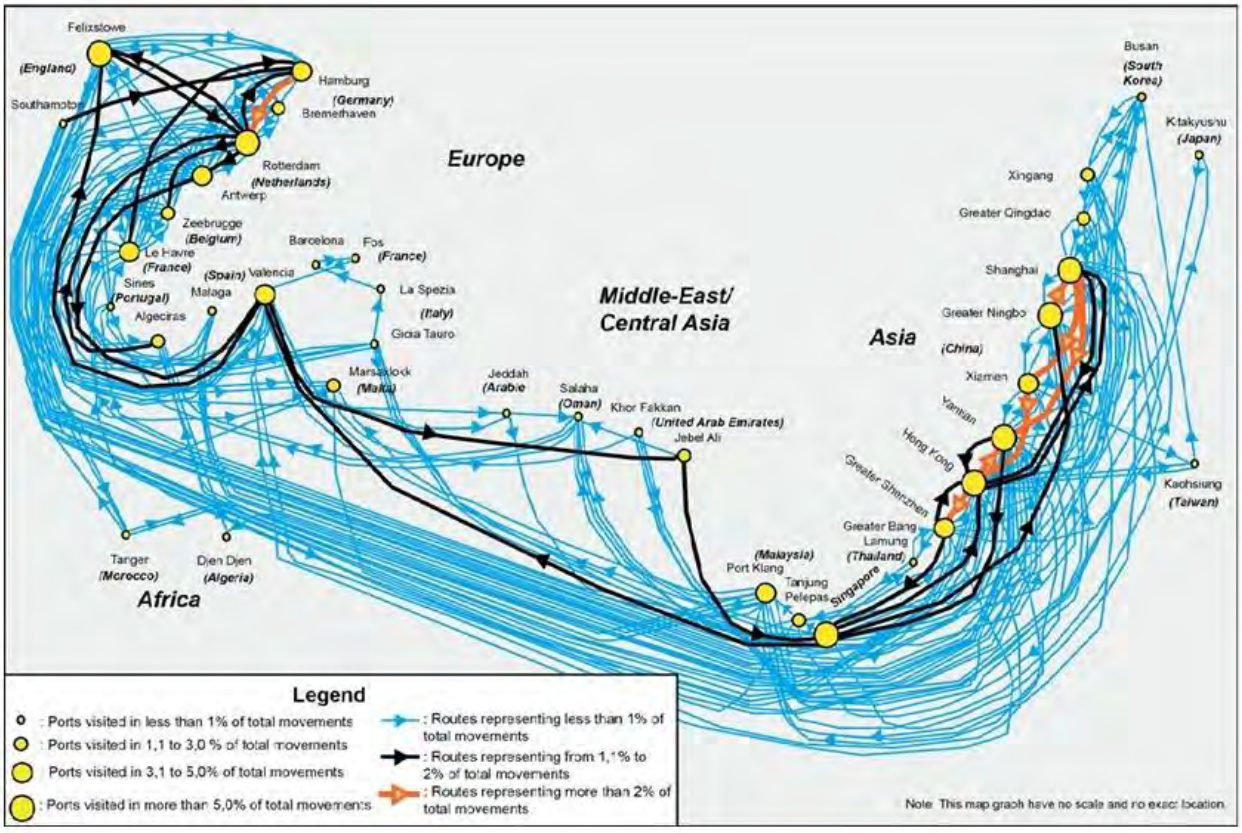


***Figure 4**: Mega vessel routings in container trade (Supplied by Professor Comtois)*

Rank	Port 1990	Rank	Port 2012
1	Singapore 5,223,500	1	Shanghai 32,575,000
2	Hong Kong 5,100,637	2	Singapore 31,649,000
3	Rotterdam 3,666,666	3	Hong Kong 23,100,000
4	Kaohsiung 3,494,631	4	Shenzhen 22,941,000
5	Kobe 2,595,940	5	Busan 17,023,000
6	Los Angeles 2,587,435	6	Ningbo 16,830,000
7	Busan 2,348,475	7	Guangzhou 14,744,000
8	Hamburg 1,968,986	8	Qingdao 14,502,000
9	New York 1,871,859	9	Dubai 13,280,000
10	Keelung 1,828,143	10	Tianjin 12,289,000

***Figure 5:** Main world container ports, 1990-2012 (MTEU)*
Source: Containerisation International, 2013 (Supplied by Professor Comtois)

The China-US relationship is evidently characterized by an unstable mix of cooperative and competitive elements, stemming from the dynamics of the rise of the major powers of the East. The US has been present in the Asian seas for decades. While low-level near-clashes have occurred in the China Seas, both countries have already accepted their interdependence which has led generally to a deliberate commitment to avoid conflict – the attitude of President Obama towards President Xi Jinping is in stark contrast with his relationship with President Putin. Their first ever joint declaration on climate change, while far from seminal, underscores their desire to respond jointly to broad threats. Were reason to prevail, the economics of the relationship and the mutual security concerns might force upon the two countries some form of strategic convergence. But can reason prevail in the world we now live in?

The Middle-East: will we ever have peace?[31]

The Israeli-Palestinian conflict

From the day of President Obama's Cairo speech in 2009 to the present, his administration has invested – to no avail – a huge amount of time of both Secretaries of State Hillary Clinton (2009-2013) and John Kerry (2013-present) to find a solution to the 67 year old Israeli-Palestinian quagmire. The last round of negotiations illustrates once again that Prime Minister Netanyahu was not prepared to arrive at a deal. For his part, Mahmoud Abbas's drive, albeit legitimate, for recognition at the UN and bilaterally, did not help his cause. The subsequent resumption of Hamas rockets firing and the Gaza onslaught has killed any further hope. Wordsmithing notwithstanding, the relationship between Netanyahu and President Obama is unlikely to improve before the end of the President's mandate. And now that once again Israel is in an election campaign that will likely strengthen the electorate's move towards the right, there will be little incentive for the President to do anything about it over the coming months. Any attempt to reign in the Israeli leader on settlements, for instance through a change of American position on the conflict at the UN, would provoke a bipartisan backlash in Congress – strongly supported by the American people – which could hurt the Democrat Presidential candidate in 2016. Meanwhile, the two substantive divisive issues between Israel and the US remain intractable: the continued expansion of Israeli settlements in the rump territory remaining for a potential Palestinian state, and the nuclear negotiations with Iran. And there will be no effort by Netanyahu – or any Israeli leader for that matter – on the Palestinian negotiations until he gets full visibility on the outcome of the Iran talks. It must be disheartening for Western negotiators to see the satisfaction expressed by the Israeli leader and US ally at the failure to reach a deal on 24 November 2014 and the extension of the deadline by seven months, in the hope that time is running against a deal.

The conflict has ramifications throughout the region: *"the Gordian knot of Israel and Palestine has evaded all attempts to unravel it. It has ensnared not just the two principals, but nations across the Middle East and further afield; the issues of the Israeli occupation and the legitimate desire for a Palestinian state are often used to camouflage deeper problems in the Arab world, inflaming opinions and manifesting themselves in anti-Western reactions."*[32] The tragedy today is that not only the cease-fire with Hamas is unlikely to endure but there is a risk of an intifada-like worsening of the protests in East Jerusalem and the West Bank as desperation continues to deepen and is met with more violent responses by Israel's security forces. The risk of more violence has also been fueled by the "Jewish State" draft bill which, while temporarily no longer in play, has left an indelible mark on Israeli Arabs.

A growing number of Western countries are apparently toying with the idea of fully recognizing a Palestinian state – the European Parliament[33] and the French National Assembly joining the UK and Sweden, with, interestingly, no American effort to convince them otherwise. Yet, such moves are unlikely to persuade Israel to entertain any of the kind of solutions envisaged in earlier peace attempts such as the 2008 Olmert - Abbas plan. Meanwhile, "*Palestinians and Israelis (are) continuing to live in a state of fear, when they really don't have to.*"[34] Could the historian quoted by Max Hastings be right? : "*consciously or unconsciously, Israel has decided that it prefers a state of permanent war to making the concessions to the Palestinians that would be indispensable to any chance of peace*.'"[35] And the paradox continues: a large proportion of the Jewish population of Israel wants to expand settlements to accommodate its growing numbers but rejects the notion of a binational state for fear of being eventually outnumbered by the Palestinian population. Thus the two-state rhetoric remains. On Israel and Iran, Aaron Miller summarizes beautifully the quandary for the US President: "*The idea that the Obama administration would want to place itself in a position of defending a deal with Iran that Israel and much of Congress oppose – and appear implicitly to be defending*

the Iranians in the process – defies the laws of political gravity, particularly for a much weakened president."[36] Yet, an agreement with Iran is strategically more important than any half-baked progress on the Palestinian issue. Will reason prevail?

Iran

The postponement for seven months of negotiations between Iran and the 5+1 group of countries – the UNSC permanent five plus Germany – allows for a review of the Iranian nuclear program's "known unknowns" and the "unknown ones," to paraphrase former Defence Secretary Donald Rumsfeld. As elaborated at length by Anthony Cordesman,[37] there are the numerous technical issues, such as the number of centrifuges and their more advanced forms, the level of uranium enrichment and size of stockpiles, the potential production of plutonium, the whole question of time or "break-out" before Iran can produce a nuclear device, the enforceability of an agreement, the latter's duration and when sanctions should be lifted and how. All these together define the criteria for an agreement meeting "*the security needs of both the US and our regional allies*" which would entail preventing "*Iran from actually building and deploying nuclear weapons.*"[38] Delaying enrichment but allowing Iran to pursue centrifuge development and complete the design of a nuclear weapon would not satisfy the requirements.

According to the most recent International Atomic Energy Agency (IAEA) report,[39] Iran is continuing to scrupulously observe the interim nuclear agreement it reached last year with the P5+1. "*Since the agreement took effect, the IAEA said, Iran has capped its enrichment of uranium to 5% of the isotope U-235, down-blended or otherwise converted its entire stockpile of 20% uranium and reduced its stockpile of 5% uranium to 7,765 kilograms (17,119 pounds). Iran has not installed any major components at a heavy water reactor at Arak that could yield plutonium, another potential bomb fuel, and continues to allow the IAEA to inspect enrichment sites at Fordow and Natanz on a daily basis and to visit centrifuge assembly workshops, centrifuge rotor production workshops and storage facilities.*"[40] It is obvious, however, that the level of confidence in Iran is low – rumours about non-compliance at Arak's plant have once again stirred the imagination of doomsayers. Admittedly, IAEA Director General Amano has recently expressed some misgivings about Iran's unwillingness to resolve concerns about the possible military dimension of its nuclear program. Therefore, reaction time is critical: "*Obtaining adequate reaction time requires that limitations are placed on Iran's sensitive nuclear programs, adequate verification is ensured, and concrete progress has been demonstrated that Iran will address the IAEA's concerns about its past and possibly on-going nuclear weapons efforts. Because of Iran's long history of non-compliance with its safeguards obligations, a deal must last long enough, on order of 20 years, so that there is little risk of Iran seeking nuclear weapons.*"[41] On centrifuges, it seems the distance on numbers remains quite large. The US wants it to go down to 1500 (from 10,000) while Iran apparently is aiming at 7000 which would provide a six-month break-out horizon, instead of the minimum one-year period demanded by the allies, at 3000.

Beyond the critical technicalities, the geopolitics of the region may affect the evolution of the negotiations. Both Syria and Iraq now face ISIS and this fact appears to have produced tacit if not overt cooperation between "the great Satan" and a notorious member of "the axis of evil." Indeed, while the rhetoric remains harsh, the fight against ISIS has definitely created a common strategic interest between the two. In fact, when it comes to ISIS, the US relationship with Iran is more straightforward than with Turkey. Some argue that, over the longer term, this budding relationship could lead to a transformation of the region's alliance system. But there is a very long road before getting anywhere close to a new Iran-US relationship. The first formidable roadblocks are the US Congress and the Islamic Revolutionary Guard Corps, to say nothing of the unpredictable Iranian Supreme Leader. Indeed, some argue that US (and Israeli?) preparations for a potential war against Iran continue, or ought to. In an age of profound and dangerous uncertainty, folly and reason are interchangeable.

The reasons why Iran would want to pursue the development of nuclear capabilities are clear: security (not just against Israel but also against the neighbouring Arab States), prestige, and regional influence. Any chance of achieving a deal would need to provide Iran with reassurance on these three criteria and that would indeed require an entirely different relationship with the West. Is either side ready for this and is a "reversal of alliances," which it would entail vis-à-vis the Arab World, be strategically satisfactory for the US to move fully in that direction? The 2015 outcome remains in doubt. The real concern is that there is enough interest in a failure of the negotiations, not just in some quarters in the West but also in Iran and more so in the region itself, that their thwarting in the end is indeed very possible.

ISIS: Welcome to "Extremistan"[42]

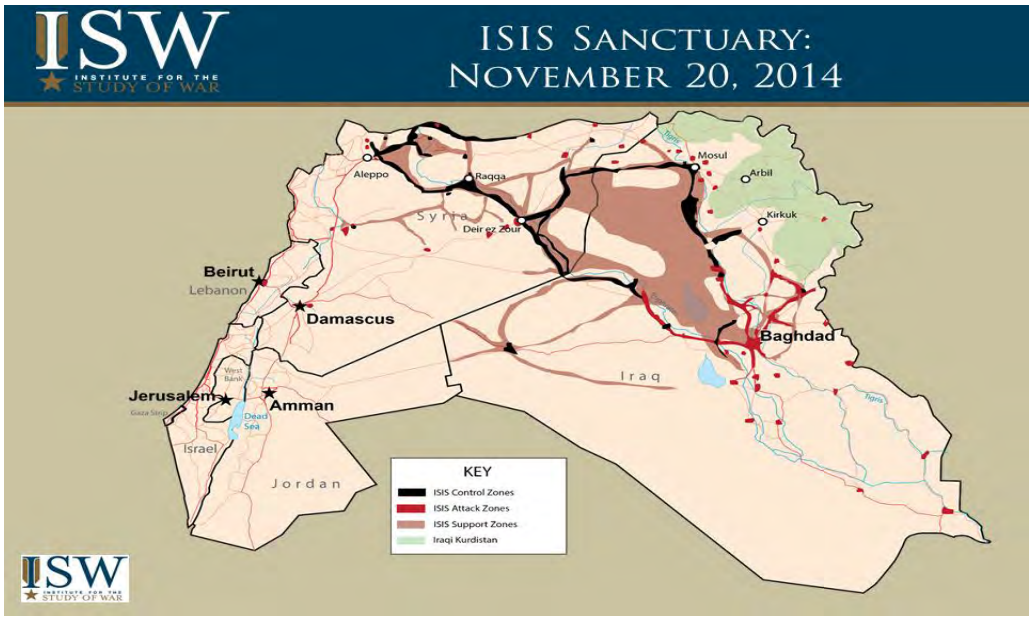


Figure 6

There is hardly a person on earth who has not heard of ISIS. But there are many questions as to how to handle this horrifying phenomenon which emerged from the second Gulf War in 2003 and the subsequent insurgency against the US. Initially centred on Iraq, it took advantage of the civil war in Syria to launch major operations in that country. On 30 June, 2014, its leader, Abu Bakr al-Baghdadi, declared ISIS as the Islamic Caliphate, with aspirations to reconquer the former Abbasid Muslim Empire. In addition to private Arab funding, ISIS supports itself by tapping on oil resources in regions of Iraq under its control.

The success of ISIS in Iraq is largely due to the festering civil war in Syria and to the split between Shiites and Sunnis, after the ill-conceived Maliki government excluded the Sunnis from government and fired Sunni officers from the army, many of whom subsequently rallied around ISIS. While some progress is underway to make the Iraqi Government more representative of the religious and ethnic diversity of the country, much remains to be done. The early collapse of the Iraqi Army, the horrific acts of violence by ISIS including against the Yazidis, and the beheading of two US journalists, prompted the United States to create a coalition and launch air strikes to "degrade and destroy ISIS." While never stated as such, the coalition position in Iraq might eventually bring about ISIS destruction, the situation in Syria would hardly allow to achieve more than degrading.[43] There is near unanimity about the impossibility of the destruction of ISIS without the participation of troops on the ground. The US has expanded its training of Iraqi forces which have had a few successes – but so far the US has resisted putting combat troops on the ground in any other but a training function. Canada joined the coalition at the request of the US, and deployed 6 fighter jets, 2 reconnaissance planes and an air-to-air refueling aircraft, among other assets.

As ably put by David Rothkopf, "*the mission against the Islamic State is being undertaken by what might be called the Alliance Whose Name Must Not Be Spoken. It brings together – with a level of coordination that must be greater than anyone will publicly admit – the very strangest of battlefield bedfellows: the United States, the Kurds, the Iraqi regime, Iran, Russia, some NATO assistance, and Bashar al-Assad's regime. It has the tacit support of everyone from Israel to (most of) the Gulf Cooperation Council. The perceived level of threat from IS has the grand mufti of Saudi Arabia characterizing it as "enemy number one of Islam." More broadly, worldwide, countries like China, India, and the countries of the European Union recognize this threat. Setting aside the bizarre reality that the Iraqi government, put in place by the United States, is flying Russian-made planes in consultation with Iranian leaders with the support of the United States, the Peshmerga, and the Syrian air force, there is an opportunity for progress against this threat here.*"[44] This being said, the Arab/Muslim nations' contribution to the military operations against ISIS has increased but remains largely symbolic in nature. There are clear indications that the air war is having only limited impact on destroying ISIS, although it did somewhat stunt their ability to launch large operations.

Many Muslim religious leaders have denounced the ideology and actions of ISIS, recognizing that ISIS poses a danger to Islam and Muslims, and many countries have taken legal measures to discourage its efforts to recruit foreign fighters. For their part, old regimes, even former enemies, have united or strengthened their ties: Egypt, Saudi Arabia, Jordan, the United Emirates, even Qatar and Israel share a common concern about ISIS.[45] Qatar has even stopped funding terrorist organizations. Meanwhile, many questions have been raised as to what entices people to join ISIS. Understanding the reasons is critical for Western nations as they have seen many of their citizens join ISIS and threaten them throughout Europe and even Canada.

Among young Muslims, reasons put forward include a rejection of authoritarian regimes, exclusion, unemployment, the search for a new ideal, religious promises, bitterness toward the West, the failure of the Middle East peace process and more than 12 years of Western attacks against countries of the Muslim world.

Among non-Muslims, faith often plays no role at all. Yet, highly effective Islamic social media target vulnerable individuals, praying on feelings of inequity and exclusion, the appeal of action if not a perverse attraction to terrorism, a desire to be feared, the appeal of a more exhilarating life than among gang youths, and an outlook that offsets a sense of marginalization, victimization and vulnerability. Paul Berman refers to "*pathological mass movements that get drunk on the idea of slaughter.*"[46]

Yet, although Western media tend to look at ISIS simply as barbarians, some scholars like Shady Hamid[47] suggest that one should not discount the deeply religious nature of the movement and the importance of the reference to a "Caliphate." In fact, Ahmed Rashid puts it very clearly: "*In contrast to al-Qaeda … ISIS has not made the US and its allies its main target…, ISIS wants to destroy the near enemy, the Arab regimes, first. This is above all a war within Islam: a conflict of Sunni against Shia, but also a war by Sunni extremists against more moderate Muslims — between those who think the Muslim world should be dominated by a single strand of Wahhabism and its extremist offshoot Salafism and those who support a pluralistic vision of Muslim society. The leaders of ISIS seek to eliminate all Muslim and non-Muslim minorities from the Middle East — not only erasing the old borders and states imposed by Western powers, but changing the entire ethnic, tribal, and religious composition of the region.*"[48]

As several Western countries have now committed to the war against ISIS, it might be useful to review some of the hypotheses surrounding ISIS, including its aura of invincibility. Their ability to recruit and use social media to their advantage clearly demonstrates that these followers of a brutal medieval ideology under the name of religion know very well what they are doing. Although seen by many as a form of radical Islam, politics also underpins the movement's defence of Sunni regimes or groups. The notion of a Caliphate, borderless but both spiritual and territorial, plays to both religious aspirations and political power.

The discussion about the length of the operations against ISIS is usually very imprecise as it depends entirely on the means deployed against it; those who know better – the military – have been somewhat silenced. The military option pursued thus far leaves little space for the political underpinnings of the Syrian war and of the sectarian divide in Iraq to play out. Would political empowerment and religious tolerance make better weapons against ISIS than military means? Allied air attacks are definitely not the ultimate answer and ISIS is here to stay, at least in the medium term. It has a territory, a government structure, roots, something Al-Qaeda never possessed. But in the end, as it defends a territory, it is also vulnerable. Iraq analyst Michael Knights, who conducted a thorough study of ISIS's military abilities, concluded that ISIS "*is a military power mostly because of the weakness and unpreparedness of its enemies.*"[49] This will impact on Canada's decision whether to extend its mission within the coalition.

There are more fundamental questions that need answers.

- First, why did the US – and its allies – go on the attack against ISIS after having stayed idle during the Syrian civil war? Where is the rational in a world where two beheadings trump 200,000 deaths and millions of refugees?
- Second, and more broadly, now that we are fully engaged against ISIS, is there a clear order of priority between that fight, the removal of Assad (assuming it is still the objective), and the Iran nuclear negotiations, not to mention the Israeli-Palestinian conflict? Do we know what is more important within these intertwined objectives?
- Third, is the ISIS threat being exaggerated? Is there a correlation between the nature of the threat and the commitments made so far? Is ISIS trying to get us more involved to create more hostility against the West – we are not

doing badly on that score but at this stage, do we even care, as long as we don't suffer casualties? But then there are the terrorist attacks in Canada and France and terrorist plots in Belgium and other countries. So, are ISIS and other groups such as Al Qaeda extending the war to the Western front?

- Fourth, where are the armed forces of the countries in the region on the ground that they feel ISIS should not be allowed to occupy; is the strength of the West's reaction making it easier for these countries to avoid their obligations to do their share, to fulfill their responsibilities and take the fight to ISIS? Turkey's position is fully understandable in that connection, or is it?
- Fifth, is there, within the so-called coalition, a commonality of values or even views to carry the fight to its final conclusion? Could/when will the diversity of interests, let alone objectives, bring about its collapse? Furthermore, a collapse could also occur due to the imbalance between the "degrade and destroy" objective and the means deployed. The examples of previous interventions such as Afghanistan, Iraq, Libya, come to mind in terms of unfinished jobs. What is the benchmark for success?
- Finally, are the coalition's actions allowing the Government of Iraq to slow down the process of essential reform and inclusiveness in the country? (Admittedly, good progress has been made in negotiations with the Iraqi Kurds.)

To the extent that there is little strategic underpinning to this war, the answers to each question is linked to the interpretation of the various players. At least there seems to be a growing consensus on a no-fly zone along Turkey's border with Syria, some will say nearly 3 years too late. As to Syria proper, there is still no clear strategy; the examples of Libya and even Iraq seem to be instilling considerable reluctance on the part of the US to try and topple Assad. Members of Free Syrian Army (FSA) complain that they are not getting the weapons to fight both ISIS and Assad and that the US is definitely siding with the regime. A recent decision by the US to train the FSA might alleviate these concerns. But it is still no wonder that Erdogan, who is fixated on the ouster of Bashar Al-Assad, refuses to engage Turkey in the fight until he gets clarity from the US. Yet, there will be no victory without taking on ISIS in Syria. And it will not be accomplished by air attacks only.

And then there is the role of Russia, an "ally" in the fight against any extremism close to its soft southern belly, but decidedly on the side of Assad with the tacit support of Saudi Arabia and Egypt. In fact, at the end of the day, Iraq may prefer that Assad stay in power as part of the Shia crescent. ISIS is clearly the priority but with no evidence and no clear exit strategy, given the sacrifices made by the US in Iraq, the Administration could not let that country fall into the hands of ISIS and we are likely to see an extended period of rebuilding, as evidenced by the growing number of US troops on the ground in a non-combatant role. The same motivation seems to animate the commitment to increase the number of US troops in Afghanistan with a more operational role. The extension of the negotiations with Iran by seven months, related to some of the difficult issues at hand, is likely due as well to the need for some clarity and success in the field against ISIS, even if it strengthens the hand of the Iranians. While ISIS is not an existential threat to the US and the West in general, after the attacks in Ottawa and Paris by "returning jihadists," as former Director of the CIA and Secretary of Defense Leon Panetta said 18 January on CNN, "*we're entering a new and perhaps more dangerous chapter in the war on terrorism.*" On the other hand, one cannot ignore Rami Khouri's diagnostic: "*American military action in distant lands usually only turns those lands into chaotic, dysfunctional, ungoverned and violent places.*"[50] He does not deny the need to take on ISIS but questions the nature and origin of the intervention: "*Fighting and destroying these groups is a top priority for the region and the world; but the last two decades indicate that fighting them primarily through the double-barreled weapon of foreign troops and Arab security states only creates further chaos and resentments that ultimately sees the criminal groups expand.*"[51]

Madness beyond

St. Bartholomew's Day Massacre, 1572 (François Dubois pinxit)

There is little point in comparing the horror of the 16th Century massacre of the Saint-Barthélémy and today's "religious wars." Yet today's Sunni-Shia divide approaches the rift between Catholics and Protestants 500 years ago. At that time as today, it is impossible to separate the religious and the political/economic dimensions of phenomena such as the crimes committed by Boko Haram's Islamists in Nigeria allegedly because Nigeria's religious leaders are teaching a "corrupt form of Islam," the "ethno-religious cleansing" first by Muslims and then massively by Christian militias in the Central African Republic, not to mention the Rwandan genocide, Darfur, the attacks in Kenya, Somalia, or Al-Qaeda's in the Sahel. Islamic radicals are holding more and more sway in countries like Pakistan, regaining ground in Afghanistan, ISAF and others notwithstanding, committing a large number of suicide attacks and other terrorist acts in Iraq. The legacy of post-Gadhafi Libya is well known: the free flow of weapons, narcotics, and illegal migrants throughout the Maghreb and the Sahel. For Egypt, security on its more than 1,000 km Western border with Libya, as extremist groups battle for the control of the country and beyond its borders, represent as great a challenge as the one Egypt's President Sisi faces in the Sinai. Tunisia and Algeria also feel the threat.

The descent of the Middle East in a maelstrom of insanity coupled with the incoherence of the West's policy, Russia's President delirious and potentially dangerous recasting of the US and NATO as an enemy, and his ascription to the West of all the ills of his country, the extremist expansion in Africa nearly make other crisis points look manageable. Yet, the unpredictable, sometime evanescent leader of North Korea continues to push forward his country's nuclear weapons program, despite the occasional, sometimes incomprehensible overtures to countries in the region. While it may have sounded somewhat ludicrous for the North Korean regime to supposedly hack Sony when the latter's Hollywood branch was about to start a comedy based on the persona of the North Korean leader, if proven it would raise the spectre of a capability to cause direct, possibly major harm to a high technology industry in the United States. Decades of sanctions have had little impact on the Kim family. And even China can do little about it – or does not want to - short of cutting its support which would be disastrous, as Armageddon would likely ensue.

Last year we spoke of the lost decade of the fight against terrorism post 9-11 but concluded that after more than a decade, terrorism had somewhat lost its strategic luster as Fortress America solidified its borders, bringing along an occasionally reluctant Canada. But the West as much as the Arab World has failed to address the foundations of the issue which no bombing will resolve. The age of reason – if ever there was one in the last 100 years which witnessed the most devastating wars in history – has ceded its place to the age of extremism in multiple forms – and not just at the margins of societies.

The tragedy of today's world is that collectively, we have allowed blind faith, which by essence, is based on beliefs, not reason, to supersede morality. The latter essentially refers to a code of conduct agreed to on the basis of a society's rationality, and not inescapably tied to religious beliefs. We live in an age where public policy issues, be it gay marriage, stem-cell research, or even free speech and free thought are debated from an ideological, often theological and even theocratic perspective, less from a dispassionate, rational thinking process.

3. CANADA'S FOREIGN POLICY RESPONSE: DO WE KNOW OUR PLACE IN THE WORLD?

"First, the indispensable element of a successful foreign policy is a long-term strategic concept based on a careful analysis of all relevant factors. Second, the statesman must distill that vision by analyzing and shaping an array of ambiguous, often conflicting pressures into a coherent and purposeful direction…And third, he must act at the outer edge of the possible, bridging the gap between his society's experiences and its aspirations." (Kissinger's three conclusions from Richelieu's career)[52]

A short primer on Canada's foreign policy

In previous editions of Strategic Outlook, we have deplored the lack of vision and imagination, the absence of real foreign policy thinking, and the limited focus of a few initiatives by the Harper Government. But the real question is not so much what scholars think but what do Canadians want from their government in terms of defence and foreign policy, or how do they see Canada's role on the international stage. Is the government of the day, to use the phrase of John Scott Cowan, contributing to a "*maturing of the way we view ourselves on the world stage*" in the hope "*that the competing blinkered mythologies of the past won't continue to hold sway to the same extent. In trying to make sense of the issues surrounding defence and security today, one must accommodate various new facts of life*."[53] Average Canadians have seldom expressed their views on foreign policy issues and parliamentary debates, when held, provided little substance.

Nostalgia is no substitute to foreign policy and there is no point in looking back to see if we can return to whatever past glory with which we have coloured our diplomatic history. Even the so-called coming of age of Canada in the First World War took a number of years thereafter to "conquer" our independence from London until 1931. We have made as much hay as we could about us declaring war on Germany several days after the UK bringing us into the Second World War. It is true that in both wars, we contributed way beyond our demography and we will always rightly take pride in the sacrifices of so many of our men and women. Yet, despite having matured as a significant economic and military power in 1945 we were pretty much ignored in the decision processes of the Big Three. It was France not Canada which managed to squeeze back into the mix despite a limited contribution to the war efforts, de Gaulle's noble bravado notwithstanding. That is when Canada wisely shifted to multilateralism – functionalist at that! L. B. Pearson, Suez crisis aiding, remains the hero of these days, when Canada, in the eyes of Dean Acheson, paraphrasing William Wordsworth, was *"the stern voice of the daughter of God."* Yet, what mattered most and still does is our relationship with the US which is what defines us, whether we like it or not.

Pierre-Elliott Trudeau gave us an image of ourselves which we still hark back to from time to time. While there is no question that he instilled a sense of pride in most Canadians given his recognized stature internationally and his fierce promotion of Canada's uniqueness, his foreign policy legacy, beyond the recognition of China, his friendship with Castro which put him at odds with the US, and a brave yet failed attempt at reinvigorating the mutual and balanced forces reduction (MBFR) process, amounts more or less to what a country like Canada can hope to bring on the world stage. This is not to say that Canada's impact has not been exemplary in the normative and treaty-making process for the Global Commons and that our contribution to the strengthening of the multilateral framework does not rank fairly high. The question today is what is left of all this in the minds of Canadians? Has our vision or concept of security changed in tune with the changing, harsher circumstances of the day?

Multilateralism today: still relevant?

Any reference today to multilateralism, a "past" cornerstone of Canada's foreign policy, could smack of nostalgia. In fact, the concept itself has faded. Canada is not alone in having somewhat withdrawn from engaging through multilateral institutions or done it on an ad hoc basis. It goes back to the aftermath of 9/11, when the war on terror was hijacked by George W. Bush's war on Iraq which produced probably the worst display of disunity ever at the UN and eventually hurt more the institution itself than its members. Also, the nature of today's wars – not between states, not even against one state, but against groups with no

defined borders – was not anticipated by the authors of the UN Charter. But the unanimous adoption of United Nations Security Council Resolution 2178 on ISIS on 24 September, 2014, although not authorizing specifically the operations of the US-led coalition, did remind us all that the UN is relevant when member states realize that it remains one of the best tools in the box. So one can only hope that Mr. Harper's joining in the debate in support of UNSC 2178 is a belated recognition that in the peace and security realm, the United Nations is worthy of a great Canadian legacy.

Indeed, the contributions are many and Canadians to this day, according to surveys,[54] remain attached to the institution and the spirit which allowed the spawning of many Canadian inspired or supported achievements, such as John Humphrey's drafting of the Universal Declaration of Human Rights, Pearson's Peace-Keeping Operations, the North-South dialogue, the 1992 Rio Earth Summit, the fight against Apartheid, the Montreal Protocol and the work on acid rain and the ozone layer, the ban on land mines, curtailing blood diamond trade, the International Criminal Court, the creation of the UN Peacebuilding Commission, the International Commission on Intervention and State Sovereignty which led to the concept of the Responsibility to Protect, the Human Security Network, the Arctic Exception to the UN Convention on the Law of the Sea to protect the Arctic environment and many other "Canadian" articles such as the rights over an "extended continental shelf," our support for the Millennium Development Goals, humanitarian assistance in many places over the years under UN auspices, including Haiti, Pakistan, Philippines and last but not least, our contributions to Unified Protector in Libya and to ISAF in Afghanistan.

Many of these contributions have not only enshrined our foreign policy but have also added to Canada's security, often in a different, yet complementary, way to institutions such as NATO and NORAD. As such, they have long underpinned what Canadians think of their place and role in the world. Of course, as demonstrated ever more today, NATO has been and remains a foundation of our security, our defence and our foreign policy while NORAD enshrines the integrated defence structure with the United States.

Canada's foreign policy today

John Ibbitson is probably the closest to the mark in assessing the present government's foreign policy.[55] In a way, the changes were so profound to the point of being baffling: "*What was elitist became populist; what was multilateral became self-assertive; what was cooperative became confrontational; what was foreign affairs became an extension of domestic politics. What was peacekeeping, foreign aid, collective security … became a relentless focus on trade agreements.*" To understand what the Government wants Canada to become, we need to go deeper into its ideological underpinnings. There was a deliberate decision not to engage into a foreign policy review as preceding governments had done but to deal with problems as they would arise; to seldom take a lead on international issues of significance, in a hands-off attitude consonant with its domestic dealings, for instance with the provinces; to chide and denigrate past policies as ineffective and no longer applicable to the Canada of the day, but to claim to being guided by a Principled Foreign Policy. The change also reflected the shift in relative influence of the provinces in favour of Western conservatism vs. Quebec's more internationalist perspective. It is this conservatism, and a fundamental desire by the Prime Minister not to have decisions or policies imposed on him by some multilateral body, that helps to explain why Mr. Harper is more comfortable in bilateral or international settings where a more Westphalian interpretation of sovereignty remains in place with unanimity as the only framework of decision.

It is indeed the multilateral side that "suffered" most. The government's profound disdain for multilateral diplomacy was best expressed by Prime Minister Harper in his speech at the Conservative Party Conference on 16 June, 2011: "*And (our) purpose is no longer just to go along and get along with everyone else's agenda. It is no longer to please every dictator with a vote at the United Nations."* But that mantra is only the epiphenomenon of a rejection of compromise, of consensus, and a totally internalized foreign policy, at the service of domestic interests with little regard for benefits for others beyond our borders. The present government, which tends to consider the UN as a result-less talk shop, has done little to contribute to the strengthening of UN institutions, more so since losing its campaign for a seat on the UN Security Council in 2010. Its record is bleak and thus, not surprisingly, our ability to influence outcomes in the world body has been reduced. Even though the Kyoto commitments were close to impossible to meet, the withdrawal from the Protocol created a shock wave in the international environment community which has still not yet fully recovered, hence the Copenhagen disaster and French President François Hollande's admonition about the environment when he came to Ottawa in November. The withdrawal from the UN Convention to Combat Desertification was another blow to our international image. Probably the decision considered the most egregious because of its

direct impact at home was the government's obstructive stance on the UN Declaration on the Rights of Indigenous People, all the more so that it was symbolic and carried no formal obligation. Canada also opposed a UN Resolution on the rights to safe water and sanitation, somewhat a surprise for a country endowed with a third of the planet's fresh water.

There are also many UN treaties that Canada has not ratified affecting, among other things, the rights of children, of persons with disabilities, economic, social and cultural rights, as well as on enforced disappearances and on migrant workers. Finally, in addition to several other significant human rights issues which the Government chose to ignore, Canada of all countries refused to sign the Arms Trade Treaty which even the US signed. It is interesting to note that on the one hand, Canada has consistently led the coalition at the UN on the resolution on Iran's human rights abuses and committed considerable funding to maternal and child health, but on the other hand, has imposed restrictions on sexual and reproductive rights, thus severing from a valuable initiative one the key elements for women in the developing world, namely their right to choose. During the Universal Peer Review of Canada at the Human Rights Council in Geneva, contrary to the rules of engagement, Canada refused to respond to any recommendation that was not related to work already in progress. It ignored and derided UN Special Rapporteurs coming to Canada to review our record on issues such as the right to food or the rights of children, suggesting sanctimoniously they should visit countries where issues were more serious. It seems that the Government is both ready to denounce abuses abroad while ideologically prepared at home to limit rights that may infringe on state sovereignty.

What is more worrisome is that the accumulated resentment due to the loss of the 2010 campaign for a seat at the UN Security Council, brave face notwithstanding, has had an impact on security issues as well, for instance the very slow process of approval of projects under START (Stabilization and Reconstruction Task Force) because of the reluctance to work with UN agencies. Basically, the latter are used "à la carte," as executing agencies but not as part of the evolving global commons. Yet, from a security point of view, there are important issues requiring a multilateral consensus, at least an examination within the UN, including the whole subject of the Law of Armed Conflict as new technologies emerge, such as drones, cyber-attacks, or the changing nature of the right of self-defence as it applies to measures taken against terrorist groups beyond the national state's boundaries. But Canada is unlikely to initiate such discussion.

The Government's response to recent crises

In the face of the recent crises, which will continue to define the international stage in 2015 and beyond, the Government's responses were somewhat of a haphazard and happenstance nature and mostly guided by domestic interests but with significant implications for our future defence posture.

On **Ukraine**, the Prime Minister has taken the most anti-Russian position, leaving little space for dialogue: "*Canada will not stand idly by in the face of [the] threat that Russia's conduct today poses… what I would call, a slow-motion invasion on the part of the Putin regime... Russia's aggressive militarism and expansionism are a threat to more than just Ukraine; they are a threat to Europe, to the rule of law and to the values that bind Western nations."* He led the charge on pushing for a suspension of Russia's membership in the G-8. Both he and Foreign Minister Baird fully supported the Euromaidan revolution, appearing in Kiev a number of times in the course of the crisis, recalling Canada's Ambassador to Russia, threatening to declare the Russian Ambassador in Ottawa "*persona non grata,*" comparing the "Putin regime's" actions to Adolf Hitler's when Germany invaded Czechoslovakia in 1938, and imposing its own set of sanctions. Canada's approach so far has emphasized economic and people sanctions and rejected any form of dialogue. As a result, we have essentially frozen ourselves out of any form of future negotiation. The language was in sharp contrast to the more balanced approach of the US and the Europeans, with, for instance, John Kerry's recognition of Russia's "legitimate interests in Ukraine."

Mr. Harper's alleged best "coup" is when he said to the Russian President during the G20 meeting in Australia: "get out of Ukraine." Yet, it is difficult not to see in all this what Chris Westdal, former Canadian Ambassador to Ukraine and Russia, described as a "diaspora-driven foreign policy," and certain selectivity in espousing causes, not because the Prime Minister is wrong to denounce Russia but because the bark is way bigger than the bite.

Regarding **China**, the Government continues to play catch-up with other countries in terms of accessing the Chinese market. Interestingly, strong supporters of the Harper Government like Fen Hampson and Derek Burney, in their recent book[56] express

their concern that Canada might be left behind if it does not get out of its comfort zone and take the risk of aggressively pursuing markets in Asia, not limited to China and India but encompassing such varied potential partners as Thailand, Indonesia, the Philippines, Malaysia, and Vietnam. This is all the more essential that Canada is losing market share in its traditional markets, first and foremost the US, which is looking inwards and becoming more protectionist, although this may now change given the significant drop of the Canadian $ vs. the US$. This position is echoed in the Department of Foreign Affairs, Trade, and Development's (DFATD) draft document accessed by the CBC.[57] The Harper Government has been remarkably discreet as to China's encroachments in the South and East China Seas. If there is an "Asian pivot" on the part of Canada, it is strictly limited to the trade and investment side, with little thinking about the security dimension, nor the latter's implications for the future of our armed forces. Yet, in August, the Canadian Government for the first time openly accused the Chinese regime of espionage, which led to the detention a week later of the Garratt couple.

There is a low-key balancing act on the part of our Government between pressing China on human rights and pursuing its "economic diplomacy," knowing full well that with the major energy deal between China and Russia, competition for access to the Chinese energy market will increase. While Prime Minister Harper reminded Canadians of his mantra, its implementation has changed profoundly: "*You may remember there was some controversy in the early days of this Government, when we said that when we conducted relationships with China or any other country there were really three elements to that...There were not just economic interests, there were also fundamental human values, Canadian values and also our security interests .... We insist that all of those things be on the table in this and any other relationship*."[58] The first dominates, the second has taken a dip, the third is AWOL. Yet, one would hope that given Canada's growing need to diversify its exports of natural resources, particularly hydrocarbons, a peaceful transition to a multipolar world is quasi-existential. Security matters.

There is little point rehashing the Government's biased policy towards the **Israeli-Palestinian conflict**. Suffice to say, it expressed considerable doubts and even criticism about John Kerry's last ditch effort in the Spring of 2014, and denounced formally then UN High Commissioner for Human Rights Navi Pillay for criticizing Israel's heavy response to rocket attacks from Gaza and suggesting "*a strong possibility that Israel was committing war crimes in Gaza*."[59] When it comes to Israel, Canada has no hesitation to stand apart from UN assessments or major allies, the US included, in refusing to condemn Israeli plans for new settlements in occupied Palestinian areas, particularly in East Jerusalem. The Government also reacted negatively to the Palestinian application for membership of the International Criminal Court. The present Government's policy will not change in 2015. Yet Canada must understand that the Israeli-Palestinian conflict cannot be allowed to rot any further and, as a strong and unbending friend of Israel, it is critically important for Canada to give greater support to the creation of a Palestinian State because it is essential for Israeli security. While a lasting peace between the two will not bring full stability in the region, it will certainly remove a major contribution to the ongoing discord and turmoil.

On **Iran**, the official website of the Government does not even mention the ongoing 5+1 negotiations. Canada was the last Western country to express the most contrived support for these talks. The site also refers to "the Iranian regime (as) the greatest threat to international peace and security in the world today." At best, seen from Tel-Aviv, one might take Mr. Netanyahu's reference to Iran as an existential threat to Israel at face value. But the rest of the world? While the US is aiming at around 1500 centrifuges for a one year break-out period, Canada wants Iran to give up all but a minute number, such as 200. Foreign Minister Baird wrote an article denouncing the record of Iran's President Rouhani in his first year in office. Canada is somewhat out of sync with the 5+1 and continues not only to express skepticism about the negotiations but saw no need for an extension of the interim period, a position which would have been unhelpful to the US if only Canada mattered in the equation. While the Government's concern for nuclear proliferation in the region is understandable, were Iran to acquire nuclear weapons, no mention is made of the well-known possession by Israel of that capability. Canada staunchly supports Israel's position on the Middle East Weapons of Mass Destruction Free Zone proposal in the context of the Non-Proliferation Treaty (NPT) review process. Finally, having closed its Embassy in Tehran and forced the departure of Iranian diplomats from Canada, we have further isolated ourselves from playing a meaningful role in the process.

ISIS: One should give credit to the Canadian Government for taking a principled stand on ISIS even if there is no direct perceived threat to Canada coming from ISIS, tragic events in Ottawa and St. Jean notwithstanding. Canada's decision to participate in the air operations against ISIS was also opportune in terms of supporting the US President on a major initiative. Our commitment for six months include six CF-18, one Polaris and two Auroras to effect aerial bombings on ISIS targets in Iraq and, eventually in

Syria, "*as long as those are not interpreted as war against the Government of Syria.*" Mr. Harper suggested in mid-November: "*We are not interested in any war against any government in the region -- our only military fight is with (ISIS*)." In addition, we now have a solid group of Canadian Special Operations Forces on the ground to help train the Iraqi army, which is in desperate need of it. Our contribution also has a strong political significance, which will make it virtually impossible to withdraw if asked to extend. Extension will also prove more taxing, involving as it does rotations and more risks of casualties, particularly if ISIS manages to acquire sophisticated anti-aircraft capabilities.

From a political point of view, with elections in 2015, the Harper Government will need to weigh the pluses – a generally favourable Canadian public – and the minus – progressive weariness (the memory of the event at the Parliament, rightly or wrongly linked to international terrorism, will fade rapidly) and potential casualties. Very much will depend on the success of the "degrade and destroy" campaign. Metrics will be key as well as success in rebuilding the Iraqi forces and the Iraqi political system taking ownership of the battle. More important even will be some kind of acceptable outcome to the Syrian civil war. The problem, as Gwynne Dyer points out, is that there is no logic when dealing with "*radical, anachronistic forms of Sunni Islam.*"[60] Or as Peter Jones underscores after suggesting that the turmoil in the region may lead to the disappearance of several countries as they now "exist," such as Syria, Iraq, Yemen, Libya, and the birth of a series of spliced countries emerging from the ashes of Picot and Sykes: "*By signing up for airstrikes, we have effectively thrown in with at least some of those seeking to re-make the region along Westphalian lines. In doing so, we are turning a blind eye to the fact that most of the new states that emerge will probably not be democratic bastions of human rights. We do this in order to help them stop those who see a very different future for the region: one of constant sectarian and religious bloodshed in the service of mythical goals justifying horrendous levels of terror and brutality. Success is far from certain, and we may just make things worse.*"[61]

The underlying issue

The Declaration of the Wales Summit of the North Atlantic Council at the Heads of State/ Heads of Government level provided a remarkably thorough framework for the Alliance and its members, calling notably for the creation of a "rapid reaction force" deployed in Eastern Europe to react to moves from the Russian military as well as the renewed commitment to defence expenditures at 2% of GDP. It covered the full span of crises and concerns: Russia/Ukraine, ISIS, Afghanistan, Kosovo, Somalia, BMD, terrorism, NPT review, cyber security, etc. The adoption of further sanctions by Alliance members was endorsed. For its part, the Canadian Government took key decisions to face some of the crises of 2014 and going into 2015. Those decisions, notably the Ukraine crisis and the ISIS campaign, have basically called for resorting to military means in addition to sanctions. Clearly, the onus is far greater on the Canadian Armed Forces (CAF) than on any other sector of Government. Given the financial pressures on the CAF, there is an issue as to where the funds for such missions would be coming from. More broadly, are the CAF ready and capable to take on new missions given the deep cuts in Canada defence budget and the delaying of major procurement decisions?

According to Doug Bland, one of Canada's best analysts on defence issues, the problem is not so much "*the absence of a coherent foreign policy upon which to build the armed forces, but the absence of a defence policy aimed at providing an adequate armed force for Canada's use in any number of areas -- including foreign, domestic, allied, international, and humanitarian missions... with a reasonably and adequately structured CF, Canadian governments will be well positioned to undertake most missions where military capabilities are required and/or appropriate; on the other hand, without such capabilities any number of future missions in any policy field will fail.*"[62] While the Harper Government did commit early into its mandate to build a strong national defence force, has the more recent commitment to balance the books by the time of the next election done irreparable damage to the CAF at a time of greater need or can the erosion be reversed on time? Very doubtful!

4. CANADA'S DEFENCE POSTURE: TIME FOR A NATIONAL SECURITY POLICY?

"As men do not live by bread alone, they do not fight by armaments alone. Those who man our defenses, and those behind them who build our defenses, must have the stamina and courage which come from an unshakable belief in the manner of life which they are defending."
(Franklin Roosevelt, "The Four Freedoms," 6 January 1941)

Some basic facts

In this day and age of growing uncertainty in the world, it hopefully becomes increasingly apparent to all Canadians that an essential role of Government is the defence of Canada, its sovereignty, and the security and safety of its inhabitants. This represents a complex policy challenge, given Canada's geography, demography, economy and its geopolitical context.[63] As the second largest country in the world with the longest coastline, the population ranks as 38th, 90% of which is concentrated within 160 km of the Canada-US border. The north, where Russia is one of our close neighbours, represents 40% of Canada's territory, and is widely scattered and sparsely settled by less than 0.4% of the national population.

Canada is a country of 'strategic distances' – coast to coast over 5000 km, and Ottawa to Resolute Bay almost 3500 km. The Canada-US border, the longest in the world, is about 8900 km, including the Alaska border of about 2500 km. Few nations face such an issue. While strategic distances are the dividing line between what is an expeditionary capability and domestic responsibilities for most nations, in Canada, particularly in the Arctic they are often one and the same. This vast land mass is located between the United States and Russia with both air and maritime approaches to the continental United States and with a 80% urban population, over 50% concentrated in 5 metropolitan regions from Victoria to St. John's. This presents a formidable defence problem together with a major sovereignty enforcement challenge. For many Governments, Canada essentially appears indefensible.

The Canada-US Ogdensburg Agreement of 1940 first recognized the need for mutual defence of North America, and was reinforced by the NATO Washington Treaty of 1949, and, further, the North American Aerospace Defence Agreement of 1958. Canadian Defence Policy since the end of the Second World War has been consistently one of concentric circles – first the defence of Canada, second the defence of North America in cooperation with the United States and thirdly, contributing to international security and stability through NATO and the United Nations. The military resources allocated to these policy obligations have never been large since the end of World War II. Notwithstanding being among the top 8 economies of the world for many years, now 14th, allocations to defence have consistently been the lowest in NATO since the mid-1960s – and remain so today, ranking 83rd in the world as a percent of GDP.

Canada's strategic culture for over 100 years has been one of expeditionary interventions abroad with allies to deal with perceived threats to Canada's security often away from the homeland, to prevent having to deal with such threats in a homeland that is indefensible without help. Not that there was ever much need to – protected by the Atlantic and Pacific moat. But technology, and globalization have rendered this geographic barrier obsolete and the strategic culture has yet to adapt. For many Governments, the geographic, geopolitical and fiscal challenges to an effective defence capability have essentially been the unstated recognition that the US would and will defend North America – and Canada would make its contribution as well. The nature of the contribution was theorized in the 1970's by Nils Orvik's as "defence against help," a strategy by which a mid- or small-sized state maintains a sufficient level of defense unilaterally, or in cooperation with a large state that is committed to its safety, to avoid "unwanted help" from the large state.[64]

While Canadian governments and the Canadian public have never questioned the need for armed forces, partnership in NORAD, and alliance membership in NATO have meant that Canada has never had to invest as much as the defence of a huge country like ours would otherwise require. It often translates in Canada not having ready access to the equipment it really needs for operations such as in Afghanistan. Canada has put a lot of emphasis on interoperability with US forces in order to ensure joint effect and readiness.

The evolving international security environment – complex, difficult and dangerous – has now complicated the security calculus

for Canada. Emerging multipolarity, growing foreign presence in the Arctic, and the intractable issue of cyber-insecurity, are but a few examples. North Korea's expanding nuclear and delivery capacity makes North American anti-ballistic missile defence increasingly relevant. The threats are clearly not limited to military risks; thus a 'whole of government' attention and response is required – a comprehensive security approach.[65] Military capabilities inherent to supporting the full range of operations are essential. Yet, the underinvestment in these capabilities is becoming ever more problematic as the security environment grows in complexity.

The state of the military today

The initial focus of the Harper Government on sustaining the rebuilding of the military, started by Prime Minister Martin, was a clear reaction to the deep spending cuts imposed on the military by the Government of former Prime Minister Jean Chrétien in the 1990s, which former Chief of Defence Staff Rick Hillier described as creating "the decade of darkness." For Prime Minister Harper, it was a matter of pride as well as an expression of an ideological underpinning, what Ibbitson calls "*the military as a tool for reimagining Canada's history,*" one of the prime examples being the emphasis on the war of 1812 with the US. To buttress the new approach, the 2008 Canada First Defence Strategy aimed at providing a road map for the modernization of the Canadian Forces, based on what the Government claimed to be "*an extensive and rigorous analysis of the risks and threats facing Canada and Canadians in the years to come."* In dealing with the immediate challenge in Afghanistan, the Prime Minister provided the Government's direction as well as the resources, albeit some from DND resources intended for other activities, to fulfill the undertaking in Kandahar province.

Some significant capabilities – e.g., strategic airlift via C17, tactical airlift via a number of Chinook helicopters – were acquired on Mr. Harper's watch, either for or during ISAF. Therein lies part of the problem today. Inasmuch as some of these expenditures had little or nothing to do with the CAF capabilities foreseen in the Canada First Defence Strategy (CFDS), it is no wonder CFDS was never fully funded. Indeed some of these specific war fighting capabilities were retained. Subsequent funding cuts imposed on DND on the altar of a balanced budget brought about lower readiness, equipment procurement delays, generally lower capabilities, slower progress on the Prime Minister's goals for Arctic sovereignty, and a failure to keep the CAF on path to CFDS and its transformation into a leaner and more effective instrument.

Indeed, in the post-2008-9 economic and financial crisis which "*affected Canada profoundly,*"[66] the other overarching priority of the Prime Minister, the economy, was to become the centre-piece of the Government's international relations and trumped everything else. It produced the reversal of the first few years of snubbing China, Canada's solid role within the G20 reform process, the strengthening of Canada's "economic diplomacy" (somewhat fictitious since old DFAIT had already moved considerably in that direction), the integration of the Canadian International Development Agency (CIDA) within the new DFATD to better tie aid with trade, and the fixation on erasing the deficit, in part accrued by the post 2009 infrastructure investment program. The fixation on returning to a budget surplus led, notably, to savage cuts on defence. Former US diplomat and resident expert on Canada, David Jones, went so far as titling an article "Canada's military: With little support, a new decade of darkness looms."[67] Even as these concerns grow, the crises of 2014 to which the government responded with military capabilities – Russia's aggression, ISIS terrorism and Ebola containment – which together illustrate the complexity, difficulty and danger of the international environment, may force a critical reappraisal of the government's defence choices.

Actually, one of the fundamental questions that Ukraine raises for Canada, as John Ivison puts it, is whether "*the Harper government's hard line over events in Ukraine is going to require a radical new defence doctrine, prepared for the contingency of an expansionist Russia.*"[68] The latter has been rearming steadily. Canada has yet to come up with its promised CFDS reset! But what Ukraine has revealed is the continued / renewed relevance of NATO in Canada's foreign policy. After all, most of what we have contributed has been under NATO's leadership. But it does also underscore the need for the CFDS reset in light of the Alliance's clear-eyed assessment of Russia's strategy, and the need for a collective reinvestment in defence capabilities. The inescapable conclusion is that in response to Russia's rearming or at least steadily modernizing its military, NATO has led the politico-military response under Operation Reassurance, while Canada hasn't just failed to deliver a promised CFDS reset, but continues to cut defence funding, despite its undertaking at the NATO fall Summit.

Yet, our recent contributions to international crises have not been negligible. The Government has taken the following measures in support of Ukraine and the Baltic states:

- building up Ukrainian command and control and communications and computer capabilities and assist in improving personnel management systems and reform logistics and standardization within the Armed Forces;
- providing non-lethal security assistance to Ukraine, which will assist the country seeking to secure its eastern border against Russian aggression;
- helping the Baltic States strengthen their capabilities in Cyber Security, Energy Security and Strategic Communications;
- deploying six CF-18 fighters to operate in the Baltic countries airspace;
- deploying troops from the 3rd Battalion Princess Patricia's Canadian Light Infantry to take part in a land exercise in Poland;
- dispatching a frigate to operate with NATO's standing task force in the Eastern Mediterranean Sea and Black Sea.

At the same time, our commitment to the air bombing campaign against ISIS includes six CF-18, one Polaris refueling tanker and two Aurora surveillance aircraft as well as a group of Canadian Special Forces on the ground to help train the Iraqi army. While these operations are running, Canada continues to provide humanitarian assistance through our CAF in the fight against Ebola, and provide ships and aircraft in the fight against narcotic trafficking in the Caribbean waters.

But Canadians must realize that the speed and effectiveness of the responses by the Canadian Armed Forces to international events mask a considerable decline in their capabilities and readiness. Indeed it should be a source of great pride that the CAF have so capably responded to the calls. As George Petrolekas and Dave Perry wrote recently, "*Canada remains one of the few middle powers that can contribute a self-sustaining contribution to any aerial mission it undertakes.*"[69]

But the long term is much bleaker at a time when the world is becoming an increasingly dangerous and unpredictable place.

The Royal Canadian Navy

There is a sad but real consensus amongst experts, uniformed and civilians, that of the three services, it is the Navy which is in the poorest state. A resurgent Russia and increasing tensions in the North and South China Seas underline the continued relevance of the helicopters, supply ships and air defence capabilities that will be missing for years to come. Indeed, the Navy enters 2015 significantly weakened. A collision and a major fire have led to the perhaps inevitable decision to retire the Protecteur-class supply ships and two of the last three air defence destroyers three years ahead of schedule. At the same time, some five to six frigates are undergoing their successful midlife modernization and as a result no more than two of our frigates are available for operations on either coast, with the balance hopefully to come back in Navy hands by 2018, i.e., roughly 2 modernized per year. The challenges are significant: no at-sea replenishment with the fleet's endurance reduced from 5 weeks to 5 days, a limited command and control capability in the frigates, no destroyer air defence capability, and far fewer ships than needed. The result is less security at home and fewer opportunities to contribute to security abroad. Having to reassign the frigate HMCS TORONTO from its maritime security tasks, including anti-piracy patrols in the Arabian Sea, to NATO command for *Operation Reassurance*, is a current example of the reduced contribution abroad.

Government deficit cutting has also resulted in a 23% cut in the Navy's operating funds that provide the fuel, training, and maintenance to keep what remains of the available fleet at sea.

2015 will see the Navy employing a series of mitigating strategies to overcome these problems. Submarines and reserve-manned coastal defence vessels will continue to carry a greater share of the operational load as they have done during the successful *Operation Caribbe* to counter drug efforts off Central America or working with the Canadian Coast Guard and other departments in the Arctic. The Navy has managed to maintain a high readiness frigate in NATO maritime forces in the Mediterranean and Black Sea, using crew swaps to maintain the vessel on station. A modernized frigate has now joined this group. A Canadian Commodore, supported with a Canadian-Australian staff, is leading CTF 150, a multinational naval task group operating in the Red Sea – Indian Ocean area. Forward deployment is effective and these missions can and should continue.

The Navy's longer-term future is also mixed. On the positive side, increasing numbers of modernized frigates will be joined, in two years, by an upgraded Aurora patrol aircraft and a hopefully-capable new Cyclone helicopter still struggling to meet earlier defined requirements.

Work on naval strategy for the Arctic is progressing and is being actively led by the naval leadership. It is also increasingly clear that the *Harry DeWolfe* Arctic/Offshore Patrol Ships (AOPS) will provide a much-needed surveillance and enforcement capacity where they are needed most. These ships are not the "slush-breakers" earlier disparaged by some. Moreover, the Navy and Public Works have had at least three technical discussions with industry on the Canadian Surface Combatant (CSC) and sought their input into its statement of requirements. The Navy has also demonstrated that its draft requirements are backed up with advanced modeling and deep research. Finally, the current deployment of a just-modernized frigate says much about the Navy's confidence in Canadian Industry's ability to deliver an advanced naval product, with Lockheed Martin Canada also winning the $180 million project to upgrade New Zealand's frigates. Most of this work will occur in Canada, reinforcing one of the central tenets of the new shipbuilding programme.

The National Shipbuilding Procurement Strategy (NSPS) that will govern the rebuilding of the fleet over the next 25-plus years was recently hailed by the Office of the Auditor General who noted that, to date, the process is "managing the acquisition of military ships in a timely and affordable manner." Others hailed it a "model" for defence procurement generally. Yet, this complex exercise has mostly focused on selecting shipyards fairly and objectively and entered into contract for the ships' construction.

There are a number of unknown factors, particularly on the financial side, that could rock a program entailing complex structures and extensive timelines. Former Parliament Budget Officer Kevin Page underscored that point many times. Indeed, the NSPS, which establishes a strategic sourcing arrangement with two shipyards for the largest procurement in Canada's history, calls for recapitalizing both the Royal Canadian Navy and the Canadian Coast Guard with over 50 large ships and 115 smaller ones, at a cost exceeding $50 billion, over a time period of 30 years or more (see chart). Such a huge project is easy prey to cuts, delays, reversals and cancellations. Indeed, both the Auditor General and the Parliamentary Budget Officer have suggested that there are insufficient funds for the number of vessels the Navy seeks to purchase through the NSPS: "*a gap appears to be developing between the CFDS level of ambition, the evolving naval capabilities, and the budgets.*"[70] There is evidence that they may be right. Beyond the potential for fewer ships being delivered to the RCN, there is also the risk of having to reduce performance requirements. Meanwhile, the government has been slow in implementing the NSPS until very recently. The signing in January 2015 of a construction contract for AOPS is certainly a step forward, as is the near simultaneous announcement of a procurement strategy for the Canadian Surface Combatant. The latter makes Irving Shipbuilding the prime contractor for the CSC project, which will now permit a final competition for the ship's design and combat system. It is critical that this process continue uninterrupted as inflation is daily eating away at the modest funding assigned. This concern also holds for the Joint Support Ship (JSS) which has taken longer than observers expected to reach a contract announcement. Delays also undermine the second central tenet of the NSPS that the shipbuilding effort be continuous in order to eliminate the inefficiencies of past boom and bust cycles.

Decision delay also impacts the operational capability of the fleet. Despite having done so twice during the early War on Terror, Canada today is no longer capable of sending an independent naval task group overseas – the Canadian Government's usual first response to a major crisis. Now, the Navy must rely on an ally to provide a replenishment ship, and if the threat increases, an air defence destroyer. In response, the Government has recently solicited information from industry, as departments consider the potential for civilian tankers to act as a stopgap until the Queenston-class Joint Support Ships are delivered in the early 2020s. Nothing will solve the lack of an air defence destroyer until the arrival of the first CSC, likely in 2025. At that point in time, the first frigate will be 37 years old and further delays in the CSC risk pushing the RCN frigates' age to the same levels as the just recently retired, fragile 45-year-old-plus air defence destroyers. These concerns over delay are not theoretical. There is an increasing 'bow wave' of delayed defence procurement building up and competing for the same inflation-diminished funds at the same time the Navy wants its new combatants.

If the NSPS continues its early progress and process-induced project delays are minimized, the new ships – joining the Victoria-class, Cyclones, modernized Aurora and Halifax-class – would constitute a modern and highly capable fleet circa 2025. Until then, the Navy will continue to partially offset ship losses and building delays using the same techniques it does now.

Nevertheless, for the next eight years, the Navy will be offering the government far fewer and less capable options when crises arise than it has for some twenty years.

Furthermore, while the Navy now has three operational Victoria-class submarines, defence analyst Rob Burroughs, has noted that "a next generation submarine has not featured in CFDS, NSPS, or the new Defence Acquisition Guide (DAG), which only makes reference to the submarine equipment life-extension project (SELEX)." He then argues that "the absence of a replacement in the DAG is telling … in that any submarine replacement programme would potentially have to be funded above and beyond all existing acquisition projects, of which the DAG identifies 208." The author also notes that there over 400 submarines operating worldwide, including a further 154 under construction, and that the Pacific Rim alone will see a 47% increase in submarines by 2025. Given that the submarine is also Canada's premier sea denial capability, the absence of one from the Defence Acquisition Guide is indeed curious.[71]

Combat vessel Package Combat ships with complex design and construction, including infrastructure upgrades	6 Artic offshore patrol ships (Royal Canadian Navy)	$3.5 billion of which 2.3 is for ship construction
	15 Canadian Surface Combatant Ships (Navy)	$26.2 billion
	Preliminary estimate of total acquisition cost	**$29.7 billion**
Non-combat vessel package Ships with simpler construction and close to commercial specifications	2 joint support ships (Navy)	$2.3 billion
	1 polar icebreaker (Canadian Coast Guard)	$0.8 billion
	4 offshore science vessels (Coast Guard)	$0.4 billion
	Preliminary estimate of total acquisition cost (over 7 years)	**$3.5 billion**
Small ship construction Set aside for national competition (not open to contractors for the above packages)	115 ships (e.g, Coast Guard lifeboats and fisheries research vessels, Navy tugboats)	
	Preliminary estimate of total funding (over 30 years)	**$2.0 billion**
Ongoing repair and refit work Open to national competition	National Defence and the Coast Guard have requirements to maintain their current fleet ships	
	Preliminary estimate of annual ongoing costs	**$500 to $600 million**

Figure 7: *Scope of the National Shipbuilding Procurement Strategy*[72]

While the next eight years for the Navy are more or less already determined, AOPS, JSS and CSC issues already discussed must be addressed, delays minimized and the ships delivered. In the interim, the option of obtaining an austere gap-filler supply ship capability through a commercial lease should be pursued.

Beyond these issues is the potential impact of the seemingly irreversible financial cuts (see Procurement section below) on capability delivery for the RCN and, more broadly, for the CAF overall, and how they might translate in security and sovereignty terms for Canada. Previous governments have all made steady use of the Navy they inherited, and not surprisingly given the geographic and geopolitical realities of Canada, but some didn't rebuild when needed. The recent NSPS announcements have created encouraging momentum. What 2025 will look like will depend on decisions taken by the current and subsequent governments, but the years around 2025 will be problematic for the RCN and the CAF without appropriate investment.

The Canadian Army

"I do see three major challenges for the Army: First, as we sit here today, we still have over 60,000 people deployed around the world, so we have to make sure that these Soldiers are prepared to do the missions that we're asking them to do. Second, we have to figure out how to keep these Soldiers prepared while, with the fiscal realities of today, we're in the process of downsizing the Army …Third, we have to ask ourselves what we want the future Army to look like. The world around us is changing rapidly, and I tell everyone it might not be the most dangerous time, but it's the most uncertain *time that I've seen. And we have to have an Army that is capable of adapting to the new realities".*
(US Army Chief of Staff General Raymond T. Odierno, Joint Force Quarterly, 30 September, 2014)

US General Odierno might well have been speaking of the Canadian Army, as the predicament is the same and the requirements of the day are definitely uncertain. The Canadian Army's stated mission – *to generate combat-effective, multi-purpose land forces to meet Canada's defence objectives* – covers a wide range of roles in response to Government requirements. In its newly updated strategy, titled *Advancing with Purpose: The Army Strategy* Edition 3,[73] the Army identifies potential domestic operations, including responding to major terrorist attacks, supporting civilian authorities during a crisis in Canada (such as a natural disaster) or providing support to major international events in Canada, as well as conducting combat missions in support of multinational efforts. For instance, while already deeply committed to operations in Afghanistan and providing security and support to the 2010 Vancouver Winter Olympics, the Army was called upon to make a significant contribution to the joint Canadian Armed Forces response to the earthquake in Haiti. The Army is comprised of approximately 50,000 soldiers (25,000 full-time regular, a 20,000 part-time reserve and 5,000 Rangers) and is supported by 5,000 civilian employees. This small – in comparison to most other modern Western Armies – but professional force must be ready to provide trained soldiers in very different environments and conditions.

One of the most important contributions the Army has made in recent years is to the war in Afghanistan. The Canadian Army officially ended its Afghanistan commitment in 2014 with the termination of our Forces' contribution to ISAF's training and mentoring mission. The end of this decade-long mission further increases the need, today, for the Army to focus on future threats and missions while remaining responsive to the Government and the Canadian public. While this is not the place to go into the lessons learned from Afghanistan – although one would hope that the Government would eventually launch a whole-of-government review of that engagement – one salient factor that emerged from the experience is the need for a strong Reserve component. Indeed, the regular component of the Army was of insufficient size to meet the lengthy deployment of troops to Afghanistan. It is only by inserting large numbers of Reserve soldiers into the Army's Afghanistan units and formations that the Army succeeded in meeting its obligations. Yet, with a reserve at around 20,000, Canada's situation is the opposite of most nations which have a much more substantial reserve force.

Given the importance of their contribution, it is critical to review the role of the Reserves in the context of Canada's needs and capabilities for readiness forces, on the one hand, and preparedness on the other. The distinction is important. Readiness entails being prepared and capable to act or respond and immediately deploy as required. Preparedness, broader and less time-sensitive, relates to policies established to build and sustain the CAF's operational capabilities required to respond to domestic and international defence, security and safety threats. The tasks and activities involved in defining preparedness call upon the resources of all Government departments. As a short-cut, readiness speaks to full-time stand-by forces; preparedness speaks to Reserves.

The resources of the Canadian Special Operations Forces Command (CANSOFCOM) and the Readiness Brigade represent the immediately deployable 'readiness forces' of the Canadian Army. The Canadian Army Reserves represent the bulk of the total CF Reserves, but is a relatively and comparatively small and widely distributed force, given current and future potential domestic demands for aid to the civil power or assistance to civil authority in the context of public safety. Thus the role and size of the Army Reserves are issues that may profitably be reviewed on a regular basis. With the significant reduction in Class B positions (serving periods in excess of six months to a year or longer), the viability of Reserve units through their Class A personnel (effecting short periods of Reserve service, 37.5 days a year, with a maximum continuous duration of 12 consecutive

calendar days) becomes paramount. The Arctic response companies, as well as the focus on domestic operations, provide a solid commitment for Reservists. However, adequate funding for Class A positions must remain a priority. The Army cannot allow its Reserve element to stagnate by becoming a lower funding priority. The proper resource allocation to the Army Reserves results in the capability to generate force for operations and ensures the Army has strategic depth in the long term. The funding and manning of the Army Reserve is an important issue. It raises the perennial issue of priorities: bringing the Regular army up to strength, an expensive undertaking of its own, or building up the Reserves. This is not the kind of issue to which one can provide a ready-made answer. It is therefore reasonable to ask what it is Canadians want, what policies would the Government propose on the basis of what assessment?

It is worth remembering that the Standing Senate Committee on National Security and Defence tabled a report on 15 December, 2011 titled *Answering the Call – The Future Role of Canada's Primary Reserve.* The chair of the Committee, Pamela Wallin, summarized the recommendations in her Press Release:

- increasing the size and strength of the Primary Reserve and enhancing the number of Reserve training days;
- making Reserve pay stable, predictable, non-discretionary, with its own funding line;
- identifying the operational tasks and measurable readiness benchmarks required for the Reserve, both for deployment abroad and at home;
- keeping a small number of Reservists at the same training level as the Regular Force, for faster deployment, and employing some Reservists in new specialities such as cyber defence;
- continuing its efforts to inform reservists who are veterans of the health benefits and services available to them;
- reassessing the roles of the Reserve to clarify the part they play as the military's link to Canadian communities.

There are additional issues that could also be addressed by an expansion of Reserves, including providing an increased visibility to, and connection with the wider Canadian population.[74] This could be achieved through recruiting for an expanded Army Reserve from already qualified trades and professions and subsidizing attendance on College and University programs, with a concomitant commitment to Reserve service. Such educational opportunities could also be offered to full-time members as an early retirement incentive.

Although the bulk of an Army Reserve should be devoted to employment in combat arms (infantry, armour, artillery and combat engineers), combat support (communications, transportation, intelligence, maintenance), employment in combat service support trades and classifications (medical, chaplaincy, CIMIC, PA) would also be needed.

In addition to the Reserves, there are other issues of importance to the Army. Indeed, last year's main highlight, by far, was the Army's funding reduction, specifically in operations and maintenance (O&M), as it impacts training and its related operational readiness. In terms of capital projects, the cancellation of the Close Combat Vehicle (CCV) project was surely the most significant event.

Training, as it relates to operational readiness, is the principal concern. The Army leadership is to be commended for having maintained the Managed Readiness Plan (MRP), which includes high readiness training of a task force and a brigade headquarters. This MRP comprises four lines of operations: routine domestic operations, domestic operations for specific events, sustained international operations and minor international operations surges for deployment in response to crisis. This should meet Canada's short term requirements. However, of concern are the real and long term effects of reduced collective training. This is an essential requirement, from the Army's long term institutional perspective. It is interesting to note that for US Chief of Army staff General Odierno, "*maintaining a highly trained and professional all-volunteer force is the number one priority."* Canada should be on the same page.

As previously stated, the cancellation of the Close Combat Vehicle was a significant event within the Army's capital programme. There has been considerable support for that decision, as the overall costs (acquisition and operations) of this project would have been very difficult to support. The key argument in the CCV cancellation was that there was no need for CCV's to accompany tanks, as the new generation of LAV's provided as much protection as a more heavily armoured CCV. Also, improvements in armour – adaptive armour, and the Israeli armour defence system – as examples - negate the need for really thick armour or at least minimize the threat.[75] There was considerable satisfaction to find out that finally, the military pattern

utility vehicle (MSVS SMP) will soon be fielded. Most of the Army's capital programme, in the short and medium term, does not include contentious items. However, the successful delivery of the programme is crucial to ensuring the Army maintains its capabilities in an ever-evolving environment.

Relevancy is by far the biggest challenge facing today's Army. With the end of the Afghanistan mission and the small probability of Canada's involvement in a protracted land conflict in the short term, discreet, low-risk CAF missions will most probably be the norm. Within this context, it is imperative that the Army's adaptability and flexibility remain part of the CAF's narrative. From domestic operations through peace support operations to combat operations, the Army can effectively deploy well-equipped, well-trained and well-led troops in a large number of scenarios. Further budget or manning reductions would significantly erode this unique capability. It is imperative that the Commander of the Canadian Army be provided adequate O&M funding in order to train adequately and ensure that flexibility of military options be maintained.

But what does it take for Canada's Army to be ready to respond? To be sure, the Army cannot fulfill its obligations without serious attention being given by the Army's leaders to the need for training and preparation of Army units and formations. The Army identifies the following characteristics as key to its ability to achieving national objectives:

Professional Soldiers: The Army's heart is its professional soldiers, organized around battle group and brigade group structures, capable of working with multiple partners. Professional soldiers require the training considered necessary to ensuring they are well versed in the dangerous work we ask them to perform. They must also be provided with the equipment and vehicles that will enhance their ability to get the job done.

Adaptive and Agile: Given its very small size, the Army must be an adaptive and agile force, capable of being deployed by a variety of means, and able to rapidly respond to domestic, continental and international threats in complex environments. It can be no other way! Such flexibility can only be achieved if the Army has sufficient resources to prepare and train its soldiers in a wide variety of skills.

Medium Weight: The Army needs to be properly equipped so that it can effectively deal with adversaries. It cannot be the victim of an ineffective procurement system that does not provide necessary equipment and vehicles in a timely manner. As a medium-weight force, reinforced with armour capabilities, the Army of the future must be capable of leading and sustaining complex land- based operations, up to divisional level, across the full spectrum of operations.

With these key characteristics in mind, one might be inclined to ask if the Army operating budget is sufficient for it to afford the above noted characteristics. Resources are finite, and the DND/CAF is expected to contribute a proportional share to the reduction of the Federal Government's budget deficit, live within its means and carefully reallocate funding internally in order to meet the new and emerging defence demands of tomorrow. In so doing, it should not rob the field of its ability to train, operate and maintain an acceptable level of readiness.

Hopefully, the recent changes in the defence procurement process will allow the Army to acquire the equipment and vehicles needed to achieve its assigned tasks. Currently, the purchase of a number of future Army equipment identified in the Defence Acquisition Guide continues to be delayed.

With the foregoing in mind, the Government of Canada and the CAF must consider ways of ensuring the following:

- Maintaining a high level of training of the forces;
- Ensuring decisive landpower to build partner capacity, to respond to humanitarian assistance and disaster relief, and to build interoperability and multinational capability;
- Enabling to operate in a diverse, hybrid environment that will have a combination of conventional, counterterrorism and anti-criminal activity capabilities;
- Given the financial disconnect between the original CFDS and the cuts imposed on the defence budget, reset or discard CFDS.

As General Odierno suggested for the US, Canada also needs to take into account that the conflicts of the future will bring Canada's forces into very different areas, even beyond what our men and women are facing in Iraq, for instance, areas with

little infrastructure, requiring information awareness, robust command and control communications, greater mobility and survivability, different lift capabilities, and much more "jointness" through what the Army can uniquely provide, such as intelligence support, engineer support, logistics support, and land commanders.

Budget cuts have reduced the capacity of the Army to meet the CFDS architecture. One of the critical issues which we raised last year at length is the cost of our infrastructure and bases. The politics of the issue require that political power be dedicated to rationalizing our infrastructure that consumes a considerable portion of the maintenance budget, severely eating up training and exercise budgets. Yes, it is about money. But even though the Army is doing better than its two partners, the question therefore remains: will Canada have a viable Army ten years hence?

The Royal Canadian Air Force

Early in the Harper administration, and with great speed, Canada procured two airlift platforms (the C-130J and C-17) and acquired multiple urgent operational requirements for Afghanistan, including armoured patrol vehicles, tanks, heavy trucks, Chinook helicopters, aviation support and multiple projects to increase vehicle survivability. The quick progress on these files is sometimes cited as evidence of what is possible within the constraints of the current procurement system.

Yet, with regard to the fighter aircraft replacement, and without mentioning the details surrounding the Harper Government's announcement, in 2010, that the F-35 would replace the F-18, the "eclipse of reason" caption of this "SO 2015" might apply to the raging passion on both sides in the F-35 debate. It even provoked a discussion on whether a country like Canada, the second largest in the world, actually needed a fighter aircraft (as the map further below indicates, Canada's surface encompasses the whole of Europe). As a 21 October, 2014 Editorial of the National Post put it: "*The most basic responsibility of any government is securing the sovereignty and security of the nation. In Canada, that means more planes.*"

At present, as suggested by Don Macnamara and Richard Shimooka, the threat of a direct attack against Canada may appear to be minimal.[76] Yet Canada faces greater challenges for maintaining its sovereignty, particularly in the Arctic. Russia has renewed its interest in the region for geostrategic reasons. The Russian Navy uses the Arctic as a bastion for its ballistic missile submarine fleet. As northern economic opportunities have arisen, Russia, like Canada, has emphasized its territorial integrity in the region. Increasing numbers of Russian bomber and reconnaissance missions around our airspace test our defences and trigger an unending stream of NORAD interception. Fighter aircraft provide the right answers to such intrusions. One would assume that the two missions in which we are engaged in Europe and the Middle East are sufficient evidence of their essential contribution to the defence of our interests abroad. "*They possess several key features that make them particularly valuable, including responsiveness, flexibility, accountability and cost efficacy.*"[77]

Figure 8: *17 Wing Publishing, Winnipeg,*
Source: Don Macnamara and Richard Shimooka, "From First Principles – The Need for a Fighter-Capable Air Force," Canadian Military Journal, Autumn 2014.

As the two authors argue as well, "*any conflict in the Asia-Pacific would likely involve six of Canada's top ten trading partners*" and any such scenario would nearly automatically involved airpower that is "*agile, integrated, precise, accountable and responsive with global reach.*"

The issue today is that the aging CF-18's, marked for retirement around 2020, have seen their life extended to 2025. Given the controversy surrounding the F-35, it is unlikely a decision on the next aircraft will be taken this year. But it will be costly to maintain the fleet of CF-18s operational until 2025, given that some of these jets are over 30 years old, have seen a lot of action and will continue to do so for the foreseeable future in Eastern Europe and the Middle East. Furthermore, there will be a huge bow wave effect (i.e., when deferred requirements pile up and underestimated complexity surrounds a project, a country ends up riding a bow wave / piling up of schedule and delivery complications) in the years around 2025, regardless of which aircraft is selected, with the postponement of several procurement decisions affecting all three services. Canada had originally planned to purchase 80 F-35s to replace its CF-18s, but scaled back the anticipated number in 2006. The $9 billion ceiling imposed by the Harper government on the cost of the aircraft has led senior military commanders to suggest 65 as the minimum the RCAF would need. Other figures are in play, with little consideration for potential requirements 10 years down the road. There is also little point in thinking that European aircraft are likely competitors. Irrespective of the dancing around, Canada will not buy Dassault Aviation SA's Rafale nor will it purchase the Eurofighter Typhoon, jointly made by BAE Systems PLC, Finmeccanica SpA and Airbus Group NV. If there is any real debate, the choice will be between the Lockheed Martin F-35 and Boeing's latest but last on the production line, the F-18 E/F Super Hornet. At $9 billion, 65 F-35 aircraft may not be affordable unless allowances are made for all the contingencies and a scoping down takes place affecting weapons, spares and modifications.

The Super Hornet is certainly a great aircraft, particularly in its electronic warfare Growler configuration, due to its interoperability with the F-35, but it is a 4th generation aircraft and not able to stand up to 5th generation aircraft such as the Chinese J-35 or Russian equivalent. Fundamentally, the F-35's avionics are likely to become the benchmark for capabilities by the time Canada replaces its CF-18. Getting a Super Hornet on the cheap because the assembly line is closing does not make it a 5th generation plane. The Australians bought a limited number of them as a stopgap measure while awaiting F-35s. Cost figures are erratic because ultimately they depend on the number of F-35 aircraft sold world-wide. The Super Hornet would be less expensive, but it remains to be seen whether the cost advantage would be meaningful when compared to the many other factors to be considered, including aircraft capabilities.

While it is a fact that the stealth advantage of any aircraft might be of short duration, the Super Hornet is no match in stealth. The real advantage of the F-35 which is eclipsed by the stealth discussion, is the 360 degree sensor coverage supplemented by networked sensors providing an operating picture far beyond anything current generation fighters possess. So far, other than Denmark, all other interested buyers have opted for the F-35. Production rates are also a factor inasmuch as, if the world-wide demand for the F-35 sustains itself, Lockheed Martin will be producing 2 F-35 per week which will improve the economies of scale.

The potential for a mixed fleet to offer the best overall set of capabilities, numbers of aircraft and cost has been raised as an alternative to a single fleet of any one aircraft type. This would be a mixed fleet à la Australian, i.e., Super Hornet as stop gap pending the arrival on stream and budget of the F-35 in 2025. The summary of a recent study on the concept is not very positive: "*The analysis found that a mixed fleet of higher capability aircraft able to fulfil the most challenging NATO missions and lower capability aircraft able to fulfil Canada's NORAD obligations totaling more than 65 aircraft could not provide the same overall capability as the single fleet of 65 higher capability aircraft. Moreover, there was strong evidence that unless the purchase cost of the fleet of lower-capability aircraft was half the purchase cost of the fleet of higher-capability aircraft, a mixed fleet would provide less capability at a higher cost.*"[78]

If affordability is the deciding factor, now that Canada's CF-18 have been extended until 2025, it is possible, even probable, that further down the road, different, even lower, numbers of aircraft will be considered. This would make a mockery of the serious reviews made of Canada's requirements. The Government must urgently undertake a clear-eyed review of requirements based on strategic thinking, as opposed to expediency. Hopefully, recent events like Russia's aggressive posture, the ever changing but constant turmoil in the Middle East and growing angst about the Asia-Pacific region might bring us to develop a national security strategy along the lines found in the French, British and Australian White Papers. It is clear that the challenges of the

past year alone remind Canadians that we have little idea of what comes next and that despite our so-called geographic immunity, Canada needs to be ready, as there are strong odds that risks to our security and sovereignty will grow.

There is also the issue of the replacement of the modernized Aurora aircraft. Now more than 30 years in service, the life of some are being extended until 2030 through a series of modernizations and extensions to their structural lives. The replacement of these very capable aircraft in the years after 2025 will add to the financial pressures.

Another delay in the decision-making process of the government is being underscored by a recent initiative of the RCAF. The air force is planning to test, in the coming year, an expanded, more flexible response time for search and rescue along the East Coast, despite the already long-delayed plans for new aircraft. DND has been quietly evaluating the merits of positioning its helicopters and fixed-wing aircraft in such a manner as to allow them to respond within 30 minutes to an emergency call, 24 hours a day, seven days a week. According to its own defence acquisition guide, the Harper government was supposed to have issued a call for tenders last year for the purchase of fixed-wing search aircraft, with a contract award expected this year. Disappointingly, the project is at the draft RFP stage only. For Canadians, Search and Rescue must not fail!

A Canadian Pacific Pivot in these circumstances? Unlikely

Canada's Asian Pivot policy is still in its infancy. Yet, clearly, Canada's expanding interests in the Asia-Pacific area are being challenged by developments in the fastest growing region of the world. Many have called for Canada to emulate if not match the declared US Pacific Rebalancing strategy. The arguments for Canada so doing go beyond reinforcing our most critical defence ally. As Derek Burney and Fen Hampson put it, for our own economic interests, "*one way or other, we need to break out of the North American cocoon."*[79] It is also a recognition that the security climate in the region is fraught with instability and Canada, as a G-8 member, should be contributing to maintaining stability there. It should also be clear that an "Asian pivot" is not strictly a Navy issue. In fact, whatever its shape or form, any such balancing would require rock-solid jointness in light of the distances involved and the need for an integrated approach between the three services.

Recently, and certainly more pointedly, the Government's internal foreign policy plan declared that *"[t]he situation is stark: Canada's trade and investment relations with new economies, leading with Asia, must deepen, and as a country we must become more relevant to our new partners*."[80] Following this, then Defence Minister MacKay made clear that Canada wanted a seat at the Association of South East Asian Nations (ASEAN) Defence Ministers' Meeting and the indications were that Canada's defence forces would be the key to getting that seat. Just earlier, the ASEAN Secretary General had made clear Canada could not expect to enjoy free trade access without contributing to the long-term security of the region.

Given the tight financial conditions on the Department of National Defence, and certainly the dramatic fall in the number of available ships, not much is likely to happen in the short term. Further, a well-developed if modest long-range plan is likely to have a better reception overseas than that achieved by a quick flurry of Canadian ship and aircraft visits to the region. We are, regrettably, well known in the region for this type of 'drive by' commitment. The key to a successful plan, then, lies in ensuring what we have a long-term presence. This could involve responding to the unofficial Australian invitation to join in their amphibious operations development program with Canadian Army staff. Canadian Aurora aircraft and our submarines should consider rotating six-month deployments to the bases of our allies. As transit distances in the Pacific are immense, at sea refueling is critical. We could also be sending a frigate to the US Seventh Fleet carrier battle group, and home port it in Japan for a year. Finally, Japan and Australia are moving towards co-building their next generation submarines, and we could gain much by participating in that effort.

Yet at the same time as analysts have outlined these potential responses to the Defence Minister's call for the CAF facilitated entrée to ASEAN, the Prime Minister and the remaining Cabinet have remained resolutely silent. Until this changes and funding is released, Canada will remain a bystander to the region and its councils.

Where everything falls apart: from cuts by stealth to cuts in the raw[81]

The purpose of this section is not to provide a review of the procurement process and the various efforts made by the government to improving it. This has been done expertly by such scholars as Dave Perry, Yan Cimon and Elinor Sloan. The issue

here is to see if, at the end of the day, all of the projects and plans referred to in the previous reviews of the three services will survive over the next ten years or by how much they will be wound down and risk being cripplingly amputated.

To fully appreciate the conundrum faced by the government, today, it is important to remind what the "starting block" was in the race to continue rebuilding Canada's Armed Forces. And that was the 2008 CFDS, the Canada First Defence Strategy, whereby "*the Government increased defence funding through Budget 2006 by $5.3 billion over five years, including a baseline increase of $1.8 billion starting in 2010-11...the Government, in Budget 2008, augmented the automatic annual rise in Defence funding from 1.5 percent to 2 percent starting in fiscal year 2011-12. Over the next 20 years, this increase is expected to expand the Defence budget from approximately $18 billion in 2008-09, to over $30 billion by 2027-28 … Overall, the Government* ***will spend close to $490 billion*** *on defence over the next 20 years. With this funding framework, National Defence will be able … to plan for the future on the basis of* ***stable and predictable funding****, which will allow it to strategically allocate resources and build the capabilities necessary to meet the country's defence needs. Furthermore, in addition to this new formula, the Government is committed to separately fund incremental costs for major operations.*"

2015: wither CFDS?

The budget

Since then, however, contributing to deficit reduction has become more important than meeting the funding targets for the CFDS. Last year we referred to cuts to the budget of the CAF and DND as having been done by stealth, notably through divestments such as the withdrawal from the NATO AWACS and AGS programs, and cuts to training and readiness, full time Reserve employment and military compensation and benefits. That was followed by the Deficit Reduction Action Plan (DRAP) in 2012 imposing a 7.4% cut in operating expenditures. And cuts have continued since. The Defence budget is an easy target for cuts and can be made without much blowback, at least for a while. At present, the CAF consist of 68,000 uniformed personnel – a number that seems a sacred cow – 24,000 Reservists, some 25,000 defence civil servants and a total budget of some $18 billion. In 2013, the Defence Renewal program focused on improving "effectiveness and efficiency." If one adds freezes and capital re-profiling as well as the delaying of procurements[82] (e.g., by extending the life of F-18s, delays in awarding contracts for new fixed-wing search and rescue aircraft, non-completion of the Integrated Soldier-System Project[83]), all due to what Elinor Sloan calls a policy "*to nurture a permanent base of domestic capability,*" the result is an enormous gap between planned, actual and projected expenditures from the 2008 CFDS onwards.

What all this means is (see chart adjacent):

- The result has not been stable funding, it has been steadily greater cuts;
- The budget is now smaller in inflation-adjusted terms than it was in 2007;
- In summary, the budget has been subjected to:
    - $32 billion in reductions over the 20-year CFDS timeframe; and
    - a further $5 billion in accrual space moved beyond the 2028 end of the CFDS timeframe.
    - These have already reduced the CFDS funding from 490B to 453B.

  "Despite an additional $9 billion in pressures on the budget over the life of the CFDS, due to the impact of the 2010 and 2014 operating budget freeze, the available funding has not been changed and meeting the pressures will displace other commitments from the CFDS"

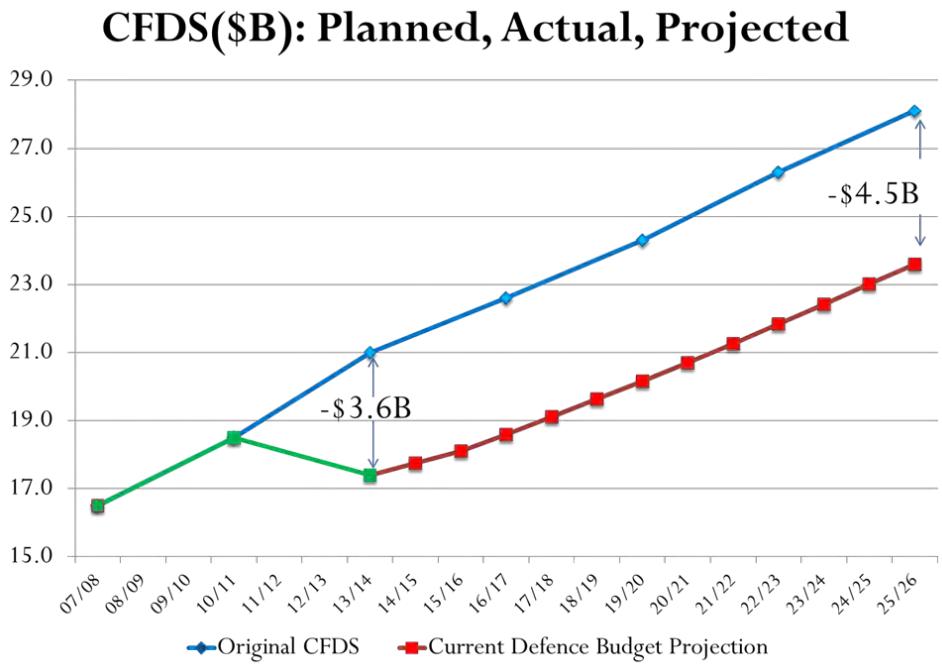


Figure 9: *The blue line on top is the original CFDS plan. The green line represents the expenditure to date – showing the significant drop since 2010. The red line is Mr. Perry's very credible projection. Not only has there been a significant reduction in funding, but that gap will continue to grow under the current Government' plan.*

Capital Spending

The next two charts address the issue of capital funding, as follows:

- Capital spending has declined for the last four years, in part due to an inability to replace major equipment;
- DND has left unspent approximately 25% of funds budgeted for capital spending for each of the last four years: From 2007/2008, "*the Government of Canada has faced an unprecedented degree of difficulty in moving the defence capital program. Over this period an average of 23 percent of the available Vote 5 money supplied by Parliament, a combined $7.2billion was not spent as intended. Prior to this period, dating back to 1973, the historical average for Vote 5 not being spent as intended was 2 percen*t."[84]
- In nominal terms, between 2009/10 and 2012/13, DND failed each year to spend a minimum of $1 billion of its available funds.

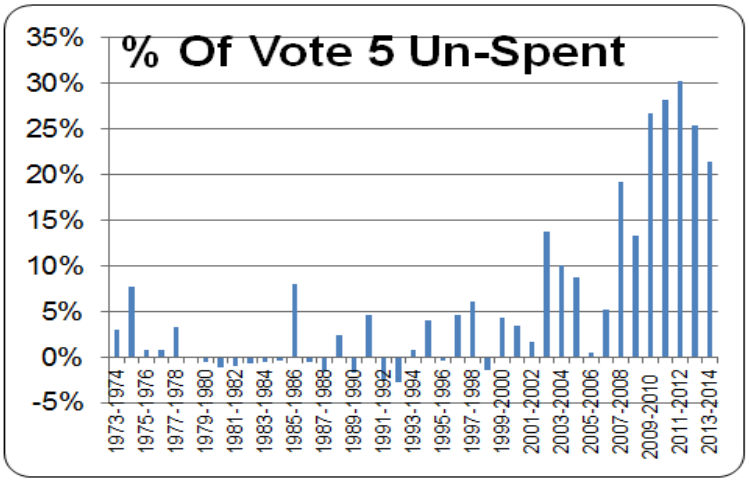


Figure 10

- The next chart shows that capital spending is:
  - now approximately **14%** of Defence expenditures – a declining share of a declining DND budget;
  - the **lowest level** of capital spending since 1977/78;
  - at a rate of expenditure that has historically been viewed as **leading to rust out** of the CAF, or a growing backlog of spending to be undertaken in future years;
  - Budgets for deferred equipment purchases typically lose significant purchasing power over time.

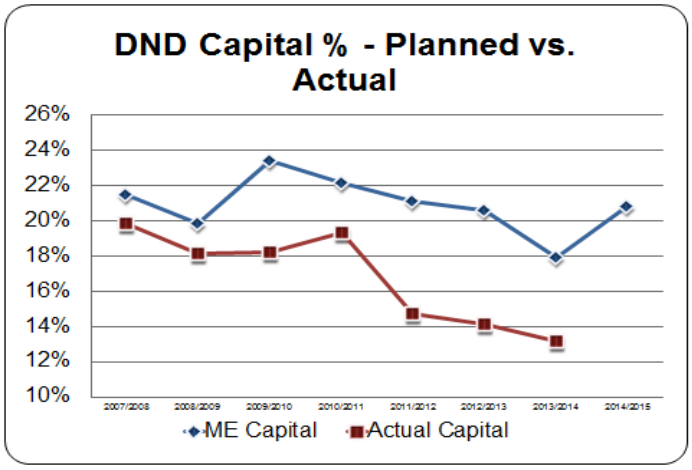


Figure 11

- The government has advanced several initiatives to improve procurement. The NSPS is rebuilding the maritime defence industrial competencies in the government and industry. The recent contract for AOPS delivery is a sign of momentum. Furthermore, DND's program exceeds not only the financial resources to implement it, but also the human resources needed to manage and move the capital program. The capacity shortfall simply means that DND does not have sufficient staff, either military or civil servants, with the right training and experience to effectively resource their own projects.
- The new Defence Procurement Strategy (DPS) is meant to increase the effectiveness of the process, but whatever progress it achieves in speeding the procurement process will be made over many years.

2025: the year of reckoning!

Any projection of where the CAF will be in 2025 in the circumstances evoked above can only be done on the basis of a linear extrapolation, in full recognition that other intervening variables could affect government policies and decisions. Assuming CFDS remains unchanged, there is not much hope that the situation will be improved 10 years hence.

Budget

- A forecast of funds available in the future starts from the current budget which has been reduced to less than the budget of 2007 adjusted for inflation;
- Should the current budget experience the steady real growth of something less than 1%, approximately the rate that had been the basis of the CFDS, the result is the lower red line in the first chart, above.
    - The $37 billion already removed from the CFDS funding window has reduced the CFDS budget to $453 billion. Indeed of the $37 billion:
        - $5 billion are funds re-profiled beyond 2027/28, beyond the CFDS 20 year timeframe; and
        - Of the other $32 billion, something over $5 billion at a 20% capital spending rate has been removed for a total already removed of the order of 10B$ from capital.
    - The red line would represent a further $23 billion less than the $453 billion currently available, meaning something close to $430 billion, or about $60 billion less than the stable funding of CFDS:
        - Again at a 20% capital spending rate this would represent on the order of a further $5 billion removed from capital.
- Absent any commitment to future budget figures, this rate of growth represented by the red line gives a sense of what the budget could well become;
- This level of funding would, at current personnel numbers, continue the trend of lower readiness and lower capital investment.

Whichever way these numbers are looked at, given the implications for personnel, lower capital investment and reduced readiness, this would probably bring Canada to a level of military capability at a level of quasi irrelevance for a G-7 country and would raise serious issues in terms of our contribution not only to expeditionary operations but to North American defence as well.

On the capital side, it is the scope of the procurement program that will or should be underway in the years around 2025 which will have an impact well beyond the obvious effect of a smaller budget on capital spending.

- What does 2025 look like:
    - The recapitalization of the CAF that will occur in the 2020s is both hugely important and unprecedented in terms of both the type of capital equipment being replaced over a short period – the fighting fleets – and consequently the annual cost that could be anticipated;
    - Deferrals and delays by governments of the last 25 years have created a backlog in the recapitalization of equipment originally procured over 50 years, a backlog that must be dealt with over the coming 15 years;
    - Replacements for Sea King, CF-18 Hornet and Aurora aircraft, as well as much of the naval surface fleet will all be underway over this period;
    - Indeed by 2025 the Joint Support ships will have recently joined the fleet, the first of the Canadian Surface Combatants will be commissioned and others in build, while the fighter replacement will be in service and preparations will be underway to replace the Aurora capability before its end-of-life in 2030.
    - These are the **fighting fleets** of ships and aircraft of the CAF that stand ready to defend Canada and North America with force, and contribute to operations abroad. They are also all reaching or beyond the end of their service life.

- **All these CFDS acquisitions will place a significant concurrent demand on the capital budget in the years around 2025**:
    - Given that there has been no indication of direction for the budget over the coming years beyond the recent cuts, the prospect is of growth in defence budgets that is likely to remain well below the CFDS forecast;
    - Consequently, with more than $10 billion in capital funding removed from the CFDS window already, paying for the CFDS recapitalization foreseen to be underway in 2025 would not likely be possible without the Government making significant decisions within the trade space of the DND budget and/or making discrete injections for some capital projects;
    - Absent these types of measures to deal with the capital shortfall, there would need to be some combination of reductions in numbers of platforms procured, or platform capabilities below those anticipated to be available for operations, and potentially rust out of capabilities.

The "So What" of less is bleak:

- Absent action by coming governments to increase funding for capital procurements, or make decisions within the DND envelope to preserve capability replacement, the prospect is of a smaller CAF with:
    - Less ability for sovereign action to defend Canadian territory and our vast offshore estate . . . a mission that governments must undertake;
    - Less ability for **relevant** and **persistent** contributions of Canadian leadership and capabilities of a **meaningful size** to international commitments and to respond to challenges to international peace and security; and
    - Greater risks.

It is difficult to assess the impact of a shrinking overall defence capacity and specific declining capabilities and readiness on Canada, in part because one cannot know how the international environment will change. Yet, less capability is not what the security surprises of the last year or the complexities, risks and dangers of the anticipated international security environment would counsel that Canada, with the global responsibilities and interests of a G-7 nation, should contemplate. Indeed, the odds of no conflict, no disaster, and no call on Canadian and allied forces over the next ten years are nil. The debates in the US on the impact of sequestration and defence cuts, evidently on a different scale, underscore how critical these are in terms of foreclosing fundamental options. Unquestionably, the inevitable reduction of Canada's force structure will entail fewer options for both governments. The bow wave in 2025 of money not spent on capital, of the constant, higher rate of inflation eating into purchasing power, of procurement deferrals (new fighter aircraft, Auroras replacement), delays (JSS, Cyclones), and cancellations will cumulatively confront our political masters in ways the present leaders either do not recognize or do not wish to discuss. Yet, that bow wave will hit hard 10 years from now. Will it mean more deferrals of projects scheduled for that time while existing equipment further decays? The guns vs. butter debate will not wither away.

Thus resolving the mismatch between funding and capabilities must be the key focus of the renewed CFDS. If no additional resources are made available, difficult decisions will be required across all of Defence. Such decisions would need to be the result of a Defence Policy review, if they are to avoid being taken based on rust out, convenience or expediency, divorced from the nation's long term interests and the capabilities it will require to secure them.

Fundamentally, much of what has been undertaken by the Department to date to address affordability has yet to show any progress. There are serious doubts about claims of any savings being achieved. The amount of past cuts, evanescent savings and future cuts will translate in less defence. Understandably, social issues and the economy matter to Canadians. Thus, as we approach the October elections, the surplus will be all spent by then, most of it on social issues. Defence expenditures will be limited to ongoing operations. Any claim by the Government that there will be more for defence in the coming years will have very limited credibility. The key question is what Canadians think about it. But, fundamentally, we must acknowledge that when financial constraints are driving strategy and not the other way around, we have to accept it as an unavoidable reality in today's political environment.

Canadian Public Opinion: Does Defence Matter?

The CDA Institute was fortunate to benefit from an IPSOS Survey dedicated to the view by Canadians of the Canadian Armed Forces.[85] Some of the findings are revealing. There is considerable and growing pride towards Canada's Armed Forces reaching 74%, and recognition of their work at 65%. Less than half, however, want them in combat missions (42%), probably a legacy of the Afghanistan war. The pocket book matters, however, as only 35% think they get "*good value for the money spent by the CAF,*" which does not bode very well for sustained, let alone increased defence expenditures. There is a certain amount of ambiguity as to an "assertive combat role" and "peacekeeping" at 33%. There might be hope regarding procurement which has clearly hit the news and struck Canadians as only 30% think that "*our military is well equipped for the jobs they are sent to.*" Where it gets worse is on Canadian armed forces making good decisions when spending taxpayers' dollars (25%); clearly DND is not deemed effective or efficient in that context, which also affects the future confidence in redressing the shortfalls if Canadians believe the CAF are profligate. There is not much appetite for being part of the forces while maintaining a civilian life (21%); so Reserve employment is not a major driver. As to "*top priority missions of our military,"* disaster relief in Canadian communities, understandably, comes out on top at 68%, search and rescue, along the same lines, hit 63%, patrolling our land, maritime and air space, i.e., sovereignty also get good support at 62%. Protecting ocean trade routes, at 53% is quite interesting as it seems to reflect a greater awareness than expected of the importance of the sea for our trade. The assertion of our sovereignty in the North is deemed a top priority mission by only 47%, which is not bad considering the limited general knowledge Canadians have of our North. Other missions get a progressively lower percentage: defending against cyber-attacks at 40%, UN and NATO missions at 38%. Peacekeeping operations without armed intervention at 36%, disaster relief abroad at 34%, international event security at 34%, anti-piracy at 26%, etc. Although most of the issues received a higher positive response than in 2013, probably reflecting the satisfaction with the end of the Afghanistan war, the displeasure with Russia's behaviour and the disgust towards ISIS, there is no real feeling of overwhelming commitment to Defence. It is unlikely that political parties will make much hay about defence issues although one can expect the Prime Minister to highlight our response to Ukraine and build on the deep feeling of shock towards the Islamic State.

5. CONCLUSIONS AND RECOMMENDATIONS

The last two "Strategic Outlook" indulged in a wide array of recommendations. Most of these are still relevant. This year's elections only reinforce our call on the new Government of Canada emerging from them to undertake a full foreign, trade, development and defence review in order to present a unified vision of Canada's role in the world and of the requirements, globally, to exercise it. **In simple terms, what do we want to do in the world, and how!** Beyond such a review, it is also time to produce a National Security Strategy.

It is no surprise in the current global security environment that within a few months after our last soldiers left Afghanistan, our forces would be engaged anew on two fronts. Credit is due for these decisions and even more for the ability of the CAF to respond so well under stringent financial conditions and with the looming threats of more cuts in the future. Yet one also has to acknowledge some important decisions by the Government of the day to build the CAF. Important equipment procurements, notably in ships and aircraft are the result of the Government making difficult decisions that can have 50-year impacts on capabilities and leave an important legacy for many governments to come. But the challenges in reaching those decisions are profound, partly due to the difference between short duration political terms, and the inherent longevity of equipment that allows governments to defer decisions and leave their successors' capabilities rapidly approaching obsolescence. That the CAF is operating 50 year old Sea King helicopters makes the point that many governments have missed the opportunity to enable those who follow them. Compared to both previous liberal and conservative governments other than, maybe the Martin government, the Harper government has made a greater number of such decisions. Yet, the abrupt budget cuts of recent years show a focus on the short term that is creating challenges for future governments.

It should be clear that, with the funds removed from the defence budget, the 2008 CFDS is no longer a valid strategy. The government might wish to stop referring to it as having reduced funding from $490 billion to $453 billion, i.e., a $37 billion gap which will grow over time. Other issues also impact affordability. Procurement delays are to be addressed by the Defence Procurement Strategy – strategy being a much abused word these days, yet the irony is that the DPS' delay reductions will take time to achieve. Numerous government reports have been written on the potential for savings in defence; yet little is known of

their outcomes and the public cannot assess the nature of progress made. Such is the case of the Transformation report recommendations of which apparently 35% have been implemented, 30 % were jettisoned and 35% are still being considered. But it is not known which treatment the individual recommendations received. The vaunted NSPS is rebuilding our maritime industrial base and the first steel is expected to be cut for a naval ship, the AOPS, this summer. Yet the full potential the NSPS represents will remain latent until ships are being built on both coasts.

Optimism should be measured, at best. The reality is that we are entering a period of continued decline, diminished CAF capabilities and capacities, less training and lower output, with consequently reduced influence on the world stage and weakened contribution to our own security, domestic and international. If only in exchange for less mass we could at least have more effect. But that is where the apparent refusal by the government to consider adjustments to the size of the Forces comes into play as a CAF fixed at 68,000 seems to act as a barrier to innovative ideas.

The current defence funding trajectory could lead to a smaller force, including, perhaps, random and illogical cuts to capability more as a result of rust out than strategy. A full, independent, transparent rethink is absolutely essential. But any rethink must look at all our instruments of influence, not just defence, hence our "yearly call" for a foreign, trade, aid, security as well as defense policy review.

Between now and the election, is there something that the government should do? The IPSOS survey and others demonstrate that defence issues are not very important in the minds of Canadians. They are happy that Afghanistan is over and that our troops conducted themselves well. They are much more worried about the treatment of veterans. The IPSOS survey demonstrates that what really matters to Canadians is the support that the Armed Forces can provide in case of man-made or natural disasters such as the overflow of the Bow in Calgary or the Red River in Winnipeg. At the same time, the response to the events in Ukraine has been embraced by the Canadian-Ukrainian community and by Canadians in general. NATO plays well generally because it speaks to solidarity and commitment. The revulsion against ISIS has been the overwhelming feeling and on balance, for now, the Government is winning on its strategy, but the House of Commons debate on sending our troops and aircraft to Iraq was not stellar, to say the least. Yet, with all that, there is a strong possibility that Canadians don't realize that their defence capability is being weakened and that by 2025 it will be significantly lower without investment.

The consequences should be made clear to Canadians. Indeed, although it will not be very much of an election issue, that does not mean that Canadians don't want effective armed forces, but convincing them we are on the wrong path will take ownership of the issue by the political parties. There might be some hope here. The travails of the Procurement file have heightened the attention of a certain, better informed public. The DPS has been broadcast by the Government as has the progress of the NSPS, most notably the contracting for AOPS. The "built-in Canada" plays well. In fact, were it not for the punting of the fighter decision, the industrial benefits of the acquisition of a new tactical fighter would be played up massively. But there is also a well-informed pacifist streak coming from the NDP which has a constituency among Canadians. The NDP spokesperson is one of the best informed MPs on the subject of defence and exudes a strong sense of responsibility towards the CAF. The Liberals can claim that the initial thrust in rebuilding the military came under PM Martin's watch. Veterans' issues will likely play quite a role in the debates. The lack of transparency of the Government, generally but more specifically on defence issues, will be an issue – few will have forgotten the F35 saga. Defence spending is a double edge sword and while cuts to the defence budget are good fodder, there is a fundamental responsibility of the government to provide for the security of Canadians today and leave to their successors capable national institutions such as the CAF, all of which requires openness and commitment.

It behooves institutions such as the CDA Institute, CDFAI, the MLI, the CIC, etc. to address these issues in a non-partisan way, emphasizing the following, hoping that they will be picked up during debates.

Recommendations

A) The overarching requirement:
- A call on the government to undertake a full, integrated foreign, trade, development and defence review with a view to present a unified vision of Canada's role in the world and of the requirements, globally, to exercise it;
- A National Security Strategy should also be produced.

B) Defence recommendations
- A call on the government that the Defence Policy (possibly a White Paper) component of the review include:
  1) Producing a long term investment plan, including a funded procurement strategy and speeding the implementation of the DPS;
  2) Producing a review of previous studies on Defence Renewal and Transformation;
  3) Setting out a program of rationalization of defence infrastructure and bases;
  4) Developing a framework for an expansion and a better use of the talents of reservists in new specialties and, funds permitting, keeping a small number of Reservists at the same training level as the Regular Force, for faster deployment in line with the report of the 2011 Standing Senate Committee on National Security and Defence *Answering the Call – The Future Role of Canada's Primary Reserve*, and subsequent studies.

C) Defence-related recommendations:
- A call on the government to elaborate a full-fledged policy on intelligence, cyber-security and cyber-terrorism, under the leadership of the Communications and Security Establishment, with a particular attention to DND's cybersecurity infrastructure as per the Auditor General's report;
- A call on the government to provide clarity on the extension of the anti-ISIS commitment.

NOTES

[1] While I am the principal author of Strategic Outlook, this paper has benefitted from a number of written and oral contributions from both CDA Institute board members and other generous scholars. I wish to name particularly Drew Robertson for having accepted to spend hours on the document. Credits are also due to Don Macnamara, Marc Lessard, Al Howard, John Scott Cowan, Doug Bland, Eric Lehre, George Petrolekas, David McDonough, and of course to Dave Perry for his acclaimed work. I have often adjusted and incorporated their ideas into the document. They will recognize themselves in it but hopefully will forgive me for whatever errors or inadequacies that remain. Of course, Richard Evraire deserves my thanks for his extraordinary editing work in both official languages!

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[16] President Putin speech to the Duma, 18 March 2014.

[17] http://www.nato.int/cps/en/natohq/opinions_115315.htm December 2, 2014

[18] View of Canada's former ambassador to Moscow, Ralph Lysyshyn. Former Russian Prime Minister Mikhail Kasyanov predicts a major downturn in the Russian economy and reserves within the next few years, which could compel a change of course on the part of Mr. Putin (Conference at the University of Ottawa, 24 November 2014).

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CONFERENCE OF DEFENCE ASSOCIATIONS INSTITUTE

151 Slater Street, Suite 412A, Ottawa ON K1P 5H3 Canada
Phone: +1 (613) 236 1252 Fax: +1 (613) 236 8191

@CDAInstitute | www.cdainstitute.ca