



ON TRACK

THE CONFERENCE OF DEFENCE ASSOCIATIONS INSTITUTE

L'INSTITUT DE LA CONFÉRENCE DES ASSOCIATIONS DE LA DÉFENSE

**GRADUATE STUDENT
SYMPOSIUM 2014**

**3 NEW VIMY PAPERS
STUDENT EDITION**

CAF

ISIS

**JIHADI
BRIDES**

PROCUREMENT

HITS CLOSE TO HOME

Cover Photo by Louie Palu, 2014 Ross Munro Media Award Winner

U.S. Marine Gysgt. Carlos "OJ" Orjuela age 31 who is part of Alpha Company of the 24th Marine Expeditionary Unit (MEU) Battle Landing Team (BLT) 1/6, after riding in a convoy in Garmsir District, Helmand Province, Afghanistan at Forward Operating Base Apache North. Located in Southern Helmand Province, Garmsir has been a haven for insurgents for the last several years. Earlier this year the Marines cleared the area after a period of heavy fighting. Carlos is from New Jersey and has done one tour in Iraq in addition to this tour.

ROSS MUNRO MEDIA AWARD

The CDA Institute, in partnership with the Canadian Defence & Foreign Affairs Institute, is pleased to announce that Mr. Louie Palu has been unanimously selected as the recipient of the CDA Institute Ross Munro Media Award for 2014.

Mr. Palu is a former staff photographer at the Globe and Mail, now Bernard I. Schwartz fellow at the new america foundation. His work in war zones and other related military operations has been carried in almost all major Canadian daily news publications and many international news magazines, including cover photos in Newsweek, Time, The New Yorker and The Atlantic. Louie took enormous personal risk to capture his photos. His images and video – shot during multiple tours – not only gave the public a visceral understanding of the dangers and sacrifices of ordinary soldiers, but also raised the profile of Canadian troops working along allied soldiers. his work is also been displayed at the Canadian War Museum.

Since joining the New America Foundation, Louie Palu has devoted much of his long-term studies to the political and social issues raised during the Kandahar combat mission. He is a sought-after expert on how the media covers modern wars.

The Ross Munro Media Award commemorates Ross Munro, the celebrated Canadian war correspondent who reported on the Second World War in Europe. The award was initiated by the Conference of Defence Associations and the CDA Institute in 2002 to recognize Canadian journalists who have made a significant and extraordinary contribution to increasing public understanding of Canadian security and defence matters. Recipients of the award have produced outstanding work regarding the efforts of the Canadian Armed Forces in preserving Canadian democratic values

Previous recipients

- Stephen Thorne (2002)
- Garth Pritchard (2003)
- Sharon Hobson (2004)
- Bruce Champion-Smith (2005)
- Christie Blatchford (2006)
- Matthew Fisher (2007)
- Alec Castonguay (2008)
- Brian Stewart (2009)
- Murray Brewster (2010)
- Rosie DiManno (2011)
- Adam Day (2012)
- (No Recipient 2013)

ON TRACK

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ON TRACK is published by the CDA Institute.

Mission Statement. Through the pages of ON TRACK it is the goal of the CDA Institute to see the federal government adopt and fund credible defence and security policies for Canada. It is intended that ON TRACK facilitate the development of such policies through informed discussion and debate of defence and security issues that have an impact on the strategic interests of Canada and on the safety of its citizens. The views expressed in ON TRACK are those of the authors and do not necessarily represent those of the CDA Institute.

ON TRACK est publié par l'Institut de la CAD.

Énoncé de mission. À travers les pages de ON TRACK, l'Institut de la CAD a comme but d'inciter le gouvernement fédéral à adopter et financer des politiques de défense et de sécurité crédibles pour le Canada. On souhaite que ON TRACK facilite le développement de telles politiques par le biais d'une discussion et d'un débat éclairés sur des enjeux de défense et de sécurité qui ont un impact sur les intérêts stratégiques du Canada et sur la sécurité de ses citoyens. Les points de vues exprimés dans ON TRACK reflètent les vues des auteurs et pas nécessairement ceux de l'Institut de la CAD.

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From the Executive Director

Tony Battista

We are pleased to release the second edition of Volume 19 of the CDA Institute's journal, On Track.

Although some time has passed since our previous edition, I am confident you will find it well worth the wait. This edition is particularly special, as it features solid research and analysis from a younger generation of Undergraduate and Graduate Students, whose efforts here mark them as people to watch in the Security and Defence community. I would particularly like to draw your attention to the piece on the subject of Jihadi brides, which two of our analyst interns, **Lindsay Coombs** and **Melissa Hawco**, worked so tirelessly on in the fall.

While navigating between continuity and change is never an easy art, I am proud to say that this past year has had its share of successes for both the Conference of Defence Associations and the CDA Institute. In October 2014, we held our 19th Annual **Graduate Student Symposium** at the Royal Military College of Canada in Kingston, Ontario. This year's event provided 18 MA and PhD students from across Canada and even internationally – selected from a record number of over 50 applicants – the opportunity to present their research in a professional setting, and the opportunity for all to network with distinguished members of the security and defence community. Congratulations again to our top three winners: **Rob Burroughs** from the University of Ottawa, **Dashiell Dronyk** from Carleton University and **Tannuva Akbar** from the University of Toronto. We are proud to have captured their excellent research efforts in three new **Vimy Papers 23-25** which are featured in this On Track Edition. A summary of the Graduate Students Symposium, as well as a very flattering and supportive article by one of the attendees/presenters are also featured here.

On 14 January 2015, the Conference of Defence Associations Institute was pleased to release **Vimy Paper 21**, in cooperation with The Macdonald-Laurier Institute: *“Putting the ‘Armed’ Back Into the Canadian Armed Forces: Improving Defence Procurement in Canada”* by **David Perry**, Senior Security and Defence Analyst at the CDA Institute. Dave's excellent work has quickly become required reading for understanding the current situation of Canadian defence procurement and has received considerable media focus and wide-spread attention through social media.

We also hosted our **Vimy Award Gala Reception and Dinner** on November 7th, 2014, in honour of this year's recipient, **Honourary Colonel Blake C. Goldring**. Blake has made outstanding contributions and shown significant leadership in strengthening the integration between the Canadian Armed Forces (CAF) and Canadian society. By his countless efforts and generous support for the members of the CAF and their families, he has made an outstanding contribution to the security and defence of our nation, and towards the preservation of our democratic values.

Photo journalist **Louie Palu** was unanimously selected as the recipient of the CDA Institute **Ross Munro Media Award** for 2014, which recognizes Canadian journalists who have made significant and extraordinary contribution to increasing public understanding of Canadian security and defence matters. We are honoured to have one of his breathtaking photos grace the cover of this issue, and to provide more information about his work, as well as the award, on the inside cover.

And the year is not yet over for us, here at the CDA/CDA Institute. Our well-known and well-attended **Ottawa Conference on Security and Defence** will be running February 19-20th, 2015 at the Fairmont Chateau Laurier Hotel. In addition to our quality line-up of keynote speakers and expert panels, the **Ross Munro Media Award** will be presented to **Louie Palu** at the start of the Conference on February 19th. The Conference will also be the venue to launch and present **Vimy Paper 22 - The 2015 Strategic Outlook for Canada**, the excellent work by the CDA Institute Executive Vice-President, **Ferry de Kerckhove**, as well as the results of a national **IPSOS poll** on National Security and Defence issues and the Canadian Armed Forces. A draft agenda and registration are both currently available on our website. **YOU WOULD NOT WANT TO MISS THIS IMPRESSIVE 2-DAY EVENT.**

In closing, I want to thank wholeheartedly the 51 CDA Associations, the CDA Institute Board of Directors, the small but incredibly hard-working staff at our national office, as well as the many corporate sponsors, donors, supporters, contributors and friends. Your continued efforts and collaboration is greatly appreciated.

Enjoy!

Tony

Le mot du directeur-général

Tony Battista

Nous sommes heureux de vous faire parvenir On Track, la deuxième édition du 19^{ème} volume de la revue de l'Institut de la CAD. Bien qu'un peu de temps se soit écoulé depuis notre dernière édition, je suis certain que l'attente n'aura pas été vaine. Cette édition est particulièrement spéciale, car elle met en vedette les recherches et analyses approfondies d'une plus jeune génération d'étudiants du premier ainsi que du cycle supérieur, dont les efforts les démarquent comme personnes à suivre dans la communauté de la sécurité et de la défense. Je tiens tout particulièrement à attirer votre attention à l'article portant sur les épouses djihadistes, et sur lequel deux de nos stagiaires analystes, **Lindsay Coombs** et **Melissa Hawco**, ont travaillé sans relâche l'automne dernier.

Quoique la navigation entre la continuité et le changement ne soit jamais un art facile, je suis fier de dire que cette dernière année a eu sa part de succès à la fois pour la Conférence des Associations de la Défense et l'Institut de la CAD. En Octobre 2014, nous avons tenu notre 19^{ème} **Symposium annuel des étudiants diplômés** au Collège militaire royal du Canada à Kingston, en Ontario. Cette année l'événement a donné une opportunité à 18 étudiants au niveau de la maîtrise et du doctorat de partout au Canada et même à l'échelle internationale – choisi parmi un nombre record de plus de 50 candidats – de présenter leurs travaux de recherche dans un cadre professionnel, et la possibilité pour tous de réseauter avec des membres éminents de la communauté de la sécurité et de la défense. Félicitations encore une fois à nos trois gagnants: **Rob Burroughs** de l'Université d'Ottawa, **Dashiell Dronyk** de l'Université Carleton et **Tannuva Akbar** de l'Université de Toronto. Nous sommes fiers d'avoir capturé leurs excellents efforts de recherche dans trois nouveaux **Cahiers Vimy 23-25** qui sont mis en vedette dans cette édition de 'On Track'. Un résumé du Symposium annuel des étudiants diplômés, ainsi qu'un article très flatteur et solidaire de l'un des auditeurs/présentateurs sont également présentés ici.

Le 14 Janvier 2015, l'Institut de la Conférence des Associations de la Défense en coopération avec l'Institut Macdonald-Laurier, était heureux de publier le **Cahier Vimy 21**: «*Remettre le mot 'armé' dans les Forces armées canadiennes : l'acquisition de l'équipement de défense au Canada* » par **David Perry**, l'analyste principal de l'Institut de la CAD sur la sécurité et la défense. Cet excellent travail de Dave s'est rapidement classée comme lecture obligatoire pour comprendre la situation actuelle de l'approvisionnement en matière de défense au Canada et a retenu une importante couverture médiatique ainsi que de l'attention répandue à travers les médias sociaux.

Nous avons également organisé notre réception gala et dîner du **Prix Vimy le 7 Novembre 2014**, en l'honneur du lauréat de cette année, le **colonel honoraire Blake C. Goldring**. Blake a apporté une contribution exceptionnelle et fait preuve de leadership important dans le cadre du renforcement de l'intégration entre les Forces armées canadiennes (FAC) et la société canadienne. Par ses innombrables efforts et son soutien généreux des membres de la FAC et de leurs familles, sa contribution à la sécurité et à la défense de notre pays et à la préservation de nos valeurs démocratiques est exceptionnelle.

Le photjournaliste Louie Palu a été unanimement choisi par l'Institut de la CAD comme récipiendaire du **prix de journalisme Ross Munro 2014**. Ce prix reconnaît les journalistes canadiens ayant apporté une contribution importante et exceptionnelle à la compréhension du grand public des questions portant sur la défense et à la sécurité du Canada. Nous avons l'honneur d'avoir une de ses photos à couper le souffle qui orne cet exemplaire, ainsi que plus d'informations sur son œuvre et le prix sur la couverture intérieure.

Et l'année n'est pas encore terminée pour nous, ici à la CAD/l'Institut de la CAD. Notre **Conférence sur la sécurité et la défense à Ottawa**, qui est bien connue et très bien fréquentée se déroulera le 19-20 février 2015, à l'Hôtel Fairmont Château Laurier. En plus de notre liste impressionnante de conférenciers et groupes d'experts, le **prix de journalisme Ross Munro** sera présenté à **Louie Palu** au début de la conférence, le 19 février. La conférence sera également le lieu de lancement du **Cahier Vimy 22 – Les perspectives stratégique pour le Canada en 2015**, l'excellent travail du vice-président exécutif de l'Institut de la CAD, **Ferry de Kerckhove**, ainsi que les résultats d'un sondage national IPSOS sur la sécurité nationale, la défense et les Forces armées canadiennes. Un ordre du jour provisoire ainsi que le formulaire d'enregistrement sont tous deux disponibles sur notre site Web. Ne manquez surtout pas cet **IMPRESSONNANT ÉVÈNEMENT DE 2 JOURS**.

En terminant, je tiens à remercier de tout cœur les 51 associations de la CAD, le Conseil d'administration de l'Institut de la CAD, le petit mais incroyablement dévoué groupe de personnel à notre bureau national, ainsi que les nombreuses entreprises commanditaires, donateurs, sympathisants, collaborateurs, volontaires, et amis. Vos efforts et collaborations continues sont grandement appréciés.

Au plaisir!

Tony

17th Annual Graduate Student Symposium

by Lindsay Coombs

On October 16th and 17th, 2014, the CDA Institute held its 17th annual Graduate Student Symposium at the Royal Military College of Canada (RMCC). For the third consecutive year, the CDA Institute President and former Chief of Defence Staff, Gen Raymond Henault (Ret'd), skilfully hosted the event. The Symposium's central focus revolved around the concept of Canadian Security and Defence Interests, which 18 capable and enthusiastic students referenced in their well-executed presentations. In addition, the two judges for the event were MGen Daniel Gosselin (Ret'd) and Dr. Daniel Lagacé-Roy. Over the duration of the two day event, the presenters were divided into six panels which were moderated by Dr. Magali Deleuze, Dr. Ali Dizboni, Dr. Emanuele Sica, MGen Doug Dempster (Ret'd), Stefanie von Hlatky, and the CDA Institute's own Dave Perry. Registration for this event was high – approximately 115 individuals. In addition to the registered attendees, the audience was speckled with the crisp white's and blue's of RMCC cadet uniforms as a number chose to take advantage of the various academic presentations and networking opportunities that the Symposium had to offer.

This year's keynote speakers for the Symposium included BGen Chris Ford (Ret'd), LGen Michel Maisonneuve (Ret'd), and Matthew Fisher. After having served in the Canadian Armed Forces for over 35 years, the opening keynote Chris Ford started his own company, Generally Speaking. Ford delivered an exceptional presentation regarding the importance of strong traditional (i.e. face-to-face) communication as well as provided practical advice to speakers. This advice resonated strongly with the student presenters. The lunch keynote speaker, Michel Maisonneuve, is currently the Academic Director of CMR Saint-Jean and touched upon his lessons learned regarding both personal and professional spheres of life as well as the necessity of having fun during one's career. The dinner keynote, Matthew Fisher, is an international affairs columnist who commanded the attention of the room through his elaborate personal accounts as a foreign correspondent as well as his incredible comprehension and dissection of military intricacies. To the great pleasure of the

audience, he also discussed his opinions about present conflicts around the globe. Fisher also provided his unique response on a variety of subjects during a lively question and answer session, which displayed his extensive knowledge regarding past and present conflicts.

The opening panel, entitled "Foreign Deployments, Foreign Concepts," provoked thoughts on topics including Canadian peacekeeping contributions; an innovative perception of aging military concepts (such as COIN and the degree of success of the Key Village Approach) and their application to current conflicts; as well as the positive perspective Afghan interpreters have of the Canadian Forces. Moreover, CDA Institute's own Colonel George Petrolekas was quoted by Caroline Leprince with regards to the level of support that can be attained by insurgency groups. The question and answer period for this panel focused strongly upon the need for the Canadian government to increase communication through media outlets.

The second panel of presenters concentrated on the theme of institutions and industry in national security and defence, with subjects such as economic espionage through Public-Private Intelligence Partnerships (PPIPs), how organizational density affects insurgent groups, and the relationship between the degree of authority given to soldiers and ethics. The implementation of command decentralization was also discussed as an advantageous strategy for British forces during the Malayan Emergency. One of the primary points deliberated during the question and answer period for this panel was if, at this stage in time, it is legitimate to characterise ISIS as an insurgency, as a government, or as an ethno-geographic nationalist movement.

The subject matter for the third panel revolved around concepts of terrorism and counter insurgency policy implications, with a primary focus on issues such as reputational risk; domestic barriers to the



Photo by Nicolas Laffont, 45enord

successful deterrence of money laundering and supporting insurgents; the "zombie apocalypse" of returning foreign fighters; the real threat ISIL poses to the West; and the weaponization of gender. An interesting spectrum of themes were deliberated on during the question and answer period; this included issues such as foreign fighters having their passports revoked, the difference between ISIL and the Islamic Spring, as well as the role of social media as used by insurgent groups.

The fourth panel emphasized military capabilities and mastering the environment matrix, and panellists addressed air power theory, RCAF case studies and doctrines, and a campaign analysis of the capabilities of Norway and Russia in the Arctic.

The opening panel of day two revolved around both the developments in, and requirements of military technology. Presenters in this panel displayed their knowledge on topics such as whether submarines were an essential resource for the RCN depicted through the lens of capability based planning, and a thorough analysis of parliamentary debate in Britain focusing on the adoption of steam power from 1805–1855. The question and answer period of this panel saw comments on Jackie Fisher, Dreadnaughts, and the justifications of naval acquisitions that should come from capability based analyses. The final panel brought the event full circle and

centered on Canadian national security and defence priorities. This discussion addressed issues from home grown terrorism to Canada's involvement in ISAF– a truly diverse panel. Other topics that were touched on included counter radicalisation policy in Canada; policy implications for Canada that stem from the terrorist threat; Canada's border security; Canadian-Australian bilateral partnership; and ISAF as a Clausewitzian strategy.

As is our annual custom, the CDA Institute is delighted to recognize the top three student speakers, whose presentations displayed an exceptional level of quality with regards to analysis, research, and personal deportment. We are considerably grateful to our judges this year for selecting the following presenters:

The first place prize of \$1,000 was awarded to Rob Burroughs from the University of Ottawa who presented "An evaluation of submarines as an essential capability of the RCN."

The second place prize of \$500 was awarded to Dashiell Dronyk from Carleton University who presented "Counter-Radicalization Policy in Canada: Shortcomings and Lessons from the Netherlands."

The third place prize of \$250 was awarded to Tannuva Akbar from the University of Toronto who presented "Anti-Money Laundering and Terrorist Financing: Conundrum for Domestic and International Communities."

An additional prize, the Colonel Peter Hunter award, was presented by the Royal Canadian Military Institute (RCMI) to Capt Kevin Klein for his presentation on "The Zombie Apocalypse of Returning Foreign Fighters: Why Canada Should be Concerned." Apart from the cash prizes awarded by the CDA Institute, this year we continued an initiative that grants each of the top three students an additional \$2,000 honorarium as well as the opportunity to develop their presentations into a CDA Institute publication. The Vimy Paper publications that feature the aforementioned top three presentations are featured in the On Track edition.

The CDA Institute would like to extend a tremendous thanks to the RMCC for assisting with the organization of the Symposium, for hosting the event, and for providing the resources that ensured the event was a success. We would also like to take the opportunity to thank the RCMI for their contributions

and active participation, Porter airlines for donating two round-trip flights that were raffled away, and all of our moderators, judges, and presenters. And of course, this event is made possible by our generous sponsors: Bombardier, Canadian Defence and Foreign Affairs Institute, NATO, University of Calgary's Centre for Military and Strategic Studies, ADGA Group, and our media partner 45eNord.

Moreover, CDA Institute Executive Director, Tony Battista, was ably supported by his hard-working team. With regards to this, we would like to express our gratitude to the CDA Institute's lead organizer of this event, Meaghan Hobman. Meaghan skillfully navigated the occasionally choppy waters of the event and expertly organized the Symposium, assisted by Lindsay Coombs and Arnav Manchanda.

Overall, the 2014 Graduate Student Symposium has been regarded as a tremendous success and has achieved the CDA Institute's goal of promoting informed debate on security and defence matters.

I Went to the CDA Intitute's Graduate Symposium and So Should You!

by Dashiell Dronyk

Last October I was fortunate to give a presentation at the 17th Annual Graduate Symposium held by the Conference of Defence Associations Institute at the Royal Military College in Kingston. The Symposium is a conference where students present their research and compete for grants and the opportunity for publication with the CDA Institute's Vimy Papers series based on the quality of their presentations and subsequent question and answer sessions with the audience.

Speaking on the final panel at the Symposium, on Canadian National Security and Defence Priorities, I attended the entire proceedings and had the opportunity to take in all the presentations before giving my own talk on counter-radicalization policy. I placed second overall, behind the University of Ottawa's Rob Burroughs (who gave an extremely

engaging talk on the role of submarines in the modernization of the Royal Canadian Navy) and ahead of the University of Toronto's Tannuva Akbar (who provided a compelling look at challenges of financial intelligence work). So, while I have an obvious bias to acknowledge given that the conference ended on a high for me personally, I maintain it would still have been an extremely rewarding experience had this not been the case. That is to say there are pretty great reasons to attend the conference that have nothing to do with the opportunity to win a prize or pad your CV.

First and foremost, the quality of the presentations was uniformly excellent. Some presenters may have been more natural public speakers, or may have had slicker PowerPoints but what everyone had in common was thorough research and a clear passion for their respective topics.

Students, whose level of study ranged from undergraduate to doctoral, spoke with authority on their respective issues.

Second there was impressive diversity on display in terms of the topics being presented. To be sure, many of the presenters had a focus on more traditional military issues, as one would expect at an event organized by the CDA Institute and sponsored by the Royal Military College and the Royal Canadian Military Institute. At the same time there were also presentations on topics such as border security, financial intelligence, public-private intelligence partnerships, the foreign fighter issue, the experiences of ISAF translators in Afghanistan, and the use of gendered narratives in the Canadian military. In other words the spectrum of perspectives given at the Symposium ranged from

the orthodoxy of strategic studies to the critical standpoint of feminist theory.

Overall this meant that, as an audience member, you learned something new and interesting from every single presenter. For instance, the Tokyo University of Foreign Studies' Al Sutherland provided evidence that many Afghan translators preferred working with Canadian soldiers who tended to be perceived as more aware of and sincere in their focus on intercultural sensitivities. This in turn reportedly provided Canada with a tactical advantage. This one stands out in my mind because it has implications for everything from future counterinsurgency operations to policies of community policing. In short, the Symposium is a great opportunity for students and scholars of security studies to discover connections between disparate areas of focus, and improve the breadth of their knowledge of the overall discipline.

In terms of benefits from participating in the Symposium as a presenter, I found the most important was the exercise of adapting to constraints of the public presentation format. Speakers had to convey extremely complex ideas within a strict fifteen minute time limit. They also had to hold the attention of an audience that included a large proportion of retired colonels and generals (including a former Chief of Defence Staff), as well as academics and serving CAF officers and bureaucrats. This means there is a strong incentive for presenters to hone in on the key messages of their work in order to be able to deliver a succinct, on-point and engaging presentation. Presenters also had to know their work inside-out and be able to think on their feet to respond to what were usually well-informed and pointed questions following presentations. So, even just being invited to speak at the Symposium provides the opportunity to seriously practice your intellectual discipline and agility, both valuable skills in the academic and professional worlds.

Finally, the Symposium offered a unique networking opportunity for its guests. Canada has relatively few research institutions, let alone academic degree programs, dedicated to security issues compared to countries such as the United States. Representatives of many of the key centres in the Canadian national security community seem to converge at this event. My partner, a consummate people person, came with me to the Symposium and left



Some audience members at the Graduate Student Symposium, including Dashiell Dronyk front right
Photo by Nicolas Laffont, 45enord

with a stack of business cards from new contacts potentially interested in NPSIA's upcoming Model NATO conference, which she is organizing. For people like me who get heart palpitations at the prospect of networking functions, the Symposium offers a relaxed and highly collegial setting to connect with security professionals, as well as like-minded students and scholars. Even the more prominent figures attending the conference displayed a genuine interest in the work and interests of students, as well as in relating their own experience and insights.

The point is that CDA Institute's Graduate Symposium offers a welcoming, intellectually-enriching experience open to a diverse array of academic backgrounds and perspectives in the broad field of security studies. I had a great time at the conference this year and would highly encourage students from across Canada to start thinking about paper topics to submit in 2015.

"This article was originally published on the blog of the Canadian Network for Research on Terrorism, Security and Society (TSAS). Visit <http://tsasblog.wordpress.com/> for the latest posts by students and leading researchers on a variety of security-related topics."

The next CDA Institute Graduate Student Symposium:

October 15 + 16, 2015

**The Royal Military College of Canada
Kingston, Ontario**

The Journey of 'Jihadi Brides': An Odyssey of Faith

by Lindsay Coombs & Melissa Hawco

In an exclusive interview with CDA Institute Analysts Lindsay Coombs and Melissa Hawco, Imam Mohammed Jebara, currently the Chief Imam & Resident Scholar at the Cordova Spiritual Education Center, stated that the term 'Jihad' connotes the "struggle for freedom and rights [and] was established as a defensive governmental institution for the protection of people, their dignity, their rights, their faith, their wealth, their land and all, which they hold dear." Imam Jebara also emphasized that violence and faith are mutually exclusive – they do not belong together. Yet, as the international community has witnessed, a multitude of horrific crimes are committed in the name of religion and it is quite evident that violence is a key aspect of fundamentalist terrorist organizations, like ISIL. Following the execution of two American journalists by suspected British nationals belonging to ISIL earlier this year, the issue of individuals travelling to Iraq and Syria to participate in the formation of the Islamic State has emerged as a key challenge to international stability.¹

Though the media has emphasized the movements of men, who are typically denoted as 'foreign fighters,' the involvement of women in this phenomenon has become increasingly prominent. In the main, these women are leaving their homes to support ISIL by becoming the wives of its fighters. This behaviour has led to introspection on the radicalization of western women. By examining various aspects of the formation of 'jihadi brides' – from the lure created by social media to the policy implications that may arise from this occurrence – the authors hope to convey why the increased migration of radicalized individuals across borders poses a significant threat to the security of Canada and other Western nations.

The ongoing conflict in Iraq and Syria is unique in the prevalence of social media propaganda that has drawn over 2,800 European and Western youths across borders as foreign fighters or prospective brides, including some 130 Canadians.² Though it may be difficult to picture women, some as young as 15, exchanging their friends and family in the West for a life bound by a violent Islamist uprising, many have answered the siren's call.³ Popular social media sites such as Twitter, Facebook, Tumblr and Kik have all evolved



Photo by Dr. Howard Coombs

sub-communities devoted to extremist groups, which act as a source of communication, inspiration, and radicalization for young Muslims who are distant from the conflict. Significantly, private disseminators are the primary recruiters of youths online, rather than an official media outlet for ISIL or other extremist groups. In a conflict that is defined by its online presence, it is essential to understand the role of social media in the recruitment of youths across borders as well as the inherent implications for domestic policy makers. Private disseminators are the primary recruiters of youths online, rather than an official media outlet for ISIL or other extremist groups.⁴

Interestingly, young women are some of the most consistent and fervent supporters of ISIL; tweeting about life as the brides of militants in Syria and recruiting women who are still in the West to join.⁵ The media often refers to Western women seeking marriage in Syria as 'jihadi brides,' but the women involved in ISIL sister communities have their own name for themselves: muhajirah, meaning 'one who emigrates.' The writings of online muhajirah certainly suggest that emigration to Syria is incredibly important for all devout Muslims in order to participate in the building of the Islamic State. Indeed, the Tumblr page of one woman, titled "Diary of a Muhajirah," describes her journey (in a two-part post) from her unknown home country, to Turkey and then into Syria.⁶ She posts about daily life, the plight of extremist martyrs and answers anonymous messages with reassurances and advice about ISIL, marriage and the hajirah (migration).

Potential recruits join extremist groups based on their perceived image, which is particularly interesting considering the success of ISIL amongst youths compared to the less popular

Al Qaeda Iraq (AQI). One perspective is that diminished support for AQI was related to an attempt made by the group to soften their image.⁷ In contrast, ISIL is specifically known for their brutal tactics, a fact which is proudly shared by the group on social media.⁸ The ISIL media outlet even launched a series of propaganda videos, including a Grand Theft Auto styled trailer and an hour long production titled "Flames of War," both of which were geared towards the English speaking population of the West.⁹ Yet the muhajirah women use social media to portray the softer side of extremist militants. Twitter accounts dedicated to cats and posts about nutella seem bizarre when linked to the terrorist organization ISIL, but they contribute to the appeal to Western youth. Perhaps the success of IS recruitment lies within this very paradox of a state that is perceived to be simultaneously brutal in its actions and kind at its core.

However, missing from the online posts of ISIL recruiters and displaced women are the "reports of the crucifixions of individuals for apostasy, the cutting off of the hands of thieves and the public floggings for crimes such as listening to music or smoking cigarettes."¹⁰ The hardships experienced by Western women under the command of ISIL are, significantly, not noted online and therefore do little to portray the realities of the life of a "jihadi bride." Moreover, women who have become disillusioned with ISIL and unhappy with their lives in the Islamic State are extremely unlikely to share their experiences, for fear of punishment for speaking out against the terrorist group.

Not unlike the young men participating in this phenomenon, women may feel compelled to become a part of something that is considered to be dangerous, important, and ultimately 'larger than themselves.' Moreover, it may be a subliminal lure for adventure. According to Sasha Havlicek, founder of the London-based Institute of Strategic Dialogue, "given the choice of a fairly mundane life in a second-tier job in the West, and this rather heroic and romantic image of jihadi life [that is] being portrayed by Islamic State propaganda, which is very well crafted, in a paradoxical way this gives women a sense of agency and empowerment."¹¹ ISIL propaganda entices impressionable young women with promises of a better life, a sense of belonging among fellow

fighters, and the prospect of lifelong romances. For many, this is exactly what they seek.

Though some women desire to join all-female brigades in ISIL controlled territory, many aspire to marry 'jihadist' fighters, as there is a certain sense of status associated with being the wife of a militant. Ultimately though, women are instructed that their primary contribution in ISIL controlled territory will be through matrimony, bearing children, and raising the next generation of fighters, rather than directly participating in the conflict. Additionally, the flow of Western women plays a significant role in the ISIL propaganda strategy by enhancing the notion that the group is about much more than generating terror through violence; it is constructing an Islamic State. Through social media platforms such as Twitter and Tumblr, ISIL recruiters focus upon the 'traditional' roles women will play, such as house keeping and establishing community and support structures. In this way, recruiters "stress the pleasure of providing the domesticity that a warrior waging jihad needs."¹²

Therefore, the answer to why these women are travelling to Iraq and Syria to participate in terrorist activities is manifold. These women go for the thrill. They go to feel a sense of belonging. They go to escape the humiliation and isolation that is rooted in discrimination. But seemingly above all, they go because that commitment is presented to them as their religious duty. As David Harris, Director of the International and Terrorist Intelligence Program, INSIGNIS Strategic Research Inc., noted in an exclusive interview with CDA Institute Analysts Lindsay Coombs and Melissa Hawco, women may perceive it as their "religious duty by becoming a Jihadi bride and supporting Islam as they would see it." It is this notion of religious extremism that underpins the fear exhibited by Western nations; our terror is rooted in the prospect that these individuals could become committed to a radicalized ideology and return to their respective homelands, potentially motivated to attack. Consequently, Western nations are currently facing an undeniable threat posed by individuals traveling to Middle Eastern countries in order to support ISIL, and then returning.

When deliberating potential Canadian counter-radicalization policies, it is imperative to put forward that not all 'Jihadi brides' and foreign fighters will return to their respective

Western nations and, moreover, not all of those who return will pose a threat. This is attributable to a variety of reasons including, but not limited to, the degree to which returning men and women still believe in extremist ideologies and whether they were involved in combative or violent activities, or undertook a supportive role through logistical and propaganda related tasks. Therefore, the ultimate level of threat posed by returning individuals needs to be examined on a case-by-case basis, as some individuals will present a greater threat than others. At a minimum, these individuals will require rehabilitation or reintegration efforts. At the most extreme level, these individuals may pose an imminent threat to domestic security by seeking to attack Western nations from within. Although Canada does have some promising counter-radicalization programs in place, it is arguable



Photo by Colonel Acton Kilby

that these initiatives are currently ineffective at meeting Canadian security needs.

According to Dashiell Dronyk, who won second place for his presentation on counter-radicalization in Canada at the CDA Institute's 17th Annual Graduate Student Symposium, Canada currently lacks a national program to reduce the risk of radicalization. He argues, that "beyond reported efforts by CSIS agents to contact at-risk individuals or their families, intervention programs to prevent radicalizing individuals from turning to violence are limited to private initiatives by community leaders and reformed terrorists." As such, the RCMP is in the process of developing a program of community outreach to assist youths at risk of radicalization. In addition, Public Safety Canada is working in conjunction with partner departments and police forces to create a counter-narrative to combat the development of extremist

ideologies domestically.¹⁴ Unfortunately, the particulars on programs such as these are not publically available and thusly cannot be fully evaluated. However, as Mr. Dronyk notes, "one concern at the outset is that, as an RCMP (rather than civilian) initiative, the program could face...trust challenges," and additionally, "RCMP presence is not uniform across Canada which could present challenges to ensuring national program coverage."

Canadian policy should be focusing on counter-radicalization initiatives throughout the process of extremism; before, during, and after the radicalization occurs. Before individuals become a threat, Canada should focus on discerning individuals who have the potential to be radicalized or are in the process of being radicalized in order to disconnect these individuals with the sources of radicalization and, with any luck, sway would-be recruits away from extremist ideologies. Dronyk suggests that "the current approach to community outreach is too opaque and does not directly engage communities to a great enough extent. The government research program on radicalization is commendable, but its transparency needs to be increased as much as possible." More specifically, he proposes that Canada should establish counter-radicalization centres that would allow communities to "respond to their own unique circumstances." Though programs must be custom designed to suit community conditions, cultures, and the individuals at risk, national community programs that connect local leaders with peace officers could prove to be conducive to the de-radicalization of potential foreign fighters.

These community programs must also be coupled with anti-discrimination measures in order to prevent Muslims from being demonized, isolated, or humiliated. Canada is a country that takes pride in its multiculturalism, yet even today, discrimination is not uncommon. Sentiments of isolation and humiliation have been cited by 'jihadi brides' as a precursor to their acceptance of radical ideologies. For example, a 20 year old Canadian woman, Umm Haritha, who chose to travel to Syria where she was briefly married to an IS fighter, reported that before she left Canada "she began wearing a niqab, a veil that leaves only the eyes visible, and says she experienced harassment from fellow Canadians."¹⁵ No matter what counter-radicalization actions Canada chooses to undertake, it is imperative that Canadians are vigilant in ensuring that

potential radicals are not marginalized from their communities, as doing so may have the considerably unfavorable affect of furthering the radicalization of these individuals.

It is important to take into consideration that not all Muslims are radical in their faith, just as not all Christians – or individuals of any religious denomination for that matter – should be considered extremists. Arguably, there are many more moderate Muslims compared to the number of those whose beliefs are more extreme and, moreover, these moderate individuals should be encouraged to have an open dialogue with peace officers in order to ensure the protection of all Canadians. When reviewing the background of the tragic events that occurred in Ottawa on October 22nd, it is worth noting that Michael Zehaf-Bibeau had overtly objected to his BC mosque's policy of acceptance of non-Muslims as well as its liberal ideology. The B.C. Muslim Association spokesperson, Aasim Rashid, said that the response given to Zehaf-Bibeau was that "if he was not OK with that, he should probably choose another mosque to go to and pray."¹⁶ The final straw for the mosque seemed to be when Zehaf-Bibeau attempted to sleep at the mosque in 2012, at which point he was asked to leave. This serves as an additional reason to emphasize the need for communities to maintain a liaison with authorities in order to discern and detect signs of radicalization. However, as CDA Institute Analyst Meaghan Hobman, pointed out in her blog article, *The Lone Wolf and Lost Dog*, it is questionable whether Zehaf-Bibeau's actions were preventable at all.¹⁷

To further discourage radicalization beforehand, Canada should impose stricter border controls, establish counter radicalisation centres to undertake intervention programs, and prevent discrimination. When CDA Institute analysts Lindsay Coombs and Melissa Hawco asked the question, "should Canada impose stricter border controls?" when conducting an interview with David Harris, he responded quite simply with "certainly." Harris later expanded upon this statement by suggesting that in order to combat the flow of foreign fighters and Jihadi brides, "we must ensure that we have a system of entry and exit registration." Harris essentially argued for a system of controls in which travellers could simply "flash their passports over a scanner and be gone, just so that we know who is in our country and who isn't." In this way, Canada would merely have to check an exit registry in a time of crisis to track potentially dangerous people. Correspondingly, this could also serve the function of ensuring that we are

not exporting terrorists, particularly to allied countries. To have the credible capability to carry out an unobtrusive screening of people who are exiting and entering the country is not only a fundamental element of sovereignty, but also a method to minimize the threat posed by contemporary terrorist activities.

During an individual's progression towards radicalization, Canada should focus on counter-propaganda strategies with an emphasis on communications through social media such as Twitter and Facebook. These initiatives should be appealing to youth by drawing on pop culture and should emphasize the realities of the 'Jihadi bride' and foreign fighter phenomena. This would effectively counter the barrage of pro-ISIL propaganda on social media sites. As stated by a recent article in *Vanguard*, "Cooperation between various intelligence and security agencies will have to become both deeper and incorporate organizations and agencies who have little experience with security issues."¹⁸

After an individual has radicalized and acted on their ideology – such as by travelling to Iraq or Syria to participate in terrorist activities – Canada should implement a level of engagement selected from a range of possible actions. Whether this involves incarceration followed by reintegration and rehabilitation, or barring the individual from re-entering the country, it should be determined on a case-by-case basis. However, it could be argued that the current Canadian policy of revoking passports should only be a method used in situations where an individual displays a clear threat to Canada; it should not be utilized as the default penalty for radicalization and thusly the Crown must have some degree of prosecutorial discretion. Arguably, revoking passports has the potential to force individuals to remain in an environment that is not conducive to positive outcomes. If individuals who are genuinely disillusioned with ISIL ideals, and therefore who do not pose a threat because they are not promoting violence, are denied the option of escaping their environment, they are left with little choice but to commit to the extremism that surrounds them. Moreover, it is possible that these so-called 'defectors' could provide valuable information to police forces and thusly be an effective counter-strategy. This avenue could provide important inside perspective, but it is not possible when individuals are indiscriminately barred from entering their

home countries. Despite the possibility that prohibiting re-entry may eradicate an immediate terrorist threat, it may ultimately sow the seeds of its own destruction by alienating wrongly identified citizens, and consequently facilitating future attacks.

It is evident that Canada cannot simply allow radical individuals back into the country without repercussions, even if they agree to cooperate with peace officers. Thusly, re-entry should be paired with a three step program of supervision, rehabilitation, and reintegration. Currently, Canada does not have such a national program; unlike newly released inmates, there is no halfway house for radicals to allow them to readjust. If a radicalized person is simply detained for a period of time, without any sort of intervention or rehabilitation, they may still be radicalized upon release, and thus the threat continues to exist. Therefore, it would be beneficial for Canada to implement comprehensive prison de-radicalization programs for returning extremists.

Unfortunately, the reality remains that there are those who have embraced a radicalized interpretation of Jihad and, as stated by David Harris, "that of course has immediate ramifications for a variety of considerations relevant to our social cohesion and basic security." For Canada, this means deciding on a national level the messages we will choose to implement to influence potential foreign fighters and 'jihadi brides' and determine the best possible manner of action after individuals have been radicalized.

Moving forward, focusing Canadian policy developments on counter radicalization before, during, and after the process of radicalization is of substantial importance. Canada has a great deal to learn regarding this phenomenon, and a better understanding of the motivations of those who follow this path, will undoubtedly aid in this process. By implementing counter-radicalization centers across the country, in



Photo by Dr. Howard Coombs

which peace officers can work in conjunction with those in the at risk community, there is hope in preventing the radicalization process through early intervention. Additionally, by ensuring that Canada continues to be committed to multiculturalism, it is less likely that those tempted by radical ideology will feel isolated or humiliated by their fellow citizens, and therefore, less likely to succumb to extremist views. On top of this, stricter border controls should be implemented, such as an exit registry to track the travel of potentially dangerous individuals. As well, a strong counter propaganda strategy disseminated via social media is needed in order to sway individuals away from attraction to the image ISIL depicts in its online presence. Finally, a system of supervision, rehabilitation, and reintegration is fundamental in ensuring that the threat posed by returning radicalized individuals is not unleashed onto Canadian communities. Canada requires a policy in which it can discern, detect, and neutralize any radicals who threaten our nation's way of life.

- ¹ <http://www.nydailynews.com/news/world/british-born-rapper-isis-jihadist-beheaded-james-foley-article-1.1915465>
- ² <http://www.economist.com/blogs/americasview/2014/09/canadas-foreign-fighters>
- ³ Peter Neumann of the International Centre for the Study of Radicalisation (ICSR), has asserted that approximately 10-15% of those travelling to Syria from Western countries are female.
- ⁴ <http://icsr.info/wp-content/uploads/2014/04/ICSR-Report-Greenbirds-Measuring-Importance-and-Influence-in-Syrian-Foreign-Fighter-Networks.pdf>
- ⁵ <http://nymag.com/daily/intelligencer/2014/09/meet-the-female-recruiters-of-isis.html>
- ⁶ <http://diary-of-a-muhajirah.tumblr.com/>
- ⁷ <http://www.washingtoninstitute.org/policy-analysis/view/al-qaeda-in-syria-a-closer-look-at-isis-part-i>
- ⁸ <http://www.washingtonpost.com/news/morning-mix/wp/2014/06/13/isis-beheadings-and-the-success-of-horrifying-violence/>
- ⁹ <http://www.independent.co.uk/news/world/middle-east/isis-release-flames-of-war-video-warning-obama-of-attacks-troops-could-face-in-iraq-9737621.html>
- ¹⁰ <http://www.cbc.ca/m/touch/news/story/1.2696385>
- ¹¹ http://www.washingtonpost.com/news/morning-mix/wp/2014/09/10/jihadi-brides-british-young-women-are-among-islamic-states-newest-recruits/?tid=hp_mm&hpid=z3
- ¹² <http://www.thedailybeast.com/articles/2014/08/06/the-isis-online-campaign-luring-western-girls-to-jihad.html>
- ¹³ <http://www.rcmp-grc.gc.ca/nsi-ecsn/nsco-scsn-eng.htm>
- ¹⁴ <http://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/rsln-c-gnst-trrrsm/index-eng.aspx>
- ¹⁵ <http://www.cbc.ca/m/touch/news/story/1.2696385>
- ¹⁶ <http://www.cbc.ca/news/canada/british-columbia/michael-zehaf-bibeau-was-asked-to-leave-burnaby-b-c-mosque-1.2812206>
- ¹⁷ <https://www.cdainstitute.ca/en/blog/entry/the-lone-wolf-and-lost-dog-examining-couture-rouleau-and-zehaf-bibeau-and-the-lone-wolf-security-phenomenon>
- ¹⁸ <http://vanguardcanada.com/foreign-fighters-the-canadian-connection/>



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The Struggle Against ISIS

by Dr. John Scott Cowan

On the eve of the outbreak of the Second World War, and even for a while in its early stages, many in Canada were opposed to going to war. While amongst them there were a few proto-Nazis and Nazi sympathizers, the vast majority were merely isolationists, pacifists and some on the left who viewed the entire conflict as a collision of capitalist regimes, and unworthy of their attention. These folks wished Canada to avoid the great tragedy of another European war, and saw events an ocean away as beyond our concern. The reaction of the left had also been complicated by the Hitler-Stalin Pact, which for a time put the majority of the Canadian communists (but not all) in the anti-war camp, and some socialists followed suit.

In the aftermath of the war and of the holocaust, these early opponents of our involvement were routinely characterized as despicable and deeply venal. They carried the stigma of their implicit association with great evil for the rest of their lives, often resulting in family estrangement and social isolation.

Most of these folk were not evil (though some were). Most were just wrong. In the banality of their analysis, they misjudged both the great resolve and the great evil of the opponent. The judgement of history lies harshly upon them, perhaps too harshly. Surely most of them would have wished to stop the Nazis early if they had been able to imagine what was to come.

That was three quarters of a century ago, and almost all of those folks are gone now. But

today a new generation of moral relativists, isolationists, pacifists and a sprinkling of other well-intentioned naïve folk are engaged in setting themselves up for the same sort of disastrous misjudgement. But this time the analysis is even more difficult and the setting murkier, because of the breakdown of the Westphalian system and the rise of proto-states and broadly distributed non-state actors who nonetheless do share a common worldview, broadly defined. At this moment, the apex of this new great evil is the proto-state known variously as IS, ISIS or ISIL. Whilst it is the most brutal, active and visible local franchise of a trans-national movement, there are plenty of other less flashy foci. That movement is an anti-democratic and totalitarian one, espousing ethnic cleansing and genocide, and which considers armed force to be the political tactic of choice, even (or especially) where voting is an alternative. Like the Nazis, it claims to be bringing into effect a natural destiny, but in this instance mounts a religious justification for its evil policies and programs, by aligning them with an extreme interpretation of Islamic law and belief.

Furthermore, much of the Islamic world has, until recently, been of two minds about actively and vocally opposing such views, which can have at least minor resonance with their own history, traditions and current practices.

In Canada, our legitimate desire to be tolerant and inclusive, which has become

a Canadian political touchstone (though of very recent origin), has given succor to the moral relativists who see all belief systems as notionally equal. They aren't. Variants of belief systems which are anti-human will eventually fail, but they must be opposed. However, to do so requires first the acceptance of the idea that evil actually exists. Some have trouble with that idea.

But most accept that, in this era of undeclared wars and near-wars, Canada is at war with IS (or whatever we call it) and its clones, analogues and enthusiasts. It is popular in some circles to be stylishly pessimistic about any action in the Middle East, and this stylish pessimism ("That area will never change") is reinforced by a subtle racism which hints that the Kurds, or perhaps the Iraqi Yazidis, Christians, Shia and moderate Sunnis, are less worthy of our help in their fight against IS than were the French, Belgians, Dutch, British, Poles, etc, in their fight against the Nazis.

So we are in a state of proto-war against a proto-state which fronts for a world-wide movement seeking to expunge democracy, pluralism, and any sane view of human rights. But that proto-war is acceptable to some of us only in so far as no Canadian is lost and it fits within a peacetime defence budget. Neville Chamberlain and the Cliveden set would be so proud.

But it will soon become apparent that we must become more resolved, or later generations will view us as appeasers too.



Photo from: madworldnews.com



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Rational Irrationality: A Hypothetical Case Study of the Sometimes Bizarre World of Government Procurement (and What it Means for Defence)

by Charles Davies

The following narrative is intended to illustrate, through a very hypothetical comparison, the contrast between private sector and public sector decision-making on procurement strategies for major system acquisitions. A non-defence example has been intentionally selected.

Context:

If an open-pit mine operator determines, through careful engineering study and geological analysis, that they need to move 300 to 350 metric ton loads of ore from various locations in the mine to a central place, then there are several specialized vehicles on the international market to choose from. If, however, the calculations show that to optimize operations the mine needs to move larger 450 metric ton loads, there is currently only one vehicle available.¹

The Scenarios:

Imagine, for a moment, two fictional mine general managers taking forward similar submissions and seeking authorization to buy a small fleet of the 450-ton capacity vehicles that will best meet the requirement. One is in the private sector seeking CEO and Board approval. The other is in a hypothetical federal government department seeking departmental, Treasury Board and Cabinet approval. (The government does not operate mines, of course, but for the purposes of this exercise we will temporarily suspend disbelief and suppose that it has acquired one through bankruptcy and default on government loans. It can then be presumed that it is in the best interest of the government to ready the mine for resale in order to recuperate its financial losses.)

Scenario 1, Private Sector:

The first general manager puts together a business case of the preferred option, showing the acquisition, full-life cost of ownership and net effect on the mine's bottom line. As a comparison, an alternative solution is also evaluated which would deliberately sub-optimize the efficiency of the operation by purchasing smaller, cheaper 300 or 350-ton machines and take advantage of their lower acquisition and operating costs. The math is checked for accuracy by corporate

headquarters to ensure due diligence, but the basic requirement is not otherwise questioned. The fact that one option can be competitively sourced while the other cannot might be noted, but would not materially influence the decision. The only concern is the net bottom line impact.

Scenario 2, Public Sector:

The second general manager puts together a similar business case with the same two options, but during the first interdepartmental discussions about the project, Industry Canada notes that their preliminary analysis has found the potential industrial and regional benefits from the foreign suppliers to be of low value. They ask the general manager to assess a third option of buying a larger number of much cheaper 22-ton capacity dump trucks for which there are possible Canadian suppliers. This new option is endorsed by Public Works and Government Services Canada from a procurement strategy perspective as it would allow a more open competition using the government's preferred electronic bidding system. The Treasury Board analyst and several regional development agencies also enthusiastically back the idea because certain ministers and some key Opposition critics have potential suppliers of the 22-ton capacity vehicles in their regions.

The third option is duly developed and analyzed, in this case revealing a severe and chaotic impact on the mine operation. Nevertheless, and despite the fact that no one in any of the other departments has any expertise in mine operations, the potential negative impacts are challenged by those who see good potential to leverage the purchase of a fleet of 22-ton capacity trucks in order to achieve national benefits beyond the mine operation itself.

To break the deadlock, an outside consultant is hired to study the matter further. The mine general manager and his department have only limited influence over the process of developing the Statement of Work for the contract and selecting the consultant. The resulting report, although generally supportive of the original analysis, contains so many

caveats and compromises insisted on by the other departments that the document basically provides backing for everyone's original views. The officials are unable to reach a consensus.

The government is anxious to get the mine ready for sale, so the Privy Council Office steps in to try to bring a coherent proposal to cabinet for a decision. In the meantime, intense lobbying has begun, with both domestic and foreign equipment suppliers pressing their cases with ministers, Parliamentarians, the media and others. One minister even receives a visit from a constituent who works at a car dealership near the mine, and quite sincerely believes that the best deal for the government would be to acquire several hundred slightly modified one-ton pick-up trucks to move the ore around.

In this kind of intense environment, it would take a remarkable group of ministers indeed to cut through all the clutter and opposing views to make the right decision, if there is a right decision. Their options are not attractive. They can either place primacy on quickly getting the mine operation into top shape so that it can be sold for the best possible price, or they can accept compromises in order to limit political controversy and/or extract better industrial benefits. More specifically the options are:

- If the business case shows that the 450-ton vehicle is clearly best for the job and will quickly maximize the sale value of the mine, they could buy it regardless of the political risks of a sole-source procurement and lack of attractive industrial benefits;

- They could accept a possibly 20-25% degradation of the efficiency of the mine operation, and some uncertain impact on the sale value, by purchasing one of the foreign 300/350-ton machines – in practical terms passing up meaningful wider industrial benefits from the procurement but ensuring a competitive acquisition process;

- They could accept the risk of failure of the mine renewal project, in terms of either a dismal financial return or even an inability to sell, as the consequence of buying 22-ton

capacity trucks through an open competitive process and maximizing the wider industrial benefits from the expenditure; or

- They could send everybody back to the drawing board to develop a fourth option to invest in the creation of a domestic manufacturer of 350-ton or 450-ton capacity vehicles. Past experience clearly shows that this option, if adopted, would in all probability be an expensive economic failure and substantially delay the initiative to sell the mine, but it would at least park the politically troublesome question for a while.

Back to Real Life

Many observers will scoff that this scenario is an unrealistic fable. Unfortunately, while the specific case is of course entirely imaginary, the dynamics it describes are quite real. Comparable interdepartmental and political discussions, debates and disagreements occur all the time in government, and episodes fairly similar to this are not uncommon in

defence procurement. The story line, down to the earnest beliefs of some individuals that a totally unsuitable product or service is just the thing the Canadian Forces need, will be familiar to anyone who has been involved in defence procurement for any length of time.

The fundamentally divergent perspectives of the various government departments and agencies about the relative importance of the many competing policy objectives in a given procurement is absolutely real, as is the capacity of the system to occasionally lose sight of the basic objective. The inherent tension between this diversity of views is actually designed into the procurement policy framework and the business architecture of the Government of Canada – as is the largely unfettered ability of one department or one minister to delay, stop or force costly compromises on the programs of another department in order to address one or more of those other policy objectives.

We may view this basic reality of procurement

decision-making in the Government of Canada as either good or bad, but it is what inevitably happens to one degree or another when public policy objectives clash. It makes defence procurement a particularly complex, and sometimes seemingly bizarre, business.

¹Produced by Bazan in Belarus. First deliveries scheduled for 2015. See <http://www.wired.com/2013/10/worlds-largest-dumptruck/>.

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We Have Each Others' Backs

by Colin Robertson

Most Canadians would be surprised to learn that there are over 700 Canadian Forces members serving in more than 30 U.S. states.

Prior to his appointment last year as Canadian Chief of Defence Staff (CDS), General Tom Lawson, served as NORAD Deputy Commander. Both of his predecessors as CDS, Rick Hiller and Walt Natynczyk served, while on exchange, as Deputy Commanding General of the US Army's III Corp. Natynczyk, now CEO of the Canadian Space Agency, would later lead 35,000 troops fighting in Iraq.

Their training reinforces the close partnership and interoperability, cemented by an alliance that has endured between Canada and the United States since the Second World War.

Canadians and Americans have served together shoulder to shoulder throughout the two world wars, on the Korean Peninsula, in the former Yugoslavia, the Middle East and most recently in Libya and Afghanistan. Interoperability is a mouthful. It means having the ability to fit seamlessly into joint operations and it is the right word to describe the close, continuing collaboration between the armed forces of Canada and the United States.



Nowhere is this more evident than at the NORAD headquarters near Colorado Springs, Colorado where Canadians work side-by-side with Americans to protect our homeland. The only discernable differentiation is the flag patch on their shoulders.

NORAD Commander General Chuck Jacoby reflected on 55 years of collaboration recently: Americans and Canadians may cheer for different sport teams and exchange friendly banter, especially now during the National Hockey League Playoffs. But when it comes to defending North America, there is only one team: the bi-national U.S. and Canadian team comprised of dedicated professionals who keep the watch 24 hours a day, 365 days a year.

Under the North American Aerospace Defense Agreement (1958) Canada and the US operate an integrated and interoperable binational air surveillance and control system to secure North American airspace.

U.S. and Canadian aircraft under NORAD control are postured in strategic locations around the continental United States and Canada. In 2012 they conducted more than 70 intercept missions.

Canada maintains the North Warning System, a series of 11 long-range and 36 short-range radars along the entire Arctic coast of North America. It stretches from Alaska, across Canada, to Greenland, and allows NORAD to detect all approaching airborne activity.

Watching these stations, conducting sovereignty patrols and first responders in search and rescue are Canadian Rangers. When on duty these 5000 Inuit and other First Nations men and women wear bright red sweatshirts and red ball caps or toques.

Living north of 60 in over 200 northern communities, they speak 26 dialects.

Since 2006, NORAD has had an additional maritime warning mission, identifying and tracking vessels of interest in the sea lanes approaching the United States and Canada, and passing that intelligence to interagency partners.

By tradition, the Commander of NORAD is an American and the Deputy Commander a Canadian. On 9-11, Canadian Rick Findlay, who would later become NORAD deputy commander, was in charge of operations and he directed the shutdown of US airspace.

On that fateful day, over 33,000 passengers on 224 flights were diverted to Canada and landed in places like Halifax, St. Johns, Vancouver and Winnipeg.

The town of Gander, Newfoundland doubled in size as residents welcomed the

stranded Americans into their communities until they could return to the USA.

Our nations special forces trace their origins to Canadian and American collaboration in the famous Devils Brigade of the Second World War. Trained at Fort William Henry Harrison near Helena, Montana they specialized in high alpine combat, covert amphibious landings, parachuting and other non-conventional tactics.

The brigade never failed a mission, suffering 2,314 casualties -- 134 per cent of its original combat strength of 1,800 volunteers -- as it took on the liberation of Rome and other key raids against the German First Panzer Paratroop Division. Veterans recently gathered at Canadian Forces Base Kingston for a ceremony to commemorate the 70th anniversary of the Battle of Monte (Mount) La Difensa.

In 2013, Congress awarded the unit the Congressional Gold Medal. Canadian Ambassador Gary Doer observed, "The Devil's Brigade were the first of their kind, and the legacy of bilateral defense cooperation that they inspired continues between our two countries to this day."

Our joint interoperability and cooperation extends beyond our

shores.

Canada was fully involved in the recent Libyan campaign. Commitment during the seven-month conflict included 635 personnel, seven jet fighters, two patrol aircraft, two tankers and two frigates. Air command was directed by Lt. General Charles Bouchard, a former NORAD Deputy Commander, who was subsequently awarded the United States Legion of Merit for exceptionally meritorious services.

In early October the crew of HMCS Preserver, working in tandem with the United States Coast Guard, made a drug bust that netted 432 kg of cocaine. That's just one of the joint operations that Canada and the USA have conducted since 2006 in Operation Caribe targeting drug trafficking in the Caribbean Sea. In November, HMCS Edmonton and a Royal Canadian Air Force CP-140 Aurora surveillance plane assisted the United States

Coast Guard in the eastern Pacific Ocean seizures of two busts that netted 1.1 tonnes of cocaine worth \$36 million. Joint operations have resulted in the seizure of \$4 billion in pot and cocaine in 2011 and \$3 billion in 2012.

For over a decade, Canadians and Americans have fought together in Afghanistan. More than 40,000 Canadians have served since the first group of Special Forces were deployed in the fall of 2001. There have been casualties: 158 Canadians have died in the conflict.

For their services in Afghanistan, Canadians have been honoured by the USA with over 30 Bronze Stars and our tier one special forces unit, Joint Task Force 2, receiving a presidential unit citation from President George W. Bush.

Valour in each others service has a long history. At a ceremony at Arlington cemetery on Canada Day, 2004, then Ambassador Frank McKenna honoured the 61 Canadians who have won the Congressional Medal of Honor, more than half of them during the U.S. Civil War.

Nine of them are buried at Arlington. As former Ambassador McKenna remarked, Bravery knows no nationalities and in this case, these were Canadians who

chose to fight in an adopted country and who fought with great distinction," Five Americans have won the Commonwealth's highest medal for bravery, the Victoria Cross. Four of them were serving with Canadian units, all during the First World War.

While we haven't fired a shot in anger since the War of 1812-14, during the biennial Operation RIMPAC exercises off Hawaii during the summer of 2012, HMCS Victoria, one of Canada's new submarines sank a decommissioned U.S. navy ship in less than 15 minutes.

After the exercise, Admiral Paul Maddison, then Commander of the Royal Canadian Navy, remarked that our submarines provide Canada with a unique strategic capability unrivalled in stealth, persistence and lethality that can act decisively on and below the surface of the sea at a time and place of the governments choosing.

When you look up in the skies at the next airshow in the USA, you are just as likely to be watching the Snowbirds, the Canadian Forces Air Demonstration Team. The Snowbirds filled in for the Blue Angels and Thunderbirds at a number of US airshows this past summer because of budget cuts.

The Snowbirds are celebrating 70 years as a squadron and 50 years with the aircraft.

Canadian Forces are small by US standards. Including reserves, we have 13,600 in the Royal Canadian Navy, 45,000 in the Army, and 17,000 in the Royal Canadian Air Force.

But in a fight, when interoperability can be the difference between life and death, victory and defeat, is there any other nation that the USA would rather have at their side?

We fight together for those values we cherish. We know how to have fun together. No other nations have figured out our version of football. Ask them about tailgate parties and they'll think you're from outer space.

Nope. Just proudly North American. Canadians and Americans, we have each others' back.

Colin Robertson is honorary chair of the Canada Arizona Business Council. Former Canadian Consul General to Arizona, he is vice president of the Canadian Defence and Foreign Affairs Institute and a senior advisor to McKenna Long and Aldridge. He is Honorary Captain, Royal Canadian Navy, assigned to the Strategic Communications Directorate.

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Time Bomb: Canada and the First Nations

By Douglas L. Bland

Review by Melissa Alonso

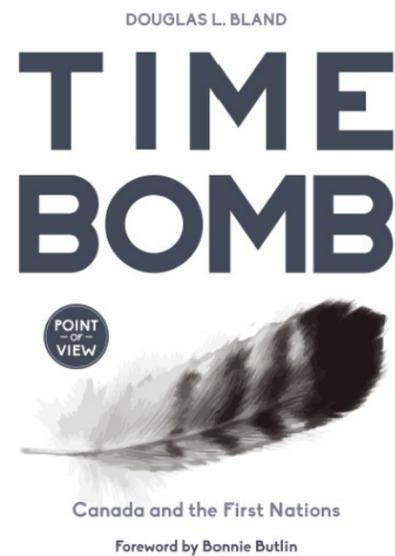
In a thought-provoking and atypical approach to Canada-First Nations relations, Douglas L. Bland explores the very real possibility of a First Nations insurgency in Canada. It quickly becomes clear that Bland's extensive military career has shaped *Time Bomb: Canada and the First Nations*, with its succinct and methodical approach to an increasingly controversial topic. Nonetheless, the imagery of the ticking time bomb delivers an urgency that is refreshing, given the often apathetic outlook of most Canadians on First Nations issues, and engages the reader early on. The book expands on the idea of an uprising by framing arguments around the assertion that if an insurgency is feasible, then it will inevitably occur.

Time Bomb provides a concise and easy to follow overview of key historical factors and legislation that have contributed to the plight of many First Nations on reserve. Bland further discusses the realities that often come with reserve life as well as the myriad of social and economic challenges that First Nations peoples face in Canada.

Bland builds on this foundation with an analysis of Canada's perceived vulnerabilities that could very well become targets for insurgent groups. The intention of potential targeted attacks would be to cause the most damage using the least amount of energy and resources. Consequently, Bland places primary focus on Canada's expansive transportation system, specifically railways that serve as the artery through which the lifeblood of the Canadian economy surges.

Through this discussion of the risks and challenges associated with an insurgency, it becomes apparent that Bland's experience has helped to provide an insightful and practical approach to the bubbling animosity under the surface of Canada-First Nations relations. In sum, *Time Bomb* concludes with a comprehensive overview of preventative measures to combat the threat of an insurgency. Bland brings the book to a close with a keen exploration of a multitude of negotiation-first approaches, outlining potential remedies for the situation at hand and hope for sustainable long term solutions.

Time Bomb offers an absorbing, systematic exploration of the topic that is as informative as it is compelling. However, there are times where Bland's depiction of the realities of Canada's First Nations lacks a necessary poignancy and



sensitivity. Although methodical, *Time Bomb* does not do justice to the emotional and mental impact of the often traumatic First Nations history with the Canadian Government. The book would benefit from a more thorough explanation of the legacy of intergenerational trauma left in the wake of the Indian Residential School System, for example, to substantiate the urgency

with which Bland's metaphoric bomb is ticking.

Additionally, at times the same systematic approach that is *Time Bomb's* greatest strength is also its greatest weakness. On a number of occasions throughout the book, Bland focuses too narrowly on specific potential outcomes, such as his vehement position that a First Nations insurgency would target Canada's railway system. Though only time will tell of the accurateness of his assumption, the credibility of his arguments would benefit from broader exploration of other potential targets. Furthermore, given the increase of globalization, it is surprising that Bland fails to acknowledge the very real power of social media and communications in consideration of the significant impact of technology on the outbreak of the Arab Spring.

Regardless, *Time Bomb* is overall, a tremendous read for those looking for a concise yet engaging overview of the current climate of the relationship between Canada and First Nations. Bland's insightful and methodical analysis provides a clear illustration of the growing disparity between on and off reserve life that may eventually culminate in the outbreak of a First Nations insurgency. Bland closes with the reminder that the clock continues to tick with an increasing urgency, yet equips the reader with hopeful strategies to work towards peaceful disarmament.



A Blue Puttee at War: The Memoir of Captain Sydney Frost, MC

Review by Meghan Spilka O'Keefe

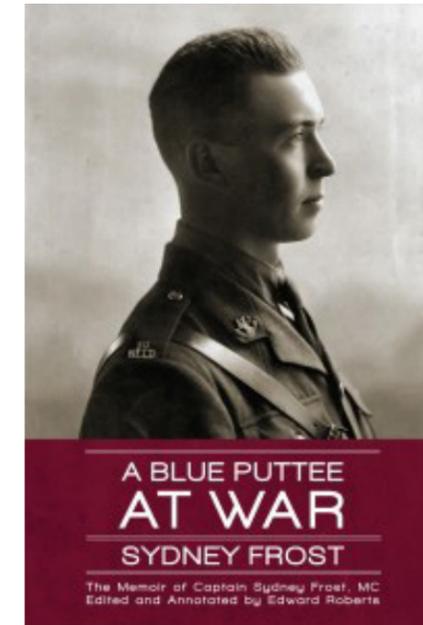
Most Canadians know the story, and every Newfoundlander certainly does: on the early morning of 01 July 1918, it took less than 30 minutes, for nearly a generation of young men from the Dominion of Newfoundland to be wiped out. Of the 780 men to go over the top on the first day of the Battle of the Somme, heading towards the French village of Beaumont-Hamel, only 68 stood at role call that following morning. When the dust settled, 110 had survived that first advance.

A Blue Puttee at War is the memoir of the late Captain Sydney Frost, MC, that tells the defining history of the Royal Newfoundland Regiment beyond the tragedy at the Somme, which may be the only account about the Newfoundlanders of the Great War familiar to Canadians.

For many, *A Blue Puttee at War* will expand one's appreciation of the Regiment back to periods before France, with their campaign in the Dardanelles, and even before the First World War, with their contribution to Canada in the War of 1812-14. (Indeed, as a proud member of the Regiment, Frost does not fail to dutifully document General Brock's confidence in, and commendation of, the Newfoundlanders, as well as the accolades of senior officers throughout the First World War). For those with a better grasp of the history of the Royal Newfoundland Regiment, *A Blue Puttee at War* will provide additional context and personal reflection that can only compliment the quintessential 'textbook' on the Regiment, *The Fighting Newfoundlander*.

The memoir opens with a preface by Captain Frost's late son, Robert, which provides a familial assessment of the late Captain Frost's life and contribution to Newfoundland and Canada's history through his dedication to the Regiment, as well as The Bank of Nova Scotia, where Sydney Frost worked in his civilian life.

Captain Frost's own words open the memoir with a delightful description of his introduction to St. John's, Newfoundland. As a young Nova Scotian, Frost's transfer to the St. John's branch of The Bank of Nova Scotia is described as having been a relatively warm welcome that is interrupted by the outbreak of war. Frost immediately enlists to serve with the Newfoundlanders and is assigned the Regimental Number 58. True to the perception of the era, Frost, like the rest of them, believed with certainty that they would be



home in less than a year, in time to defend their title in the regional baseball championships.

Frost detailed how he and the First Five Hundred initially trained in the St. John's area of Quidi Vidi, were issued their puttees (blue, because there was no olive drab) and then set sail to England to continue their training. After which, the regiment set sail to Egypt for acclimatization, and Frost's descriptions of his travels are fascinating. Egypt had an impression on Frost, and he recounts visiting the pyramids, enjoying an ice cream cone and clashing with Anzacs in Cairo with warm reflection. What an exciting and overwhelming adventure it all must have been.

When the Newfoundlanders landed at Suvla Bay and Gallipoli in mid-1915 to support the Anzac effort of seizing the Dardanelles, they were met with heavy and unrelenting artillery, coupled with snipers and topped up with cold weather and water rationing that exacerbated the miseries and risks of trench warfare. Cholera, typhoid and dysentery affected a large portion of members, and Frost himself was hospitalized and returned to England for convalescence. Still, Frost's authoritative assessment of the Suvla Bay "fiasco" and why it failed under the command of General Sir Ian Hamilton is worth the read.

When Frost re-joins the Regiment in England, the reader and Battalion are taken to France where the Royal Newfoundland Regiment's role on the European front is accounted for in great, distributing detail. Frost is sure to pepper the horrors of warfare with somewhat humorous, but mostly terrifying, anecdotes of the junior ranks playing dangerous pranks on the front line, and a newly promoted junior officer (himself) getting lost between trenches.

Overall, Frost's tour of duty as part of the First Five Hundred is one of valour, hardship and great loss. His account of the Great War is authoritative and detailed. Yet, attention is not often paid to explaining why or how war came about, or even dwelling on the misery of combat. Rather, Frost focuses on recounting what were most certain horrors of trench warfare with a graceful tone and the matter-of-face attitude that reflects the sober reflections of time and maturity, and perhaps the stoicism befitting of a gentlemen and an officer of the era.

Frost does not come across as a particularly boastful or ambitious man, rather his many life projects—and there were many—appear to be the effort of loyalty and commitment, rather than in pursuit of greatness or recognition. His memoirs show that he was the type of dignified and diligent man who, for example, visited the graves of fallen Newfoundlanders and documented their location through notes in his journal and photographs, and then sent photos back to the families of the deceased and called on them when in town. In short, Frost was compassionate and dedicated to the preservation of history and connecting families to their history.

With this character in mind, the reader is lucky to have access to *A Blue Puttee at War*. Frost was reluctant to publish his invaluable contribution to Newfoundland history. At first read, the glimpse into the sanitized, annotated and edited copy by Edward Roberts and Captain Frost's late son, Robert, seems somewhat invasive. But, Captain Sydney Frost, MC, did intend for his memoirs to be shared with his relations. The efforts of Edward Roberts and Robert Frost saw to its publication and wide-release., Newfoundlanders and Canadians alike should be grateful for this invaluable contribution to our understanding of the Great War.



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Canada's Quest for New Submarines

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Canada's Quest for New Submarines

Introduction

This paper is predicated on the idea that in 2035¹, the Royal Canadian Navy (RCN) will have been provided the funds and the political support to procure a new class of submarines. This is, understandably, a big assumption. Should the RCN find itself in a position to acquire new submarines, Canada should partner with Australia and Japan's reported plans to build a Collins-class replacement.

Considerations: Budget, Resources, Strategy

For several reasons, this project to replace the Victoria-class submarines could likely never come to fruition. Firstly, the Department of National Defence and the Royal Canadian Navy (RCN) face serious funding issues. David Perry of the Conference of Defence Associations Institute estimates that approximately \$37 billion has been removed from the Canada First Defence Strategy (CFDS) due to the departmental Strategic Review, the government's Deficit Reduction Action Plan (DRAP), two defence spending freezes, and further capital re-profiling of defence monies.² This budget reduction includes more than \$7 billion in capital delays (and counting) on CFDS projects, which becomes particularly problematic for the Navy, given the large-scale recapitalisation of almost the entire fleet promised through both CFDS and the National Shipbuilding Procurement Strategy (NSPS).

The affordability of the Navy's recapitalisation projects, which includes up to three joint support ships (JSS) and up to eight Arctic patrol ships (AOPS) - promised before CFDS and reaffirmed within policy - and up to fifteen Canadian surface combatants (CSC) to replace the Iroquois-class destroyers and Halifax-class frigates, has been questioned publicly on several occasions. Concerns regarding the overall costing structure of NSPS were raised by the Auditor General of Canada in 2013.³ During his Fall Report, he noted that "Canada may not get the military ships it needs" unless the funding structure is revised. The Navy has already suffered from reduced capability (and numbers) for the JSS, reduced requirements for the AOPS, and could see fewer ships built under the CSC programme, which is already losing up to \$1 million a day due to inflation and delays.⁴ Further studies on the funding structure and affordability of the JSS and AOPS programmes were conducted by the Parliamentary Budget Officer in 2013 and 2014 respectively, and have similar conclusions.

Moreover, a next generation submarine has not yet featured in CFDS, NSPS, or the new Defence Acquisition Guide (DAG), which only makes reference to the submarine equipment life-extension project. The absence of a Victoria-class replacement in the DAG is telling, especially given that the document includes a life extension project for an Army vehicle that is not yet in service. This means that any submarine replacement programme would potentially have to be funded above and beyond all 208 existing acquisition projects identified by the DAG.

Of equal concern is the tenuous assumption that, like with any major capital programme, there will be political support for new submarines. The RCN has existed for most of its history without submarines. In fact, it was not until the 1960s when the government became convinced of the utility of submarines for Canada's defence policy. Even then, the submarines were used as a training tool to develop Canada's anti-submarine warfare capabilities. Previous governments have supported submarine acquisitions, including a brief experiment with the procurement of nuclear-powered submarines in the 1980s, but there is a growing perception in Canada that submarines are a political liability.⁵ The Victoria-class submarines are no strangers to criticisms, particularly regarding the length of time and expense to bring them to a steady state. The Navy also dedicates between one-third and one-half of its maintenance budget to the modernization, support, and unplanned repairs of these submarines. These unplanned repairs place an increased strain on the RCN, which is funded at the minimum necessary to maintain a ready state. This continues to be particularly difficult when bringing new platforms online, as the Navy does not have the resources to remedy any 'deviation' from the streamlined path from procurement to operational readiness. Debacles such as HMCS Corner Brook's collision off the coast of British

Columbia, the HMCS *Chicoutimi* fire, or the diesel generator failure aboard HMCS *Windsor*⁶ demonstrate the challenges involved.

This is however, not to say that the resources needed to mitigate these issues do not exist. It is important to note, that these funding concerns are not reflective of the state of Canada's economy, but rather the allocation of monies to the defence budget. Previous leadership, such as the Mulroney and Martin governments, had initiated significant financial increases to the defence budget. This suggests that there are no impediments for the current government or its successors to set higher military ambitions and fund them accordingly. However, should the money to procure new submarines become available, the first question any government or defence policy would ask is that of function: what to do with submarines.

The answer to that question in part relies on strategic considerations. The Navy has already expressed the importance of submarines and their desire to maintain that capability. Naval theory also supports the value of submarines as a strategic asset that can act as a force multiplier. As evidenced by the Australian and American experiences, submarines are arguably the most effective military capability to combat the increased proliferation of submarines throughout the Asia-Pacific.⁷

Current Functions

In Canada today, these submarines are not an insignificant component of our fleet; submarines constitute a third of the Navy's operational capability and firepower. With the ongoing Halifax-class frigate life extension project, submarines also make up a third of the war-going fleet. They provide coveted characteristics such as: **stealth** – submarines, especially non-nuclear-powered ones, can be virtually undetectable when submerged and as such can go where ships and planes cannot, creating an air of uncertainty for the adversary; **lethality** – submarines can hunt high-value targets, such as the ARA *General Belgrano* during the Falklands War; and **endurance** – submarines create a steadily expanding area of uncertainty around their location that over a matter of days can become the size of an entire theatre of operations.⁸ As governments increase the emphasis on the role of Special Forces over conventional ground forces, so too do navies further develop capabilities for maritime insertion of Special Forces by submarines. This is a role that Canada's submarines have practiced and one that the Navy, according to internal documents such as Horizon 2050, sees the Victoria-class fulfilling.

Recent changes in the defence procurement process in Canada mean that the previously determined strategic rationale, while militarily sound, may not be sufficient in convincing a future government to replace the submarine capability. Although not an explicitly new concept, the Defence Procurement Strategy (DPS) specifies the conditions future capital projects must meet. Chief among these is how the project fulfills requirements established in policy. With the new "challenge function" within National Defence, all future procurement must be defensible against stated policy. The issue of determining which policy to use for this purpose is contentious, because the government has itself admitted that CFDS is out-of-date. Although a new defence policy is expected soon (it was expected early 2014) either in the form of a White Paper or an updated version of CFDS, in the absence of such a policy, the standard for the purposes of this paper is the present form of CFDS.

Meeting Policy Ambitions

In order to justify the continued role of submarines within the fleet, it is necessary to demonstrate that submarines can help the government meet its policy ambitions. This can be assessed using the three broad "roles" identified for the Canadian Armed Forces in CFDS and previous defence White Papers:

- 1) Defence of Canada: Canada's submarines have demonstrated their utility in surveillance and sovereignty to disrupt illegal fishing by American trawlers and de-escalate the Turbot incident of the mid-1990s.
- 2) Defence of North America: HMCS *Victoria* successfully participated in Op CARIBBE, while Canada's continued

possession of conventional submarines will assist the US Navy with the necessary training and experience⁹ should it have to counter the increased proliferation of submarines in Asia-Pacific.

- 3) Defence of international peace and security: Canada can look to the inclusion of the Dutch submarine HNLMS *Zeeleeuw* and the German submarine FGS U33 in NATO missions as a model. This same breakdown could be similarly conducted for the six core missions identified in CFDS.¹⁰

Submarine Acquisition

Assuming that the funding, political will, and need for submarines has been established, the actual acquisition of the submarines must be addressed. Canada should strongly consider the viability of membership into the proposed Japanese-Australian defence and security technology consortium.

Australia has been actively looking for a replacement for their Collins-class submarines since 2013, when their government released its latest Defence White Paper. This policy calls for 12 new conventional, non-nuclear powered submarines to replace the current fleet of six. In April 2014, Japanese legislation was passed to allow the exportation of "defence-related items" to like-minded partners. The first of these partners included Australia, who recently signed a military technology and science cooperation agreement with Japan. The first step of this cooperation included signing a marine hydrodynamics agreement in July 2014, which will be followed by a training deal that "could see large numbers of Japanese troops training on Australian soil."¹¹ The ultimate goal of this partnership is understood to be a project to build Australia's next-generation submarine.

Recent statements from the Australian defence minister suggest that their government is moving away from the idea of another domestically-built submarine. These sentiments are augmented by RAND Corp's government-commissioned report, which concluded that Australia lacked "enough engineers to design and build"¹² another class of submarines after a less-than-exemplary experience with the Collins-class programme. Although the Collins-class submarines have not been "the unmitigated disaster"¹³ that they are often described as in the press, Australian defense expert Ross Babbage stated that a domestically-built submarine "isn't the sort of experience that should be repeated given the rather more demanding requirements that Australia now has for its next-generation submarines."¹⁴ This reality, in addition to former Australian Defence Minister David Johnston's continued affinity for Japan's *Soryu*-class submarines – he was the first foreign minister to tour a *Soryu* submarine and has said that the *Soryus* are the best conventional submarines in the world^{15 16} – increases the likelihood of this partnership being the solution to Australia's desire for new, fully-functioning submarines.

Canada's involvement in this consortium would be an attractive option for a future government if only due to the fact that while Canadians may support the procurement of a next generation submarine, it is politically unlikely that they would want to pursue another unique class of submarines. Financially, it would be simply unsustainable. The Chief of Review Services noted in 2003, that the cost to replace the Oberon-class submarines in 1998 would range between \$3 to 5 billion for a fleet of four. Using RAND's inflationary standards, this translates to around \$9 to 15 billion.¹⁷ In their 2013 Defence White Paper, Australia committed to spending \$40 billion AUD (C\$38 billion) for full ownership of a domestically-built fleet of 12^{18 19}. Partnership with Japan would lower that price significantly for Australia, and potentially Canada, down to an estimated \$500 AUD million per submarine²⁰ for a total cost of ownership ranging from \$20 to 25 billion AUD.^{21 22}

The orphan class experience is one that both Canada and Australia shared as they explored different options to replace their Oberon-class submarines. One of the reasons why the Oberon-class enabled the maturation of a Canadian submarine force was that the Navy possessed three in a global fleet of 24. By contrast, the four Upholder-class submarines that the RCN purchased from the Royal Navy were the only four of its kind in the world. This meant that the supply chain was not fully established, unlike Canada's experience with the Oberon-class, and the engineering knowledge was not fully developed. As a result, it took the Navy until 2008, a full decade after buying them, to master the technological support of the Victoria-class submarines.²³

Both countries could arguably benefit from closer cooperation on submarine technology: Australia and Canada both had different experiences after the retirement of their Oberons but with similar results, including a two-decade long struggle to regain combat readiness. The Royal Australian Navy and RCN already have officer exchange programmes that include submariners. Also, it would not be the first time that both countries have worked together on a submarine replacement project. As the respective ministries of defence debated how to replace the Oberon-class submarines, Australia invited Canada to observe their design evaluation process in the 1980s during the Canadian Submarine Acquisition Project (CASAP-SSK). This is not surprising, given that both countries require their submarines to patrol vast amounts of water space, including a potentially expanding Arctic maritime domain for Canada, and a landmass with long, volatile coastlines (Australia is the size of Europe).

Calls for renewed Australian-Canadian partnership began as early as August 2013, when David McDonough, research fellow at Dalhousie University's Centre for Foreign Policy Studies, suggested the potential for cooperation on a replacement project. He noted that both the Victoria- and Collins-class submarines "have many similarities, including displacement, range, and speed."²⁴ This observation was furthered by Craig Stone, who noted that both countries "will need to replace their submarine fleets in [a similar] time frame" and that the combined lessons learnt from this latest submarine acquisition "will allow [Australia and Canada] to leverage the expertise that now exists within that particular sector."²⁵

Alternative Options

Missing from this analysis thus far is an alternative, non-military consideration for greater partnership. At the same time, there are few attractive European submarine options for Canada which further strengthens the case for a partnership with Australia and Japan. It should be noted, that Australia's former defence minister responsible for the 2013 Defence White Paper, ruled out a European off-the-shelf option because the submarines offered by European builders "were not considered large enough or as having the endurance for the long-range patrols required by Australia."²⁶ These requirements would be similar, if not more demanding, in a Canadian context. That said, there are at least four submarine producing countries in addition to the Australians and the Japanese that could attract Canada's interest: the Dutch, the Swedes, the French, and the Germans.

The Dutch have been ominously silent about any replacement program either for Canada or for Australia, which could be interpreted as lack of interest or lack of capability. The last time the Dutch built a submarine was in the early 1990s, when they launched the last of their Walrus-class submarines. Given the type of expertise required to build a submarine, and the rate at which these skills atrophy without continuous employment, it is possible that the Dutch would be unable to help Canada in its quest for a new submarine. In June 2014, for example, the Dutch Ministry of Defence stated it was "looking for an international partner" to build its new fleet of submarines.²⁷

In response to increasing instability and uncertainty in their backyard, Sweden has pushed to renationalize their submarine industry.²⁸ However, Swedish submarines (despite their proposal of a 4,000 ton variant on the A-26 for Australia), realistically are too small and do not have the endurance that Canada needs to patrol its vast and growing expanses of ocean estate, as well as an extensive, almost unmatched coastline.

The French have conceptualised a conventional version of their nuclear-powered Barracuda-class submarine and were expected to have discussed the option when President Hollande visited Australia in November 2014.²⁹ However, this submarine is designed for operations in the Mediterranean, and is arguably not what Canada and/or Australia need.

Lastly, the Germans have been the most vocal in calling for an open competition to replace the Collinses.³⁰ The CEO of Germany's submarine builder visited Canada with Chancellor Merkel in 2011, while its CFO has been actively lobbying Australia, presenting his company as a viable replacement partner. The German option, which would include an enlarged version of the current Type 214, could be a contender for Canada simply because they are the most experienced

submarine exporter in the world³¹: ThyssenKrupp Marine Systems has sold 160 submarines in recent decades³² with an additional 20 currently being built for export.³³

A Beneficial Partnership

Canada should also strongly consider other trade implications that entry into an Australia-Japan consortium would carry. Australia and Japan, for example, are priority markets in the Canadian government's Global Markets Action Plan (GMAP), which also identifies defence and security as a priority sector for the government.

The cooperation partnership between Australia and Japan laid the foundation for an Economic Partnership Agreement, toward which Canada is also working. Given that Japan is Canada's second-largest trading partner in Asia and largest Asian source of foreign direct investment, the Canada-Japan Economic Partnership Agreement continues to be a priority for the current government. A defence partnership such as this could augment the recent successes of the Canadian aerospace sector in Japan and would enhance Canada's role as an "important, reliable, and trusted partner" in the region.³⁴ In addition, the United States is also reportedly interested in participating in the joint venture by selling weapons systems. This would benefit Canada in at least two ways: The first of which is that Canada and Australia operate comparable fire control systems utilizing American Mk 48 torpedoes.³⁵ The second is that previous positive steps to enhance Canadian capabilities have resulted in closer cooperation with the US, as demonstrated by the success of the west coast Waterspace Management Agreement and Canada's Atlantic Submarine Operating Authority's crucial role in monitoring submarine movement in the high Arctic.³⁶

Such close partnership with the United States, Australia, and Japan would boost Canada's defence sector, which generates C\$10 billion in annual revenues, employs more than 90,000 people, and exports half of its products. Its status as a priority sector in GMAP and International Trade's recent decision to embed a trade commissioner within the Canadian Association of Defence and Security Industries (CADSI) indicates the importance of defence exports to the current government. Opening access to Asia-Pacific markets would benefit the Canadian defence and security industries and increase the exposure of Canadian companies in the region. This venture would provide the government the opportunity to allay concerns expressed by ASEAN and Asian partners over Canada's perceived lack of engagement in the region. Furthermore, greater involvement in a trans-Pacific consortium such as this would bolster Canada's standing among three key members of the Trans-Pacific Partnership agreement.³⁷

Conclusions

In conclusion, if submarines are fundamental to Canadian defence policy, then Canada must start seriously thinking about replacing the Victoria-class. Such a discussion will not be an easy process, but is all the more important given that the current submarines have a limited operational history and, arguably, have yet to prove to the Canadian public that they were money well spent. Furthermore, they do not feature as part of the recapitalization of the current fleet under NSPS and, as such, additional monies will need to be secured to fund their acquisition. This seems increasingly unlikely in the current fiscal climate. Finally, the Canadian experience with the Victoria-class suggests that Canada should not pursue another orphan class of submarines but instead should partner with another navy to develop a next-generation submarine. While many European models might be attractive, the current submarines do not possess some key characteristics that are unique to the Canadian submarine experience, such as endurance (the journey from Halifax to Nanisivik is almost comparable to the trip to Portsmouth, England). The Australians share some of these strategic requirements for their submarines and, being such a close defence collaborator, therefore would be a good natural partner in Canada's quest for a new submarine.

NOTES

1 The new Defence Acquisition Guide (2014) suggests that Canada is preparing to extend the service life of the Victoria-class submarines from 2026, their original end date, to 2035.

2 David Perry, 2014. “Can DND Afford Submarines?” Canada’s Century of Submarines (thematic panel), Centre for International Policy Studies, University of Ottawa. November 24, 2014.

3 Office of the Auditor General of Canada, 2013. “Chapter 3: National Shipbuilding Procurement Strategy”, 2013 Fall Report of the Auditor General of Canada. Fall 2013. Accessed online at: http://www.oag-bvg.gc.ca/internet/English/parl_oag_201311_03_e_38797.html#hd3a.

4 David Perry, 2014. “Can DND Afford Submarines?” Canada’s Century of Submarines (thematic panel), Centre for International Policy Studies, University of Ottawa. November 24, 2014.

5 “Submarines: Past, Present, and Future”, Naval Association of Canada (conference). October 2, 2014.

6 Unlike the other two submarine incidents, which forced a stop to their operations, Windsor was able to continue operating for a while on a single generator in a limited capacity. This slight delay was managed in maintenance and also resulted in an upgraded sonar suite.

7 There are over 400 submarines in operation by 41 countries around the world. The Pacific Rim alone will see a 47 per cent increase in 2025. Currently, 154 submarines are under construction and contribute to the over \$225 billion in the next 20 years that will be spent on submarines.

8 Vice Admiral (Retired) Drew Robertson, 2014. Canada’s Century of Submarines (thematic panel), Centre for International Policy Studies, University of Ottawa. November 24, 2014.

9 Although other countries such as Sweden and Chile have also provided the USN with submarines for training, Canada is unique in that it is the only country that is as intrinsically vested in continental defence as the United States.

10 In reference to an upcoming Sitrep article for a fuller analysis on defending submarine capabilities against Canadian defence policy.

11 Ian McPhedran, 2014. “Australia to sign new submarines deal with Japan as Prime Minister Shinzo Abe visit Tony Abbott in Canberra”, News.com.au, July 7, 2014. Accessed online at: <http://www.news.com.au/national/australia-to-sign-new-submarines-deal-with-japan-as-prime-minister-shinzo-abe-visits-tony-abbott-in-canberra/story-fncynjr2-1226980720135>.

12 Tim Kelly and Matt Siegel, 2014. “Japan & Australia consider submarine deal that could rattle China”, Reuters, May 28, 2014. Accessed online at: <http://www.reuters.com/article/2014/05/28/us-japan-australia-submarine-idUSKBN0E82ET20140528>.

13 The Diplomat, 2014. Interview with Ross Babbage, The Diplomat, May 14, 2014. Accessed online at: <http://thediplomat.com/2012/05/meet-the-diplomat-writers-22/>.

14 Ibid.

15 Ibid.

16 It is important to note that though Senator Johnston may not have the technical expertise to credibly make this claim, his public statements as a Cabinet Minister (at the time) are worth considering for their political implications.

17 David Perry, CIPS conference, November 24, 2014. Perry also noted that this brackets the internal numbers currently being used by National Defence.

18 Ministry of Defence, 2014. Transcript of Minister for Defence interview with Michael Smyth. Accessed online at: <http://www.minister.defence.gov.au/2014/11/21/minister-for-defence-transcript-interview-with-michael-smyth-891-abc-adelaide/>.

19 Australian Strategic Policy Institute, 2009. “How to buy a submarine: Defining and building Australia’s future fleet”, Strategic Insights, Australian Strategic Policy Institute, October 2009, p. 2. Accessed online at: https://www.aspi.org.au/publications/strategic-insights-48-how-to-buy-a-submarine-defining-and-building-australias-future-fleet/SI_48_Submarines.pdf.

20 Paul Kallender-Umezu and Nigel Pittaway, 2014. “Japan, Australia Deal Poses Tech Issues”, Defence News, June 15, 2014. Accessed online at: <http://www.defensenews.com/article/20140615/DEFREG03/306160010/Japan-Australia-Deal-Poses-Tech-Issues>.

21 Ian McPhedran, 2014. “New Japanese submarines to cost Abbott Government \$20 billion”, News Corp Australia Network, September 9, 2014. Accessed online at: <http://www.news.com.au/national/new-japanese-submarines-to-cost-abbott-government-20-billion/story-fncynjr2-1227050682205>.

22 Rob Taylor, 2014. “Australia Hints It Will Look Overseas for New Submarine Fleet”, World News, The Wall Street Journal, November 25, 2014. Accessed online at: <http://online.wsj.com/articles/australia-hints-it-will-look-overseas-for-new-submarine-fleet-1416902288>.

23 Vice Admiral (Retired) Drew Robertson, CIPS conference, November 24, 2014.

24 David McDonough, 2013. “Canada’s submarines: opportunities for cooperation with Australia”, The Strategist, Australian Strategic Policy Institute blog, August 2013. Accessed online at: <http://www.aspistrategist.org.au/canadas-submarines-opportunities-for-cooperation-with-australia/>.

25 Craig Stone, 2014. “Canadian-Australian Opportunity for Defence Procurement and Industry Cooperation”, CIGI Papers, Centre for International Governance Institute, January 2014, no. 22, p. 13. Accessed online at: http://www.cigionline.org/sites/default/files/no22_1.pdf.

26 John Kerin, 2014. “Germany submarines now appear the safer replacement bet”, The Australian Financial Review, June 19, 2014. Accessed online at: http://www.afr.com/p/germans_submarines_now_appear_the_GB2ZKVVWdhcmmlnRJB6BpqI.

27 Defence Industry Daily Staff, 2014. “Norway Pursues New Procurement for Submarine Fleet”, Defense Daily Industry. December 6, 2014. Accessed online at: <http://www.defenseindustrydaily.com/ula-tech-norways-next-submarine-fleet-07609/>.

28 Claire Corbett, 2014. “Australia’s \$60 billion submarine dilemma”, The Monthly. August 2014. Accessed online at: <http://www.themonthly.com.au/issue/2014/august/1406815200/claire-corbett/australia%E2%80%99s-60-billion-submarine-dilemma>.

29 Brendan Nicholson, 2014. “Choice of navy’s new submarine is a \$20bn guessing game”, The Australian, News, November 19, 2014. Accessed online at: <http://www.theaustralian.com.au/news/features/choice-of-navys-new-submarine-is-a-20bn-guessing-game/story-e6frg6z6-1227127446112>.

30 Ibid.

31 Saab, contracted by the Swedish navy to build the next generation of their submarines, has yet to build a submarine. The Ocean, DNCS’s concept for a new submarine, is barely more than a concept. Critics of the Japanese Soryu-class option have also noted that Japan has no experience in exporting submarines.

32 Ian McPhedran, 2014. “Germany fights for Australian submarine defence contract after Japan makes a bid for it”, News Corp Australia Network, October 14, 2014. Accessed online at: <http://www.news.com.au/technology/innovation/germany-fights-for-australian-submarine-defence-contract-after-japan-makes-a-bid-for-it/story-fnpjxnk-1227089049784>.

33 Rick Wallace and Cameron Stewart, 2014. “Technology change to boost Japanese bid to replace Collins subs”, The Australian, National Affairs, October 21, 2014. Accessed online at: <http://www.theaustralian.com.au/national-affairs/defence/technology-change-to-boost-japanese-bid-to-replace-collins-subs/story-e6frg8yo-1227096593398>.

34 DFATD, 2014. “Minister Fast Concludes Productive Week-Long Trade Mission to Asia”. Quote from press release, November 13, 2014. Accessed online at: <http://www.international.gc.ca/media/comm/news-communicues/2014/11/13b.aspx?lang=eng>.

35 Interoperability with the United States and continued use of American weapons systems will likely be a big determinant in Australia’s (and eventually Canada’s) decision for its next submarine. As a result, who the United States is willing to share technology with will certainly shape the decision-making process.

36 Commander Michael Craven, 2007. “A Rational Choice Revisited: Submarine Capability in a Transformational Era”, Maritime Issues, Canadian Military Journal, Winter 2006/7, vo. 7, no. 4. Accessed online at: <http://www.journal.forces.gc.ca/vo7/no4/craven-eng.asp>.

37 The TPP is a major free trade agreement in negotiation among at least 12 countries spanning from Japan to Chile that account for 40 percent of the world’s GDP.



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THE CANADIAN RESPONSE TO RADICALIZATION TO VIOLENCE

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The Canadian Response to Radicalization to Violence

Introduction

Political violence that is executed by citizens or residents without the direct involvement of foreign terrorist organizations (often called “homegrown terrorism”), is a highly salient issue for Western counterterrorism (CT).¹ This threat features prominently in the first official Canadian CT strategy.² Additionally, recent evidence indicates homegrown terrorists have evaded detection by security services by plotting relatively simple, low-tech attacks.³ Terrorist attacks in October, 2014 in Saint-Jean-sur-Richelieu and Ottawa (which respectively consisted of a vehicular hit-and-run and a shooting with a low capacity, slow-firing hunting rifle), exemplified this trend.⁴ Growing numbers of young Westerners are also travelling abroad to join organizations such as the Islamic State of Iraq and the Levant (ISIL).⁵ Canada is one of many countries which have identified such “foreign fighters” as a pressing threat, which is rooted in the concern that these individuals may return home with increased capabilities to carry out attacks or inspire others to do the same.^{6 *}

Homegrown terrorists create a challenging threat environment, in part because they may not interact with terrorist organizations that are already being monitored by security services, and also because of legal constraints which restrict the ability of democracies to surveil their own citizens.⁷ In this context, many governments have identified the need to respond to radicalization to violence (R2V) as a discrete policy area distinct from other CT measures. In a process referred to here as counter-radicalization (CR), governments conduct CT at a preventative level by attempting to discourage people from adopting beliefs or ideologies that may serve to justify terrorist violence. While R2V and CR have been key concerns for European governments since at least 2003 (and since the 1990s for countries such as Saudi Arabia), it only began to receive systematic attention from Canadian policymakers relatively recently.⁸ Accordingly, the academic literature on Canadian CR initiatives (and, to a lesser extent, on R2V in Canada), is less developed compared to scholarship on these issues in the context of European or Muslim-majority countries.⁹

This paper presents an early response to the gap in the Canadian literature by examining initiatives related to R2V that are being pursued by the Government of Canada (GoC). It draws on government documents, testimony by officials to the Senate of Canada, secondary literature, and interviews with two Canadian officials. In so doing, the author will demonstrate that current Canadian responses to R2V are characterized by two tendencies: decentralization and desecuritization. In the context of Canadian federalism, decentralization refers to the process of devolving the ability to make decisions on the design and implementation of public policy from the federal government to subnational actors. Despite the national security mandate and expertise of federal institutions, their role has focused on supporting municipal authorities and their constituent communities in initiating and delivering CR activities in Canada. Desecuritization, in this paper, refers to a government response to an issue which utilizes conventional (rather than extraordinary or emergency) procedures and de-emphasizes the exclusionary or coercive aspects of state power, while avoiding presenting the issue as exceptionally or existentially threatening.¹⁰ There is a clear priority on the part of actors involved in CR activities to avoid creating perceptions within communities that the government views them as suspect or threatening, and to ensure that CR has a distinct and autonomous (albeit complementary), relationship with law enforcement and intelligence investigations.

These characteristics reflect a commitment to incorporate both knowledge of R2V from the academic literature, and recent innovations in the field of public safety at the municipal level. Despite this, it is still possible to draw attention to broader challenges the Canadian approach will likely face moving forward. As such, this paper proceeds with a very brief literature review before examining the ongoing development of counter-radicalization initiatives in Canada in detail. It concludes by identifying possible challenges for policymakers to consider at this still-early stage. As it is the intent of this paper to provide the documentary basis for further analytical work, the author also identifies areas for future scholarship on the topics of R2V and CR in Canada.

Current Understanding of Radicalization to Violence and Implications for Counter-Radicalization Policy

This paper uses the following definitions: R2V is the process by which an individual adopts an activist ideology which provides the normative justifications for terrorism, as defined by the Criminal Code of Canada.^{1**} Simply adopting an extreme set of beliefs may not, on its own, lead to terrorism: an individual who holds radical views only becomes a threat after making the decision to commit or enable violence. CR is distinct from the related processes of deradicalization and disengagement. Deradicalization is the process of causing an individual to abandon these beliefs, whereas disengagement is when an individual makes the decision to cease the pursuit of violence, but retains extreme beliefs.¹¹ Finally, CR is the process of preventing an individual from internalizing such beliefs that are likely to lead to political violence in the first place.

Existing academic literature offers an imperfect understanding of R2V. Many explanations are unable to demonstrate why supposed causal factors lead some people to undergo R2V, but not the vast majority of others affected by the same factors.¹² The extent of consensus within the R2V literature is primarily over four points. The first is that R2V is an idiomatic process that is tied to subjective experience.¹³ Secondly, the distinguishing characteristic of most people who undergo R2V is their normality.¹⁴ Many have the outward appearance of being well-integrated into the societies they plot against, and in almost no documented cases do they radicalize *as a result* of personal socio-economic deprivation.¹⁵ Thirdly, R2V tends to be a gradual process, with “stages” between the point at which individuals attain interest in an extreme ideology and the point where they begin plotting violence.¹⁶ Finally, theories with the most empirical support predict that group dynamics drive the decision to turn to violence. The radicalization process often begins when individuals connect, in person or virtually, with others who already harbour extreme views. As individuals focus on these interactions and self-isolate from mainstream society, they become more likely to view violence as a logical, legitimate and necessary solution to the problems they perceive.¹⁷

Considering these definitions, the author proposes that there are a number of key implications for CR policy which respectively follow the points of general agreement in the literature identified above. First, it is not possible to predict who will radicalize or who will not, meaning R2V must be identified after it is already occurring. Second, it may be possible to prevent a radicalizing individual from reaching the stage where they are plotting violence. Third, interventions made to this end should reflect unique individual circumstances in order to be effective. Finally, early detection and intervention is crucial to prevent someone from reaching the decision to commit violence, and thereby become a security threat.

As is the case for most Western nations, Canada lacks a detailed, dedicated CR strategy.¹⁸ However, CR falls under the “Prevent” element of the Canadian CT strategy, published by Public Safety Canada (PSC) in 2012, which lists three goals: building resilience to violent ideologies in Canadian communities; reducing the risk that individuals will undergo R2V; and producing counter-narratives to challenge violent ideologies.¹⁹ Countering Violent Extremism (CVE) is the term used by GoC to refer to practical steps to realize these goals. The CT strategy highlights PSC and RCMP community outreach and national security awareness activities, as well as support for non-government efforts to counter terrorist propaganda. The most recent PSC report on terrorism also references ongoing community policing and a forthcoming RCMP-led intervention program as key CVE efforts.²⁰ This paper will now examine these and other initiatives by PSC and the RCMP in detail.

Canadian Counter-Radicalization – Public Safety Canada Initiatives

PSC is the portfolio lead on CVE and, in addition to general policy work, its activities fall under two broad categories. The first is interdepartmental and intergovernmental coordination and cooperation. PSC works to coordinate the R2V-related activities of its portfolio agencies, primarily the RCMP, the Canadian Security Intelligence Service (CSIS), and Correctional Services Canada (CSC). An example of this kind of coordination is the adaptation of longstanding RCMP training programs on R2V for the use of correctional officers.²¹ PSC also represents Canada in international R2V projects. Notably, the department led the development of outreach principles and training for the International Association of Chiefs of Police.²² It is also currently leading a project by the Global Counterterrorism Forum to develop evaluation

^{**} *Violence committed, “in whole or in part for political, religious or ideological purpose, objective or cause,” in order to intimidate the public, “with regard to its security . . . or compelling a person, a government or a domestic or international organization to do or refrain from doing any act.” Criminal Code, RSC 1985, c. C-46, s. 83.01.*

metrics for various forms of R2V programming.²³

The second category of PSC CR activities is public engagement programming. The key goals of this activity are to improve the ability of communities to recognize and respond to instances of R2V, and to facilitate initiatives that are intended to reduce the appeal of violent ideologies to young people.²⁴ Regarding community outreach, the most visible activity is the Cross-Cultural Roundtable on Security (CCRS), a forum of prominent Canadians chosen by the Ministers of Justice and Public Safety to represent various religious and ethnic communities. Through meetings and conferences, the goal of CCRS is to foster national security awareness and also facilitate public input on policy.²⁵ Less well-known are meetings organized by PSC in specific communities across Canada. These follow requests by community leaders who also promote attendance at the events. The nature of the event varies, depending on the relationship between a community and PSC. However, over time the focus tends to evolve from trust-building to dialogue on R2V and its indicators, in the hope that “localized action plans” will follow.²⁶ Where this is the case, PSC will follow up play an advisory and assistive role. Common requests for PSC include detailed sets of R2V indicators, or information on programs to fund community-organized initiatives (which are often intended to reduce the appeal of violent ideologies or groups). PSC has not instituted dedicated funding for radicalization risk reduction, and instead directs communities to existing channels such as crime prevention or social programs at various government levels.²⁷ This is to avoid program duplication and, presumably, to adhere to government fiscal priorities. There is also the logic that initiatives will benefit from reflecting local circumstances and the legitimacy of being community-driven, rather than being imposed from a central authority. In the words of one official: “I don’t think there’s going to be a single Canadian model. If you look at one that is based on [the Charter of Rights and Freedoms], sure, but it won’t look the same across Canada.”²⁸

Canadian Counter-Radicalization – RCMP Initiatives and the Influence of the “Hub” Model

The work of the RCMP mirrors that of PSC in the sense that it is a decentralized approach largely based around community engagement, and supporting the development of local responses to the problem.

Beginning with engagement, the RCMP instituted the National Security Awareness and Community Outreach Program to rebuild trust with communities, “affected by national security criminal investigations,” following the conclusion of the O’Connor Inquiry in 2006. Under this initiative, officers within Integrated National Security Enforcement Teams built relationships with community leaders and hosted meetings to, “help communities and the RCMP better understand common objectives, as well as identify and resolve local concerns.”²⁹ While a key goal of RCMP outreach has been to encourage cooperation with investigations, it also supports work focused on R2V.³⁰ A Senior Director at PSC described the relationship between RCMP outreach activities and CVE activities before the Senate: “Law enforcement in Canada enjoys the trust of many communities . . . now that we have that, people are willing to have a focused discussion on radicalization to violence . . . [o]ur way forward is to leverage those good relationships in general and to now do the early intervention and prevention.”³¹ An important component of this outreach approach, is that dialogue takes place between law enforcement and communities on the issues that the latter deem to be salient concerns.³² Communities may therefore identify other problems, for instance drug abuse, as more pressing priorities than R2V. This reflects both decentralization and desecuritization. That the RCMP engages on R2V at the behest of the community, rather than the other way around, emphasizes the agency of local actors. It also supports the notion that law enforcement engages with communities out of a concern for their general wellbeing, not because the government views them as potential threats to be managed.

Where the RCMP does engage with communities on R2V, the Force is supporting the development of “community hubs” capable of intervening in cases of R2V.³³ Similar to the work of PSC to connect communities with existing conventional crime prevention programs, the RCMP’s goal is to “layer” a CVE dimension into intervention programs which deal with conventional criminal activities, such as gang violence.³⁴ While the RCMP emphasizes that the form and mandate of community hubs will vary depending on choices made at the local level, the Force views a program developed in Prince Albert, Saskatchewan as a model approach.³⁵

Community Mobilization Prince Albert (CMPA) is a formal system for collaboration between various public institutions

to intervene in cases that present an “elevated risk” for crime, violence or victimization. It consists of a “Hub” of representatives from provincial social services, health and public safety ministries; local government, school boards, and law enforcement; First Nations; and the RCMP.³⁶ The Hub meets twice weekly to share information on elevated-risk cases: if participants determine there are risk factors for violence present in a case which could realistically be mitigated by services offered by more than one institution, they develop a collaborative plan to do so.³⁷ In this way, the Hub rapidly deploys a response that reflects the unique circumstances of a particular case in order to prevent criminal incidents.³⁸ Crime indicators fell in Prince Albert in the years following CMPA’s implementation in 2011, and an independent 2014 preliminary assessment of the program evaluated it favourably.³⁹ As such, CMPA has enjoyed considerable attention from other levels of government across North America.⁴⁰

As cities or communities adopt similar models to CMPA, the goal of the RCMP is to incorporate R2V into their work, in an initiative the Force refers to as the CVE program. In practical terms, this effort entails including individuals knowledgeable of R2V issues in the different hubs established by communities. A GoC official cited Hussein Hamdani (a Hamilton lawyer and member of CCRS who claims to have dissuaded at least ten young people from joining groups such as ISIL), as a good example of such an individual.⁴¹ The RCMP is also providing training to the frontline law enforcement and human service professionals involved in these hubs to recognize and respond to R2V.⁴² While it builds on existing RCMP training initiatives (namely the Counterterrorism Information Officer program), this new initiative will be based on a dedicated CVE course.⁴³ Additionally, the RCMP avoids focusing on a single religious or ethnic community, or form of ideology, as part of this initiative. Rather, the emphasis is on identifying indicators or risk factors associated with individual behaviour as well as engaging as many communities as possible.⁴⁴ As such, the CVE program is intended to respond to a full spectrum of ideologies which motivate political violence and avoid creating the perception that certain communities are being singled out because the government views them as threatening. These goals reflect a desecuritization agenda as the RCMP works to ensure that CVE activities have a distinct (albeit complementary) role from national security investigations by law enforcement.

Canadian communities are beginning to establish hubs which resemble CMPA to varying extents, (for instance, there were six operating in southern Ontario by late 2014).⁴⁵ The RCMP has begun formally engaging these hubs, so that they are able to identify individuals undergoing R2V and intervene to, “provide them with the necessary support in order to change their way of thinking...”.⁴⁶ Despite this, the RCMP does not intend to impose a R2V dimension on any community hubs that may emerge across Canada. Rather, the goal of the RCMP (shared by PSC) is that the impetus will come from communities themselves. Engagement and outreach efforts which increase awareness of R2V and improve perceptions of the government as a partner, thus support this goal.⁴⁷ Additionally, the extent of the RCMP’s involvement in hubs will vary depending on its existing role in a given community; municipal police services will likely represent law enforcement in areas where they have primary jurisdiction.⁴⁸ Moreover, informed by lessons from CMPA and federal research into R2V, ideally most interventions concerning R2V will not be led by law enforcement, as interventions are supposed to be directed at activities in the “pre-criminal space.”⁴⁹ In the words of PSC Assistant Deputy Minister while testifying before the Senate: “Early intervention . . . is a constructive alternative to investigation and prosecution.”⁵⁰ The central role of the non-law enforcement actors suggests the importance of ensuring a positive outcome *before* an individual begins to present a threat, which is a further indication of the desecuritized nature of this approach to CR.

Conclusions:

While its development and implementation is ongoing at the time of writing, the key characteristics of Canada’s approach to CR are decentralization and desecuritization. As the lead agencies dealing with R2V, PSC and the RCMP intend to act as partners in programs developed at the local level, rather than imposing a national approach. In doing so, they will integrate a CR focus into general crime prevention programs rather than singling out R2V for its national security implications. This priority and the focus on trust-building, indicates that it is a priority for the government that communities do not perceive they are being targeted because they are viewed as potential threats. Moreover, community initiatives which resemble the CMPA “hub” model have the potential to offer early detection and individually-tailored interventions for R2V cases. These benefits reflect important lessons about the R2V process found

in the broader academic literature. Equally important, if initiatives also resemble CMPA in the sense that interventions are multi-agency and community-led (rather than centred around law enforcement), then they will support the goal of desecuritization. While the preceding points are all promising, there are still potential challenges.

The unique nature of R2V and terrorism presents the first challenge. The notion underlying CVE work (explicitly articulated by both the officials interviewed for this paper and by those which appeared before the Senate in late 2014) is that, because terrorism is a form of crime, it can be prevented with similar means used against other criminal activities.⁵¹ The criminal dimensions of terrorist activity in legal and practical terms are not in dispute here, nor are the benefits of an overall CT approach based in criminal justice. However, when discussing the *motivations and antecedents* for terrorism versus those for conventional criminality it is debatable whether the two phenomena can be understood in the same terms and thus mitigated with the same tools. At the organizational level, political goals generally provide the *raison d’être* of terrorist groups while the pursuit of profit drives criminal groups.⁵² At the individual level, socio-economic factors such as substance abuse, mental illness and poverty may explain some forms of criminal violence as data reported by CMPA suggest.⁵³ The extent to which the same criminogenic factors also apply to terrorists is unclear, to say nothing of the ideational dimension which terrorism has and other forms of violent behaviour usually lack. Notwithstanding the background of Michael Zehaf-Bibeau, the Ottawa shooter, the literature generally disregards socio-economic deprivation or mental health as causal factors behind R2V and terrorism.⁵⁴ All of this implies an important challenge for incorporating R2V into the activities of community hubs or other crime prevention programs: they will need to somehow develop the capacity to effectively respond not only to the variety of belief systems that can drive R2V, but also to the complex, intangible factors which inform deeply-held ideological convictions.

A related issue is that it is unclear how partners involved in CR intervention programs will distinguish between pre-criminal and criminal space when it comes to R2V. This is despite the importance of the distinction between the two spaces to the Canadian approach. Evidence of activities prohibited by the Criminal Code obviously represents the threshold after which crime prevention activities should end and investigations should begin. Because R2V is a precondition for terrorism, it may be challenging to determine whether evidence R2V is occurring merely indicates the adoption of extreme views, or the adoption of extreme views *and the intent* to plot and carry out terrorist activities. Indeed, even after national security investigations have begun, the intent to carry out an attack may not be immediately obvious. The case of Martin Couture-Rouleau, who carried out an attack despite being the subject of “aggressive” surveillance and engagement efforts by the RCMP, exemplifies this problem.⁵⁵ The RCMP Officer-in-Charge for Public Engagement recently told the Senate: “If [a community hub] intervention is taking place and the individual is not responding to support, an assessment is done, and that’s when a decision will be made as to what the next steps will be.”⁵⁶ However, the criteria for determining whether someone presents a threat, despite being the subject of an intervention, and therefore must be referred to investigators is unclear. This ambiguity reflects a dilemma for the hub approach with respect to R2V and terrorism. Pursuing preventative actions to support an individual, who then goes on to commit an attack, would be a disaster for any CR initiative. Conversely it would also be problematic to undertake any actions which create the perception that a program is being used to police individual thoughts or beliefs. The involvement of highly capable partners focused on R2V and, to the greatest degree possible, transparency about the relationship between the preventative and investigatory realms, will be important considerations when addressing this challenge.

In closing, it must be emphasized that the Canadian response to R2V is still in its early stages, and the preceding comments should therefore not be interpreted as a judgement on its prospects for success. Rather, by raising potential concerns, the goal of this paper is to contribute to the successful planning, implementation and evaluation of current and forthcoming CR initiatives. Similarly, this paper is by no means an exhaustive account, let alone analysis, of R2V in Canada or the response to this problem. There are many areas to still be addressed in future scholarship. For instance, there is a strong case to analyze the Canadian approach compared to strategies in Europe and elsewhere. It is also worth examining the extent to which there is a significant empirical relationship between the criminogenic factors at the centre of the “hub” approach and terrorist cases in Canada and other countries. As Canada continues to prosecute successful CT cases, there is also a growing need for public study on the extent of prison radicalization and possible responses in the Canadian context.⁵⁷ As is always the case with this complex and urgent problem, there is much left to say, and to learn, about radicalization to violence.

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Author's Note

In preparing this paper, the author complemented open source research by conducting separate interviews with a Government of Canada official and a Royal Canadian Mounted Police officer in November, 2014. Both these individuals reviewed the final draft of the paper. Although these discussions were held at the unclassified level, the interviewees requested to remain anonymous.

The research presented here is current to the end of 2014. Unless otherwise noted, all views expressed in this paper belong solely to the author.



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Anti-Money Laundering &
Countering the Financing of
Terrorism: Conundrum for Domestic
and International Communities

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Anti-Money Laundering and Countering the Financing of Terrorism: Conundrum for Domestic and International Communities

Introduction

Trends in transnational terrorism, and other related security dilemmas, suggest a shift from traditional military conflict to more sophisticated, but less-understood, types of threats. Intangible, multinational, security threats are becoming increasingly relevant and more difficult to understand and manage. The growing global concern to protect the integrity of the international financial system and to prevent its misuse, such as financing acts of terrorism; funding illicit proliferation of weapons of mass destruction; or laundering the proceeds of transnational organized crime, is indicative of the major security threats that countries now face. Understanding these threats requires the collection and sharing of financial intelligence. As the modern era of globalization paves the way for more technological advancements, the movement of illicit funds in support of various criminal activities such as terrorism, drugs, and arms and human trafficking, has become much easier. As a result, alongside national governments' endeavors, there are other organizations around the world that are now actively working to combat money laundering and terrorist financing.

By examining the existing barriers against improving financial intelligence via improved international cooperation, this paper asserts that Anti Money Laundering and Countering the Financing of Terrorism (hereinafter AML/CFT) efforts require strong domestic regulations in order to enable a strong international collective response. This paper will also highlight Canada's role in fighting money laundering (ML) and terrorist financing (TF) and focus on some of the best practices. Additionally, this paper will explore from a macro perspective how reputational risk is an overrated incentive for many international financial institutions, some of which are seemingly not seriously committed to prevent ML and TF. Finally, this paper will conclude with recommendations on improving domestic and international responses to AML/CFT issues in order to help bridge the security gap in the international realm.

Money Laundering (ML) and Terrorist Financing (TF):

The IMF defines money laundering as "the process by which a person conceals or disguises the identity or the origin of illegally obtained proceeds so that they appear to have originated from legitimate sources."¹ According to UN estimation, the amount of money laundered internationally in one year is 2-5% of global GDP, or \$800 billion - \$2 trillion in current US dollars.² Similarly, terrorist financing is defined as "the financing of terrorism can be described as the process by which a person tries to collect or provide funds with the intention that they should be used to carry out a terrorist act by a terrorist or terrorist organizations as defined in the International Convention for the Suppression of the Financing of Terrorism as well as in any one of the treaties listed in the annex to that Convention."³ With the rise of new financial instruments, nations are finding it increasingly challenging to achieve an effective solution to fighting global ML/TF.⁴ To facilitate the policing of money laundering and terrorist financing, many international organizations have established policies and standards of cooperation. One such organization is the Financial Action Task Force (FATF), an intergovernmental body that collaborates with other observers and member countries to "promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system".⁵ The FATF has developed 40 recommendations for its member countries and works to generate the necessary political will to reform national legislations and regulations.⁶

Funding Terrorist Campaigns and International Transfers

Although there has been a shift away from financially state sponsored terrorism since the Cold War, the use of some of these techniques still continue.⁷ Firstly, charities contribute significantly to terrorist financing. According to the monograph on terrorist financing that accompanied the 9/11 Commission Report, al Qaeda had access to numerous foreign banks and their branches, where they took advantage of weak financial controls in order to transfer money.⁸ The report goes on to mention that "there are some 300 private charities in Saudi Arabia alone, including 20 established by

Saudi intelligence to fund the Afghan Mujiheddin that send upwards of US\$6 billion a year to Islamic causes abroad."⁹

Secondly, terrorist groups may be self-funded through criminal activities, primarily via drug trafficking, narcotics dealings, human smuggling, robbery and kidnapping. To name a few, Columbia's rebel groups such as the FARC, the ELN, the AUC, and Peru's Shining Path participating in illegal cocaine dealings; Al-Qaeda in Afghanistan and Pakistan trading opium; and Hezbollah in Lebanon and Syria and PKK in Turkey smuggling opium, hashish and tobacco.¹⁰ Additionally, illicit trade in natural resources, including the tanzanite market, led to an investigation by the U.S. State Department in 2002.¹¹ The investigation resulted in the Tuscon Tanzanite Protocols, which is an international agreement demanding more transparency and safeguards in the tanzanite market. Moreover, terrorists have also tapped into extractive markets that include oil, precious metal and timber.¹²

Recently, the dynamics of how terrorists fund themselves have changed. For example, in the case of the Islamic State of Iraq and Syria (ISIS), most of their terrorist activities are self-financed in subsidiary activities such as kidnapping, extortion, robbery, smuggling, etc. ISIS has been making a tremendous amount of money the selling of illicit oil from Syria and Iraq to Kyrgyzstan. In September, estimates place ISIS's "daily income at around \$3 million, giving it a total value of assets between \$1.3 and \$2 billion, making it the world's best-funded terrorist group. By this standard, ISIS draws more income than many small nations, including Tonga, Nauru, and the Marshall Islands."¹³ It is evident that ISIS's ability to control territory and engage in resource abusive activities is becoming increasingly dangerous.

One of the main methods used to transfer these funds internationally is the exploitation of financial systems and bypassing financial controls. Terrorist groups often have experts capable of hacking bank accounts, tampering with identifications and manipulating the wire transfer system internationally.¹⁴ Terrorists also often use the informal value transfer systems (IVTS) for untraceable banking transactions.¹⁵ One of the many names of IVTS is *hawala*, which is an ethnic network in the Middle East that received a lot of attention post 9/11. In recent times, examples of *hawalas* to transfer money worldwide are seen in Qatar.¹⁶

AML/CFT Efforts: How Domestic Barriers Impact International Cooperation

After attaining a theoretical understanding, let us examine how domestic barriers adversely impact international cooperation to combat ML/TF. Barriers such as weak domestic regulatory, a lack of political will to cooperate, bank secrecy, and other legal and non-legal issues deter a coordinated approach to the problem. The International Monetary Fund (IMF) reports that in certain jurisdictions there are gaps in the requirements placed on financial services businesses (FSBs), such as a lack of information on beneficial ownership or licensing and financial statements. Another key barrier includes inadequate resources to monitor the operation of regulated FSBs properly. The IMF's report on Standards and Codes (ROSCs) notes the absence of a program for effective on-site visits and, sometimes, the absence of sufficient resources to conduct desk-based regulation adequately.¹⁷

One foundational basis for successful international cooperation in response to ML/TF threats is to encourage a level of trust and understanding between FIUs. The member FIUs of the Egmont Group operate within their domestic legislation to combat money laundering, terrorism financing and other predicated offences. FIUs have the authority to detect, identify, investigate, prosecute and confiscate the earnings of the crime within their territories. Unfortunately, there is an asymmetry in terms of how much information and power is given to an FIU to generate broader international cooperation and effective communications with other FIUs. A report produced by the Operational Working Group of Egmont in 2011 asserts that many countries lack access to financial information or are reluctant to share it. A number of FIUs lack the systems needed to track information exchange requests as well as responses and are unable, or unwilling, to respond to these requests. The FIUs powers to disseminate defined types of information to reporting entities and national authorities are limited as well. FIUs have the power to cooperate widely only with 39% of recipients, and only 40% of defined types of information are widely available to share domestically.¹⁸ The comparison of FIUs powers to access information domestically and to disseminate it internationally reveals that the latter is considerably narrower.

Moreover, the diverse structures of FIUs pose limitations for individual FIUs to access or share important information to maintain domestic transparency and accountability. For example, 70% of FIUs have administrative status, 13% have police status, and 17% have hybrid status.¹⁹ So, depending on how a country empowers its FIU and how it is structured, the effectiveness is varied. Many FIUs fall under different organizational umbrellas such as the Ministry of Finance, Central Bank, Independent or Hybrid structure, and consequently, FIUs lack the ability to query tax or other law enforcement authorities to exchange information.²⁰

Finally, the report noted that some FIUs received low quality responses to their requests and some required signing a Memorandum of Understanding (MOU) to disseminate domestic information internationally.²¹ According to the Egmont Group Charter, all members defined as a FIU, “prepared a model MOU for the exchange of information, created the Egmont Secure Web (ESW) to facilitate information exchanges, embarked upon numerous initiatives to develop the expertise and skills of the FIUs’ staff and to contribute to the successful investigation of matters within the FIUs’ jurisdictions.”²² Despite the Charter obligation, members do not comply with financial intelligence requests. Some MOUs are drafted in a way that limits information sharing or take longer to get into action. Domestic barriers to gather and exchange critical financial intelligence information has complicated ML/TF combat efforts globally.

Canada’s Role in Fighting Money Laundering (ML) and Terrorist Financing (TF):

To illustrate this framework in a Canadian context, consider how the Canadian FIU, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), is successfully contributing to AML/CFT policies. FINTRAC was established in 2000 under the Ministry of Finance and is primarily responsible for collecting and analyzing suspicious financial activities reports, including large cash transactions and electronic fund transfers. FINTRAC also monitors compliance and disclosure procedures and ensures that information is disseminated to the proper authorities: such as law enforcement agencies, CSIS, or other agencies designated by legislation in to support of investigations and prosecutions.²³

In 2001, Canada amended the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). The Act requires that a report be filed with FINTRAC when there are reasonable grounds to suspect that a transaction is related to money laundering or terrorist financing offences. On February 1, 2014, new regulations to this Act came into force. The new regulations clarify the implications of a business relationship by emphasizing ongoing monitoring and record keeping regarding the purpose and intended nature of the business relationship.²⁴ According to the 2014 Mutual Evaluation Follow-Up Report by the FATF, Canada has made significant progress in terms of improved legislation on customer due diligence and on their fragmented risk assessment. As a G8 country, Canada undertook an initiative addressing the broader risk assessment of various sectors. More specifically, in June 2013, Canada published its Action Plan on Transparency of Corporations and Trusts in support of the G8 countries’ commitment to demonstrate leadership in improving their respective countries to prevent the illegal use of corporations and trusts.²⁵ This Canadian led G8 Action Plan “commits to developing a new money laundering and terrorist financing risk assessment framework and conducting a formal assessment of these risks domestically to better inform the development and implementation of effective policies and operational approaches to mitigate risks.”²⁶ The emergence of such practices has essentially led standard setting bodies such as FATF to create a risk based approach, in which “countries, competent authorities, and banks identify, assess, and understand the money laundering and terrorist financing risk to which they are exposed, and take the appropriate mitigation measures in accordance with the level of risk.”²⁷

Additionally, the FATF report highlights significant improvements made by Canada regarding the level of compliance with the FATF recommendations, particularly No. 5, 23, and 26.²⁸ In 2008, Canada also implemented a federal registration authority for money service businesses (MSBs), which was managed as a private sector outreach program. This was an effort by the Canadian government to better regulate and communicate with the MSB sector. FINTRAC has signed MOUs with domestic agencies such as the RCMP, provincial and municipal police agencies, CSIS, CRA, and CIC that enables more detailed and effective arrangements for exchanging information. MOUs signify a commitment between FIUs and effectively facilitate the flow of information. These agencies conduct investigations, and if warranted, bring charges against the individuals involved.²⁹ With increasing concerns over homegrown terrorism, Canada is setting exemplary

initiatives to deter many kinds of ML/TF threats at home and abroad. Hopefully, Canada’s commitment to constantly improving the domestic AML/CFT laws regarding receiving and disclosing critical financial intelligence information, managing sanction regimes, and increasing resources of law enforcement and investigative authorities will play a pivotal role in the realms of defence and security.

Reputational Risk and AML/CFT Legislations:

The concept of reputational risk and its relationship with AML/CFT is an important one. By definition, “reputation is ultimately about how your business is perceived by stakeholders including customers, investors, regulators, the media and the wider public.”³⁰ Hence, reputational risk is a danger to the good name of the business or entity and has the ability to deteriorate the confidence of the stakeholders and the public. Reputational risk can occur due to the misdeed of an employee or the company itself through violation of certain laws regarding good governance, corporate social responsibility, transparency and accountability. While reputational risk is defined quite cohesively, the conundrum lies in the fact that big banks and financial institutions can continue to make profits despite paying huge fines incurred by facilitating illicit financing or money laundering. The same banks that put billions of dollars into their compliance department also violate many UN sanctions rules. The reputational risk from this bad publicity seemingly does not incentivize them to stop engaging in the business of money laundering, terrorist financing or sanctions busting. Therefore, where is the reputational risk?

The relationship between reputational risk and lack of information exchange is broad enough itself to require an entire separate article devoted to the subject. However, in the context of this paper, I will take a macro level approach to connect reputational risk and domestic barriers to combat ML/TF issues. Reporting entities such as banks and mortgage and insurance companies are obligated by law to report any suspicious financial activities to the national FIU. According to FATF Recommendations No. 2, 29, 31 and 34, it is clearly stated that FIUs, LEAs (law enforcement agencies) and all reporting entities should cooperate and coordinate domestically for information exchange.³¹ Nevertheless, reporting entities are primarily in the business of making money, thus providing information on their customers is often contrary to their goals. Therefore, reporting entities fail to address this conflict of interests because they fear being isolated or having their reputations tarnished.

As the IMF has noted, there are bank secrecy laws that are meant to provide privacy and security to its customers and policies to combat ML. However, there is no clarity of laws between commercial or investment banks with regulators or authorities who want to investigate further for STRs or CTRs for ML and TF. An increasing number of banks are repeatedly fined for misconduct due to lax bank regulation practices every year. As a rough estimation, “in the past five years, global banks have paid out more than \$60 billion in fines and penalties to the Justice Department and regulators over misleading investors on mortgage securities, allowing sanctioned entities to access the U.S. financial system, manipulating interest rates, and other problems.”³² Ineffective evaluation of specific banks or countries may be due to discrepancies between various laws which consequently contributes to a lack of information exchange. Expansion of their capability to gather and share intelligence among investigative, law enforcement, regulatory authorities and private sectors on all aspects of ML/TF or breach of law is a necessity.

The IMF, the Basle Committee on Banking Supervision (BCBS) and the FATF, among other organizations, are mandated to prevent money laundering across the globe and have set international standards to do so. However, to date these standards have not been very effective. Big investment banks including Barclays, UBS, and HSBC, have broken AML/CFT and U.S. sanction rules and facilitated illicit money transfers, which essentially allowed their institutions to be misused by criminals, and in extreme circumstances, terrorist organizations.³³ These banks have large budgets to pay fines when they break AML/CFT legislation. A new global compliance survey created by Veris Consulting shows that approximately 66% of the survey’s respondents reported that their AML and Office of Foreign Assets Control (OFAC) compliance budgets have increased over the last three years. However, 32% reported their budget as being inadequate. Only 8% of the respondents confirmed to have devoted enough resources to AML and OFAC compliance.³⁴ Therefore, it is time to re-evaluate how well some international financial institutions comply with their legal obligations. These institutions

are not deterred by AML/CFT legal requirements and the prospect of large multi-million dollar fines. Recently, BNP Paribas evaded the U.S. sanctions rule and paid a \$9 billion dollar fine.³⁵ The bank has refused to cooperate with the investigation and ignored all previous warnings by the authorities. Subsequently, the Chairman of the Bank has stepped down because of the fine and for transferring billions of dollars to U.S. blacklisted countries such as Sudan and Iran.

Multiple case studies conducted in the 1990s and 2000s show that internal controls and compliance processes of big banks do not prevent them from profiting from illicit money transfers. In 2005, FinCEN accused the Banco Delta Asia (BDA) for getting involved with illegal activities including counterfeit currency and smuggling tobacco products into North Korea.³⁶ The BDA case study clearly depicts that banks often facilitate money laundering, and that the fines that they have to pay often do little or nothing to deter them. Over the last few years, for various transgressions, the financial sector has collectively acquired \$30 billion in fines alone and paid more than \$100 million in legal fees. Ironically though, the financial sector is still profiting and banks are still attracting investors.³⁷ “Too-big-to-jail” is a concept that regulators often struggle with which is a big deterrent for broader cooperation to enforce the laws that they have created to punish financial institutions.³⁸ Serving all the different stakeholders’ interests through political lobbying results in frustration and anger among many.³⁹

It is apparent that reserving money to pay for fines has become a general practice for big banks and is now a normal part of the cost of doing business on their balance sheets. In July 2012, HSBC set aside almost \$2 billion dollars to cover fines and, later in the same year, set aside another \$500 million euros when it released its third quarter results.⁴⁰ This type of actions raises question of the bank’s compliance process and how effective it is to stop them from gaining profit by assisting in illicit financial transactions. It is a reasonable question to ask whether non-compliance is already accounted for in the business model. While HSBC paid a large amount in fines, the federal lawmakers in the U.S. had decided not to indict the bank as it could jeopardize the U.S. and the world’s economic health. Again, this conflict of interests and leniency shown when punishing the bank raises big questions. It was reported, that “given the extent of the evidence against HSBC, some prosecutors saw the charge as a healthy compromise between a settlement and a harsher money-laundering indictment. While the charge would most likely tarnish the bank’s reputation, some officials argued that it would not set off a series of devastating consequences.”⁴¹

Policy Recommendations

In order to be effective, policy recommendations to address ML/TF issues must engage all stakeholders including the regulatory bodies, banking sectors and governments on both the domestic and international level. Generally, more programs are needed in order to evaluate legal, non-legal, technical and constitutional barriers in each jurisdiction. In turn, this will almost certainly boost the degree of information exchange between the FIUs. For example, The Egmont Group is building the framework and platform to facilitate trust among FIUs, which will lead to eradicate the domestic barriers for knowledge sharing and improve the collective action. A more effective way to implement this framework would be to remove any communication barriers and conflict of political and economic interests among all of the participating actors. Moreover, all reporting entities must be strictly monitored in order to ensure that they are disseminating information to their respective domestic FIUs.

At a domestic level, governments need to enact stronger regulations; every FIU should be given the authority to remove power asymmetry both domestically and internationally. That would imply that every FIU should be able to acquire information from other law enforcement and tax agencies and should be empowered with the proper resources as well as the capacity to access the required information. As was discussed earlier in this paper, the structural inconsistencies of FIUs impacts the timing, the type and source, and the quality of requests sent or received. Despite structural differences, every state should equip itself to share information on an international level by allowing the FIUs to coordinate better. In this case, FATF Recommendation No. 29 needs more specification with regards to a preferred structure of an FIU.⁴² With regards to MOU, the Egmont and FATF standards imply that bilateral or multilateral MOUs could be useful as long as they are completed in a timely manner and that covers a wide range of countries. It is evident that MOUs increase trust and accountability by ensuring due diligence on regulatory laws for parties involved and it should not be used as a tool to hinder efficiency.⁴³

At the same time, if every FIU is structured in a way that encourages information exchange and knowledge sharing, and is given the appropriate amount of authority to investigate, confiscate, arrest and prosecute actors involved with ML/TF acts, there will be a greater level of trust which will, in turn, generate more cooperation amongst various actors. As stated earlier, the Egmont Group is building the framework and platform to improve relations and facilitate trust among FIUs, which will hopefully eradicate the domestic barriers for knowledge sharing and improve the collective action. The more effective way to implement that would be to remove any communication barriers and conflict of political and economic interests among all the different actors. All the reporting entities must be strictly monitored to make sure they are disseminating information to the domestic FIUs.

On a broader level, the primary focus to combat global terrorist financing should be to enhance larger cooperation and disseminate information among regional and international organizations. The UN, FATF, IMF and the EU are relentlessly trying to enhance international collaboration through conventions, resolutions, and recommendations, as well as setting standards and evaluation mechanisms. One of the major ways FATF can maintain international best practices is by imposing international pressure and targeted financial sanctions on the regimes that are involved with terrorist financing (refer to Recommendation 6).⁴⁴ FATF Recommendation 6 also requires countries to comply with the United Nations Security Council Resolutions (UNSCRs) such as UNSCR 1267(1999) and UNSCR 1373(2001)⁴⁵ and it is a powerful tool to deter countries in ML/TF activities. Furthermore, since FATF has partnerships with international organizations, especially the IMF and World Bank, it can provide not only technical aid to countries that are seeking compliance with FATF recommendations, but also to isolate those states who refuse to cooperate.

Finally, it is necessary to understand that reputational risk is not a good incentive for the big banks to stop engaging in illicit money transactions. The U.S. in particular needs to enforce the US Patriot Act on the financial sector and private hedge funds, as well as the Bank Secrecy Act and the Federal International Emergency Economic Powers Act regulations. In 2014, the Federal Financial Institutions Examination Council (FFIEC), updated the manual used by examiners to assess compliance by financial institutions with the Bank Secrecy Act and anti-money laundering requirements. The manual contains an overview of compliance program requirements, risks, risk management expectations, industry best practices, and examination procedures. Measures like this should be taken more frequently and proactively to protect the integrity of the financial system.. Financial institutions worldwide need to enforce stronger Group Reputational Risk Committee (GRRC) in their compliance process as well as other compliance and reporting measures to be more transparent. Moreover, banks or executives facilitating ML/TF efforts should be indicted to set examples.

To conclude, this paper argued that strong domestic legislation is required for an effective international response to fight money laundering and terrorist financing. Evidence from the Egmont Group shows that the lack of domestic capacity can lead to a weak international response. Additionally, this paper demonstrated that reputational risk is doing very little to strengthen compliance with AML/CFT efforts. Finally, this paper discusses multiple policy recommendations that must be implemented by individual states as well as by international organizations. Global governance to fight money laundering and terrorist financing can only be enforced when all the various actors are cooperating with each other. Money laundering and terrorist financing is exacerbated with the rise of advance technology and, hopefully, countries will soon be equipped with the right tools to keep up and eventually eradicate this global problem.

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