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HOW DOES CANADA'S NEW DEFENCE POLICY MEASURE UP?

A Benchmark Analysis

by

Col Charles Davies (Ret'd)

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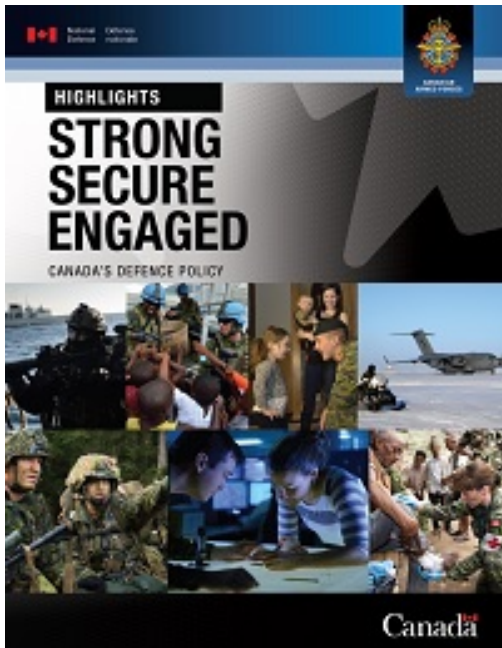
In March of 2016 the CDA Institute published my analysis of the most recent defence policy updates published by France (2013), the United States (2014), the United Kingdom (2015), and Australia (2016). POF P With the Canadian government then embarking upon a comprehensive defence policy review, this high-level scan of recent comparable exercises in other nations was offered as a contribution to the process. Clearly, the experiences of other countries may not translate perfectly into the Canadian context, but the analysis did yield some useful insights into the methods, depth of analysis, and rigour applied by these nations in developing their policies. Canada needs, and deserves, to have at least comparable foundations underpinning its defence policy.

The purpose of this present analysis is to assess how well the government has achieved this in the recently published Strong, Secure, Engaged: Canada's Defence Policy.

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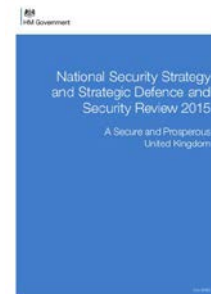
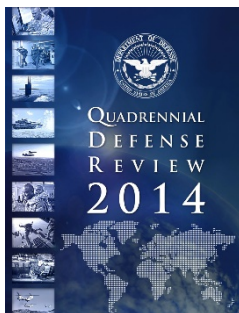
How Does Canada's New Defence Policy Measure Up? A Benchmark Analysis

By Charles Davies

In March of 2016 the CDA Institute published my analysis of the most recent defence policy updates published by France (2013), the United States (2014), the United Kingdom (2015), and Australia (2016).¹ With the Canadian government then embarking upon a comprehensive defence policy review, this high-level scan of recent comparable exercises in other nations was offered as a contribution to the process. Clearly, the experiences of other countries may not translate perfectly into the Canadian context, but the analysis did yield some useful insights into the methods, depth of analysis, and rigour applied by these nations in developing their policies. Canada needs, and deserves, to have at least comparable foundations underpinning its defence policy.

The purpose of this present analysis is to assess how well the government has achieved this in the recently published *Strong, Secure, Engaged: Canada's Defence Policy*.²

Background



The French, UK, Australian and US policies were all found to have a number of differences between them but were remarkably similar in how they progressively built the defence policy rationale and narrative in five sequential steps:

1. Defining a view of the nation's place in the world and, in broad terms, how the instruments of state power, including but not limited to their defence capabilities, will be used to support a national strategy;
2. Analysis of the global and regional strategic outlook, including "future shock" risks, and the military options current and future governments will need to have in order to face them;
3. Defining the defence strategy each nation intends to follow;
4. Defining the defence capabilities each nation will acquire, maintain or divest and the force structures to be adopted to implement the strategy; and
5. Defining the financial means by which the required capabilities will be acquired and sustained.

Further, these nations clearly understood that modern defence capabilities can't be built or rebuilt quickly; it takes years or decades and is very expensive. Consequently, decisions made by current governments will have a much greater impact on the military options future governments have for responding to domestic or international events than on their own. For this reason, the governments of these nations aimed to define defence policies that would be durable over the long-term through at least one or two successors. This required engaging major opposition parties, and to some degree the wider population, in a dispassionate and reflective discussion about the future direction of the country's defence policy.

The Liberal government certainly made an extensive effort to engage Canadians in the development of its defence policy, with wide-reaching electronic and face-to-face discussions being held over an extended period. It also sought Parliamentary input and the Senate in particular put considerable bipartisan effort into a comprehensive study of the relevant issues, producing two very substantive reports for the government.³ What remains unclear, however, is the extent to which these inputs influenced the development of the policy. The Senate reports, for example, were finalized only weeks before its release and, as will be shown below, probably at least six months after most key decisions had already been made.

Canada's 2017 Defence Policy

In this context, how does Canada's new defence policy measure up to those of the four benchmark nations?

It is immediately clear right from the document's table of contents that *Strong, Secure, Engaged* follows a very different narrative model from the other policies – which is not necessarily a reflection of its relative comprehensiveness or the thoroughness of its underlying analysis. It is simply different. This in no way impedes the analysis of how well the common foundations seen in the French, US, UK and Australian documents underpin Canada's new policy. We will examine them in turn.

Defining Canada's Place in the World and the Government's Overall Approach to Defence

As a point of departure, the government needed to set out the broad foreign and national security policy context within which it was positioning Canada and its defence policy, and this was clearly not contemplated in the process it followed in the defence policy review. There was no parallel public review of foreign or national security policy undertaken alongside it.



Events have made it clear, however, that the government at some point did realize that it needed to put some serious thought into a wider context for its new defence policy. Both Global Affairs Minister Chrystia Freeland's speech in the House of Commons on June 6th 2017⁴ and key elements of the new defence policy itself reflect serious analysis and no doubt much debate around Cabinet tables about this government's philosophy and aspirations for Canada's place in global affairs. International Development Minister Marie-Claude Bibeau's June 8th speech⁵ was a further sign of a wider national approach to international engagements that sees multiple instruments of state power being orchestrated together in order to achieve desired outcomes – in essence more solidly embracing at the

Cabinet level the “Comprehensive Approach” espoused by NATO⁶ and long advocated by the leadership of the Canadian Armed Forces.⁷

The outcome from this internal government thinking is a refreshingly frank and realistic positioning of Canada as a middle power that intends to use its not inconsiderable national capacities to act in cooperation with others, and where necessary alone, to defend itself, contribute to global stability and development, and preserve and strengthen the rules-based global order that is so much in its interest.

This could have been the end of it – a laudable and in some ways inspiring aspirational statement about Canada’s place in the world within which to nest a defence policy. However, the government chose to back up its words with a substantial political commitment to increasing funding for defence. To be sure, as many critics have argued, this commitment is not cast in stone. Governments of all stripes allocate their discretionary funds according to their current priorities irrespective of any promises they or their predecessors may have previously made. This is a fact of democratic life that is unlikely to ever change.

However, this is not a valid reason to dismiss or minimize the importance of the commitment. Certainly there is a risk that economic or other events could constrain the current government’s ability to fully meet the funding goals set out in the document, but fundamentally the policy marks an important inflection point for defence spending in Canada. While it does not set a direct path towards meeting the NATO 2% goal, it does meet the two associated Alliance objectives: halting the decline in relative defence spending among its members, and beginning to increase it.⁸ Neither the current government nor its successors will find it easy to walk back from this any time soon.

Overall then, when read in conjunction with Minister Freeland’s June 6th speech, *Strong, Secure, Engaged* does a reasonable, if imperfect, job of defining Canada’s place in the world and makes some important statements, notably in terms of financial commitment, about the government’s approach to defence. The absence of a more comprehensive analysis extending into national security and foreign policy prevents the document from rising to the level of the four benchmark countries’ policies, but as will be discussed further below it does not fatally undermine the new policy either.

That said, we need to do better and it remains a task for this and future governments to work with Parliament and others to improve our capacity to do fundamental strategic analysis of the nation’s place in the world.

Analysis of the Global and Regional Strategic Outlook

Minister Freeland’s speech also contained a remarkably candid and pragmatic summary of the government’s analysis of the global and regional strategic outlook for Canada and this provided good context for the new defence policy. It is particularly noteworthy that the government, which came to power in 2015 with a reputation (deserved or not) for preferring “soft power” over “hard power,” has clearly thought through the implications of what it sees going on around the world and concluded that if Canada is to adequately defend its interests and meaningfully influence events the nation needs to be capable of wielding both effectively.

This thinking is clearly reflected in the defence policy’s quite comprehensive, if brief, discussion about the global context and consequent implications for Canada and its defence capability needs. In this respect, *Strong, Secure, Engaged* compares very favourably with the policies of the four benchmark nations. While it would have been preferable to see a more integrated national analysis spanning national security, foreign, and defence policies, the new defence policy clearly rests on a very sound

understanding of the global and regional challenges the country will face over the coming decade or more.



Defining the Defence Strategy

The defence policy is also strong in defining Canada's defence strategy. Its vision of: *Strong at home, secure in North America, and engaged in the world* is not new; it is entirely consistent with the priorities set out in most of its predecessor policies over the past half-century. However, its amplification of what those words mean in practical terms is a significant departure. The “so whats” have clearly been thought through this time more comprehensively than we have seen in

most previous exercises – and, more importantly, turned into concrete government commitment of resources and provision of quite unambiguous direction to the bureaucracies of all departments involved in implementing the policy.

The most important example of this is the new direction that the Canadian Armed Forces are to be prepared to undertake a long list of quite specific mission types *simultaneously*. These missions are clearly defined in terms of size and nature, so for the first time since the end of the Cold War National Defence has reasonably hard metrics around the capabilities it is required by the government to establish and maintain. This has good potential to reduce, at least to a degree, the bureaucratic friction the department traditionally faces in moving its requirements through the multiple departments involved in approving and implementing them.

The decision to provide this new clarity of direction was clearly founded upon the government's analysis of the global and regional strategic outlook, and a conclusion that conflict can no longer be expected to be contained to particular geographical areas. There will almost always be spillover to other regions whether these be in the form of proxy conflicts, large-scale migrations of populations, terrorist attacks, or other events. Consequently, if Canada is to be effective in engaging on even a limited number of global security problems it has to have the capacity to undertake significant interventions in multiple locations at the same time.

This important element of the new defence policy at last reveals the likely rationale for the government's controversial November 2016 direction that the Royal Canadian Air Force must be capable of meeting both its NORAD and NATO commitments concurrently. While it is still hard not to see political overtones to the accompanying decision to consider an interim buy of 18



Super Hornets to fill the resulting gap, the direction on mission concurrency – contrary to what many critics have inferred⁹ – should now be seen as having entirely legitimate foundations. It was clearly based on the rational determination that any serious confrontation with Russia originating in Europe could not be contained there, and that Canada had to be prepared to see its northern air and maritime approach defences tested just as aggressively at the same time.

What is less clear is why the government chose to make these fighter announcements so far ahead of the release of its defence policy, but a plausible reason could have been concern about the relatively quickly evolving situation in Europe.

Regardless, the timing of the fighter announcement also makes it quite clear that the government was well advanced in its wider thinking about its defence strategy and capability requirements before the unexpected election of Donald Trump as US President. This would inevitably have included drawing conclusions about the country's needs for future defence spending, if not necessarily yet firming up exact numbers. The fact is that the policy document is simply too comprehensive and cohesive for it to have been substantially rewritten between November 2016 (let alone January 2017 when the new administration actually began to establish itself) and now. While the timeline for release of it was likely delayed to allow for discussions with the new US leadership, and some modest adjustments could certainly have been made as a result of them, the main thrusts of the new defence policy can't have been changed radically in the few months available.

Overall, *Strong, Secure, Engaged* provides a very good articulation of a forward-thinking defence strategy for Canada that compares favourably with the four benchmark nations. Its foundational concepts of Anticipate, Adapt, and Act provide a good intellectual base upon which to conceptualize, design and build effective defence capabilities – and employ them in operations – and the government deserves praise for the depth and quality of the underlying analysis.

Defining the Defence Capabilities to be Acquired, Maintained or Divested

With the sound defence strategy foundations set out in the policy, it is not surprising that *Strong, Secure, Engaged* is similarly solid in its articulation of the defence capabilities the Canadian Armed Forces are required to establish and maintain. Some critics have sought to parse out perceived gaps and suggest hidden intent for specific systems,¹⁰ but this is misguided. The discussion about specific platforms is not exhaustive in the policy, nor should it be. The focus quite properly is on the major capability investments required and selected smaller ones that relate directly to the central narrative being put forward. In this respect, the document is generally very complete, with perhaps one small but potentially important stumble.

Recapitalization of large high-cost capabilities represented by complex platforms such as warships, submarines, and fighter aircraft needs to be planned over long time horizons because of the technical, industrial, and other challenges associated with their development, design and construction. To the government's credit, the new defence policy addresses all of the Canadian Armed Forces' big-ticket capabilities in one way or another, going so far as to finally publish realistic and accurate cost estimates for the Canadian Surface Combatant program and commit full funding for 15 ships. However, while the policy provides for modernization of the equally important submarine fleet to keep it combat-capable through the medium term, the fact remains that these platforms will be 40 years old by 2030 (i.e. only 13 years from now) and will need to be replaced beginning around that time.



Active planning for this needs to be happening now, a fact that should have been acknowledged and provided for in the new defence policy. Canada cannot afford to continue repeating the strategic failures of the past, for example the retirement of the Oberon submarine fleet in 2000 without replacement, or the more recent similar loss of the Royal Canadian Navy's at-sea replenishment capability – both events being the direct result of prolonged political neglect. While significant spending on submarine replacement won't be needed any time soon, important and

potentially tough related policy and political decisions will have to be made sooner rather than later, and the government would have been well advised to pave the road to getting these decisions before Cabinet in a timely way by including the requirement in its defence policy.

This one issue aside, which can be corrected by subsequent government direction to central agencies and departments, *Strong, Secure, Engaged* compares very favourably with the four benchmark policies in the way it defines required capabilities.

Aligning the Policy Ends with the Required Ways and Means

Canada, as the Parliamentary Budget Officer¹¹ and others have noted, has created a significant imbalance between the size and scope of its military force structure and the defence budget in recent years. If the defence policy review had not begun to address this problem, which it has, it would have represented a major risk to the long-term viability of Canada's defence capabilities.

This imbalance in part developed as a result of politically convenient "fuzziness" in the cost estimates underpinning public and even internal government debate about future defence capability investment needs. In effect, governments could, when convenient, use cost imprecision as a relief valve to avoid taking hard decisions, and justification for being selective in communicating to the public the costs of decisions they did make.

No more. The policy document devotes a surprising amount of space to comprehensively describing what can only be seen as a fundamental overhaul of the way National Defence develops and explains the costs associated with its capabilities, programs, and operations. The result is much improved credibility around the accuracy and completeness of the department's cost estimates, as evidenced by the fact that its current program estimates for the Canadian Surface Combatant align very precisely with the separately developed estimate recently published by the Parliamentary Budget Officer.¹²

Strong, Secure, Engaged is thus well supported by very credible and complete cost estimates for the investment plans it sets out, and in this respect compares very favourably with the benchmark policies.

That said, it remains a concern that too much of the defence budget will continue going towards personnel costs compared to the other key elements of capability, especially equipment modernization, training and readiness. While the new defence policy does begin to address the problem, it does not entirely close the gap with most of the benchmark countries. The table below provides a very high-level illustration of the problem. Spending per Regular Force member is a good thumbnail comparator of spending on equipment modernization, force readiness, and support versus personnel costs. Canada

needs to close this gap further if it is to ensure the long-term viability of the Canadian Armed Forces as a modern, effective military capable of close interoperability with our key allies.

Defence Resources Comparison of Selected Countries (2015 Budgets)¹³

Country	Regular Force	Defence Budget	Percentage of GDP	Spending per Regular Force Member in \$CA
France*	215,000	€46.9B	1.9	\$322,200
United Kingdom	149,000	£45.1B	2.0	\$576,380
Australia	58,000	\$AS 32.0B	1.8	\$522,000
United States	1,430,000	\$US 597.5B	3.3	\$552,100
Canada (2015)	68,000	\$CA 20.0B	0.9	\$294,120
Canada (2026)	71,500	\$CA 32.7B	1.4	\$457,343

**Note: France, as a continental power with substantial residual post-colonial responsibilities, maintains disproportionately large land forces and small naval and air forces compared to the other countries studied. Land forces are inherently much more personnel-cost intensive than naval and air forces.*

Implementing the Policy

Finally, *Strong, Secure, Engaged* addresses some of the structural impediments to efficient and effective implementation of policy. Most of the intended solutions are being delivered by previously announced initiatives, including some dating back to the previous Conservative government. These include machinery of government efficiency improvements, strengthening capacity in key areas, and more effectively targeting economic benefits from defence procurement.

The linkages in the document to other government initiatives is important in that it suggests greater maturity in horizontal policy integration than has been evident in earlier defence policy statements. However, it remains to be seen what practical results this will yield and it is important to temper expectations. Increasing National Defence's goods procurement authorities to \$5M, for example, will undoubtedly achieve the stated objective of simplifying the processing for over 80% of defence procurements, but the really problematic files are the 20% high-cost acquisitions that will continue to be collectively managed by multiple departments. For these files, supporting measures such as the external review of National Defence's Statements of Operational Requirement,¹⁴ by reducing and hopefully eliminating bureaucratic fights over requirements, may do more to streamline their processing than any of the interdepartmental coordination improvements that may come out of the government's ongoing efforts to identify and smooth out some of the inefficiencies. Too many of them are simply inherent in Canada's co-management procurement model and can't be overcome by tinkering with process. The only real fix would be establishing unified management of defence procurement, which is clearly not being contemplated by the government.

Conclusion

Overall, *Strong, Secure, Engaged* is a good document that generally stands up well in comparison with the four benchmark policies. It shows a level of breadth and maturity of thought not always evident in previous defence policies produced by governments of either stripe. Most importantly, it breaks the national mold and provides more deeply rational, pragmatic, and comprehensively costed policy direction to departments than we have seen before. It sets a high bar for future defence policy developers.

That said, it does have weaknesses and represents but one important milestone in a longer journey towards sound and comprehensive defence policy development and management in Canada. Future iterations, whenever they occur (a major issue in itself), will need to further address the mismatch between the defence needs of the nation and funding. They will also need to institutionalize the integration of defence policy development with that of national security and foreign policy. These policy areas have different characteristics and time horizons, but they require careful alignment and need to be done together if each is to be effective.

Perhaps more importantly, future processes will need to include much more substantive consultation and discussion with other political parties in Parliament, and in particular the Official Opposition (the most likely eventual successor government). Failure to improve long-term political consensus-building on Canadian defence policy makes yet more hugely wasteful redirects following future elections likely, and the nation simply can't afford them.

These not insignificant weaknesses can be corrected over time – indeed it would be unrealistic to have expected the government and Official Opposition to have instantly forged a common view of defence policy in this recent process, given the political dynamics within the House of Commons over the past decade or more. It can be hoped, however, that the consultative process adopted by the government this time will pave the way for further cross-party cooperation in the development of future policies, and perhaps more consistency and discipline in the associated processes, leading ultimately to higher standard policy outcomes.

Bottom line: Despite some limitations, Canada's new defence policy provides National Defence, the other relevant departments, and Canadians with a well-considered and appropriately designed blueprint for the evolutionary development of the Canadian Armed Forces over the coming decade or more. It stands up well to comparison with the policies of other nations, notwithstanding that there is room for future improvement.



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¹ Charles Davies, *Charting the Course Towards a New Canadian Defence Policy: Insights from Other Nations* CDA Institute Analysis, March 2016: http://cdainstitute.ca/wp-content/uploads/Davies_Analysis_March_2016.pdf

² Released June 7th, 2017 and accessible at: <http://dgpaapp.forces.gc.ca/en/canada-defence-policy/index.asp>

³ *Military Underfunded: The Walk Must Match the Talk*. Accessed at: https://sencanada.ca/content/sen/committee/421/SECD/reports/DEFENCE_DPR_FINAL_e.pdf and Reinvesting in

the Canadian Armed Forces: A Plan for the Future. Accessed at:

https://sencanada.ca/content/sen/committee/421/SECD/reports/SECDDPRReport_FINAL_e.pdf

⁴ Accessible at https://www.canada.ca/en/global-affairs/news/2017/06/address_by_ministerfreelandoncanadasforeignpolicypriorities.html

⁵ Accessible at https://www.canada.ca/en/global-affairs/news/2017/06/address_by_ministerbibeauatthelaunchofcanadasnewfeministinternat.html

⁶ NATO's guidelines may be found at <http://www.natolibguides.info/comprehensiveapproach>

⁷ See, for example, LGen Andrew Leslie et al, *Developing a Comprehensive Approach to Canadian Forces Operations*, Canadian Military Journal Vol. 9, No. 1. Accessed at: <http://www.journal.forces.gc.ca/vo9/no1/04-leslie-eng.asp>

⁸ NATO Secretary-General Jens Stoltenberg in an interview with CBC Radio 1's program The House aired on Saturday, June 10th, 2017.

⁹ Including, to a degree, myself in a CDA Institute blog post on 31 May, 2017: <http://cdainstitute.ca/davies-on-the-new-fighter-acquisition-oh-what-a-tangled-web-we-weave/>.

¹⁰ For example, Ottawa Citizen defence journalist David Pugliese in his Defence Watch blog. See <http://ottawacitizen.com/news/national/defence-watch/do-tanks-have-a-future-in-the-liberal-governments-new-defence-policy>

¹¹ See *Fiscal Sustainability of Canada's National Defence Program*, Office of the Parliamentary Budget Officer, 26 March 2015. Accessed at: http://www.pbo-dpb.gc.ca/web/default/files/files/files/Defence_Analysis_EN.pdf

¹² See *The Cost of Canada's Surface Combatants*, Office of the Parliamentary Budget Officer, 1 June 2017.

Accessed at: http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2017/CSC%20Costing/CSC_EN.pdf

¹³ Table derived from a similar one published in *Charting the Course towards a New Canadian Defence Policy*, with modifications.

¹⁴ Introduced in the Conservative government's 2014 Defence Procurement Strategy and retained by the current Liberal government.

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