# PROCUREMENT MAKETH POLICY: A CASE STUDY OF THE CP-140 AURORA AND THE LEOPARD I

PROCUREMENT MAKETH POLICY

# PROCUREMENT MAKETH POLICY: A CASE STUDY OF THE CP-140 AURORA AND THE LEOPARD I

# PROCUREMENT MAKETH POLICY: A CASE STUDY OF THE CP-140 AURORA AND THE LEOPARD I

by

MICHAEL ROBERT ADAMS, B.A.

A Thesis

Submitted to the School of Graduate Studies

in Partial Fulfillment of the Requirements

for the Degree

Master of Arts

McMaster University

May 1980

MASTER OF ARTS (1980) McMASTER UNIVERSITY

(Political Science) Hamilton, Ontario

TITLE: Procurement Maketh Policy: A Case Study of The CP-140 Aurora and The Leopard I

AUTHOR: Michael Robert Adams, B.A. (Brock University)

SUPERVISOR: Dr. Kim Richard Nossal

NUMBER OF PAGES: viii, 188

ABSTRACT

The central purpose of the thesis is to explain that in Canada military procurement really maketh defence policy. The procurement of the CP-140 Aurora Long Range Patrol Aircraft and the Leopard I Main Battle Tank--employed in the thesis as a case study of two particular procurement decisions--signalled the re-emergence of NATO as Canada's first defence priority.

The paper suggests that Pierre Trudeau was committed to a rationalist approach to governmental decision-making in which government goals (policies) would be clearly defined and programs would be created to ensure that policies would be implemented. This led to an examination of the three-way relationship between policy, program, and procurement. The thesis contends that only policy, Defence in the 70s, was designed in a constraint free setting while both program and procurement--the second and third stages of the relationship--were largely determined by the setting within which Canadian defence policymakers must operate. The Canadian setting includes: the omnipresent position of the United States vis-a-vis Canada; alliance commitments (particularly NATO) and; economic constraints.

The case study shows that these three factors which are beyond specific Canadian military requirements determined the procurement choices of the Trudeau government. As a result

it is maintained that the procurement of the Aurora and Leopard had the effect of ultimately changing the face of Canadian defence policy. This, it is concluded in the thesis, is not a situation particular to the Trudeau government but a situation which would happen to any Canadian government.

ACKNOWLEDGEMENTS

First, I would like to express my appreciation to my supervisor, Dr. Kim Richard Nossal, for his friendship, assistance, and cooperation throughout the last year. I am also grateful to the other committee members, Dr. M. Atkinson and Dr. H. Jacek, for reading this thesis and for their comments.

A special thanks must go to my family and friends for their support, understanding, and encouragement while this thesis was being written.

Last, but most importantly, I am eternally grateful to my wife, Lynne, for her love, patience, and support not only in the last year but, throughout my university life. This thesis is dedicated, with all my love, to her.

McMaster University
May 1980

Michael Robert Adams

TABLE OF CONTENTS

LIST OF FIGURES

# CHAPTER I

## INTRODUCTION

> "A basic truth that must never be forgotten is that military equipment really maketh defence policy."
>
> - Colin S. Gray

The need to replace aging military equipment creates problems for all nation-states which maintain armed forces. One such problem arises because continual technological changes are making weapon systems increasingly more sophisticated and, thus ultimately, more expensive. Also, these rapid technological advancements in military equipment causes newly purchased equipment to become obsolete well before the end of their expected life span. For Canada, the high costs of these weapon systems and the fact they become obsolete so quickly ensures that because of economic limitations Canada cannot compete in this league. Hence, when any Canadian government decides to procure a major piece of military equipment it should be satisfied that the roles designed for the equipment to fulfill are viable and enduring roles.

The ideal scenario appropriate to major military equipment acquisitions is that policymakers should initially determine their nation-state's defence policy taking into account both the domestic and international environments and their perceptions

of the state's security requirements. After this is completed then the role of the state's armed forces should be clearly defined in order that the military is aware of the tasks it is expected to fulfill so that objectives prescribed by the defence policy can be satisfied. As a result any defence program that is formulated by the government--detailing the necessary military equipment--should be designed in such a way as to satisfy the defence policy priorities. This suggests a three-way relationship between policy, program, and procurement. A policy is developed which outlines the principal objectives of a state's defence policy. In order to fulfill these objectives a government will create a program taking into account the equipment required to do this. Laurent Dobuzinskis contends that Pierre Trudeau was committed to this kind of rationalist approach to governmental decision-making and, as such, Trudeau considered it necessary "to clarify goals before deciding upon alternative courses of action."[1]

It was the prime minister's desire "to define policy objectives, to determine priorities among them, and to ensure correspondence between government programmes and policy objectives."[2] There were two principal reasons why Trudeau was motivated to utilize a rational decision-making approach: first, Trudeau's own observations of how a federal policy was created under the previous administration of Lester B. Pearson. Problems were confronted on an ad hoc basis during the Pearson government with the result that policy was formulated after

the fact. Trudeau was determined that his government would not fall into a similar "trap";[3] second, the burgeoning of demands from the Canadian populace for government action resulted in the need for increased government spending. This suggested to Trudeau the need for more effective and coherent government planning.[4] As the prime minister stated: "[the government] must avoid becoming Coney Island cowboys, just shooting at targets as they appear and doing a little bit here and a little bit there to solve the problems as they arise."[5]

In order to avoid this situation, the prime minister made great use of the Priorities and Planning Committee in an effort to create government policies not in an incremental fashion but, rather, determining what the government wanted brought in or accomplished before problems arose. Under Trudeau, both "policy" and "program" had fairly tight definitions. The Trudeau government defined policy as:

> a statement by the government of a principle or set of principles it wishes to see followed, in pursuit of particular objectives, which may be stated in such a way as to suggest possible courses of action (Program).[6]

If defined a program as:

> a course of action or instrument to implement a policy (or policies), sometimes involving legislative mandates and usually, public expenditures. A program also has objectives, which will in general be more operational than those of a policy.[7]

Yet in order to understand the defence decisions of the Trudeau government one must take into account three factors which both constrained and impelled Canadian policymakers.

These three factors comprise the setting within which Canadian policymakers must operate. Setting can be defined as the boundaries in which policymakers must make their choices. The setting determines the freedom of action, or lack of it, for government policymakers.[8] Of the three components--policy, program, and procurement--only one, policy, was formulated by Canadian policymakers in what may be labelled a constraint free setting. The following section will identify the three factors that comprise the setting. These factors are rooted both in the domestic and international environments.

## The United States

The U.S. government is capable of effectively inducing Canadian actions on defence issues largely as a result of the community of interests that exist between the two countries. Included within this community of interests are defence and economic issues. In terms of defence issues geography plays a significant role: Canada and the United States share the North American continent which creates immense strategic repercussions for Canada.

Lieutenant C.S. Watts acknowledges the overwhelming consequences of Canada's close geographical location to the United States. He suggests that Canada is secure from "everything but long-range missiles, bombers, and the loss of United States' friendship."[9] The fact that Canada shares the continent with the United States leads one to the conclusion

that the defence of Canada will be an unconscious by-product of self-defence for the United States. Nevertheless, Washington will not permit Canada to have a "free ride"; Canada must pay its fair share. This is especially true since Canada is located between the U.S. and its principal adversary, the U.S.S.R.[10] Furthermore, Canada must accept, at least to a certain degree, the role the United States designs for the Canadian Armed Forces (CAF) to play.[11] A group of members of the Canadian Institute of International Affairs argue that this is ultimately in Canada's best interest:

> While self-respect demands that Canadians conduct their own defence as much as possible, the United States will, in order to protect herself, insist on intervening at once if Canada is attacked or threatened, particularly if she is not sure of Canada's strategy and strength. Therefore, Canada's best chances of maintaining her national existence is the frank admission from the beginning that her defence must be worked out in cooperation with the United States, on the basis of a single continental defence policy. The emphasis must therefore be on continental effort rather than on national effort.[12]

Another important aspect of this defence relationship is that the two countries are members of the North Atlantic Treaty Organization (NATO) and, most importantly, it would be safe to assume that since 1949 the strategy of NATO has consistently been American strategy:

> imposed on the allies by the United States, modified at will by the United States with barely a modicum of consultation and accepted by the allies, at first gratefully and lately philosophically, as the price to be paid for America's commitment to NATO.[13]

As John Warnock stated:

> I examined sixteen major decisions concerning NATO over the years. In all cases the policy changes were initiated by the United States and then approved by the organization. The other NATO allies chose to follow the leadership of the United States in these issues often when they did not approve. This is normal in higher politics.[14]

Because of the influence and pressure exerted by the United States, Canadian governments are compelled to accept American strategic doctrines with all of their consequences; that is, military equipment and defence commitments. To illustrate, when the Royal Canadian Air Force accepted the task of a strike-reconnaissance role in Europe the CF-104 Starfighter had to be re-equipped to carry a payload of nuclear weapons. This role lasted for ten years, from 1962 to 1972, at which time the Trudeau government decided to abandon this nuclear role--the cost for Canadian taxpayers of the decade-long task was estimated to be approximately $2 billion. Once this task was abolished the Starfighters were adapted to fulfill a new task of providing ground support; a role the CF-104 was not designed to perform capably. The decision to procure the nuclear weapons was not based solely on the strategic thinking of National Defence officials in Ottawa but was substantially influenced by the military establishment in Washington.[15] This appears to be the price Canadian governments must pay in order to protect themselves from retaliation: "There have been a sufficient number of times when we so feared its [retaliation] possibility that

the threat of retaliation has conditioned government attitudes into general timidity."[16]

The close relationship between the United States and Canada is not simply a result of common defence interests but also a result of the extensive economic partnership that has developed. The relationship between the two countries has, furthermore, been greatly reinforced by the fact that they share certain societal and cultural traits.[17] The most significant aspect of this close relationship is the possible economic retaliation that the United States could impose on Canada if any Canadian government did something in defence issues which was completely "out of tune" with American interests. As David Lewis commented at the 1969 New Democratic Party convention in Winnipeg:

> The facts of foreign control in Canada are stark and threatening. The rising rate of takeovers, the growth of foreign ownership in many of our major industries, the imposition of foreign laws on Canadian subsidiaries, and Canada's increasing dependence on American markets and practices have placed unacceptable limits on our freedom to pursue independent policies for the welfare of the Canadian people.[18]

A second aspect of the economic relationship between the two countries that is concerned directly with defence questions developed with the demise of the Arrow project. The cancellation of the Arrow led to an increasing closeness of United States-Canada defence arrangements thus maturing a process started years earlier. The maturation of this process was reached in 1963 with the signing of the U.S.-Canada Defence

Production Sharing Arrangement. The Sharing Arrangement played a significant role in Canada's decision to purchase the Aurora from the Lockheed Corporation of California.

Due to the close relationship between Canada and the United States Canadian governments have operated on the basic premise that friendly relations with Washington must be maintained "because the United States could injure Canada, even unintentionally, more easily and extensively than any country."[19] The fact that relations with Washington is of prime importance to Canadian governments is best exemplified by showing how Pierre Trudeau handled this issue. Though Trudeau had little personal interest in foreign affairs he insisted that relations with the United States be classified as a "first category" interest and he further insisted that negotiations on any particular issue dealing with the American-Canadian relationship be handled personally by him or through his office.[20] In lieu of the above-discussion, it can be deduced that a fact of life for Canadian policymakers is the overwhelming presence of the United States.

Alliance Commitments

When NATO was formed on 4 April, 1949, it was regarded as "a confession and a response"--it was "a confession of the constitutional inability of the United Nations to achieve its avowed main purpose of maintaining world order ...[and] a response to the insiduous attempts of the Soviet Union to gain

the fruits of another major war by all measures short of open war with the western Powers."[21] Soviet activities in the United Nations' Security Council (where, from a western perspective, the Soviets openly abused their veto privileges) greatly influenced western leaders to believe that the United Nations would not be able to maintain stability in the international community. This assumption was reinforced in February 1948 by the communist coup d'etat in Czechoslovakia. Furthermore, by 1948, the Soviet Union controlled Eastern Europe; it was threatening to takeover Finland and the Soviets were, also, eyeing Greece and Italy. Thus the fear of an aggressive and expansionist-minded U.S.S.R. was very real in the minds of western policymakers.[22] This fear of communist expansionism also engulfed Ottawa. As Louis St. Laurent said "totalitarian Communist aggression constitutes a direct and immediate threat to every democratic country, including Canada."[23] However, Canadian membership in NATO served another useful purpose. It involved Canada in a multilateral alliance rather than simply a bilateral arrangement with the United States in which Canada would be totally dominated.[24] As one Canadian official stated "with fifteen people in the bed you are less likely to be raped."[25] In addition, the North Atlantic alliance would bring together the two centres of Canada's past external interests, the United States and Britain.[26] Yet, membership in NATO creates constraints on any Canadian government's freedom of action in defence matters:

> For Canada, therefore, principles of strategic doctrine, main roles for armed forces, and general weapons requirements are set within the ... alliance context by consultation and negotiation. Canadian perspectives, interests, priorities, and capabilities are filtered through the prisms of other alliance members perspectives, interests, priorities, and capabilities.[27]

The pressures on Canadian policymakers that emanate from alliance membership comes from the fact that a small power joins an alliance largely as a result of fear from an external threat. Alliances are created when an external threat has been identified by a number of states. It is an external threat that causes nation-states to join forces rather than their national strength or weakness.[28] Therefore, a secondary power is likely to align with a group of states for security reasons yet it must pay a high cost "where the quest for protection and insurance is successful a price must normally be paid in terms of sacrifice of autonomy in the control of natural resources and loss of freedom of political manoeuvre and choice."[29] Hence political initiatives of a small alliance member must be forfeited in favour of group goals. These group goals are determined primarily by the dominant nations because of their ability to ensure the security of the others.

As a result of accepting group goals, a junior partner forsakes much of its ability to determine its own defence questions according to its own particular security needs. Beyond the dominance acquired through the control of security,

the dominant members of the alliance can quite often ensure that their allies will conform to their desires through coercion (rarely, if ever, physical coercion).[30] The dominant members are able to induce subtly the junior members to "go along." Economic coercion is a likely method since, beyond the threat of an external force, the most sensible justification for a small state to join a military alliance is the potential for economic benefits that will accrue from membership. Small states are especially vulnerable to economic coercion because of their "high degree of reliance on foreign markets and on foreign sources of supply" thus making it "particularly vulnerable to economic pressures."[31] There is another fact of life for the junior members of an alliance. These members quite often only want to or are only capable of providing a marginal amount of their nation-state's resources for national defence which quite naturally causes a decline in the capabilities of their armed forces and "a growing obsolescence of equipment." Yet they must accept the fact that the dominant members in the alliance will only be obliging to them in terms of the economic benefits of alliance membership if the junior member provides the alliance with substantial military resources.[32] As a result of the above discussion defence decisions arrived at by Canadian policy-makers must be influenced by Canada's membership in NATO.

The Economic Factor

It is extremely difficult and costly--in fact, it is nearly impossible--for a small state to provide through its own efforts an able and modern military establishment via a domestic defence industry. The day of reckoning for the Canadian government occurred over the production in Canada of the CF-105 Arrow jet aircraft, the proposed successor to the obsolete CF-100. The story of the Arrow provides an excellent illustration of the difficulties of Canadian defence production for Canadian defence requirements.

The Canadian government initially provided money in May 1953 to finance design studies for the replacement; in December of the same year the Canadian government authorized the allocation of funds for the research and development of two prototype airframes.[33] It was the government's hope that the Arrow would be ready by 1958 for use by the CAF at an expected cost per aircraft of between $1.5 million and $2 million. It was the government's original plan that of the four elements that go into aircraft production: airframe, engine, fire control system, and weapon, that only the airframe would be solely developed in Canada. However, by 1957 three of the four components were being designed and developed in Canada and the fourth--the fire control system--was being designed in the United States yet it was being financed by Canadian funds.[34] It was at this time that opposition parties and even some government members began to question the viability of

the Arrow program because of its increasing cost and the assumption that at the Arrow's completion it would be ineffective in the rapidly changing strategic situation in the international arena.

When the Progressive Conservative government of John Diefenbaker came to power in June 1957 it was faced with a major decision: "to produce or discontinue the development of the CF-105 Arrow jet aircraft."[35] In an attempt to keep the project alive the Diefenbaker government made an effort to secure contracts for the procurement of the Arrow from both Great Britain and the United States. However, both of these countries showed little or no interest in such a purchase. Therefore, due to rising costs, fear of obsolescence, and the failure of securing contracts the prime minister in February 1958 announced to the House of Commons that his government was concluding all contracts pertaining to the development and production of the Arrow. Canada "could no longer pay the price which advancing technology exacted to remain a producer of the more sophisticated military equipment."[36]

David Vital in The Inequality of States identifies four components of defence production which clarify how difficult it is for a state--other than a superpower--to maintain a viable domestic defence industry:

(i) the rising prime cost and technical complexity of high-grade weapons systems;

(ii) the rising absolute and proportionate cost of research and development;

(iii) the rising optimum scale of production of modern weapons; and

(iv) the high element of risk and uncertainty that attaches to the process of design, production, and employment as a whole.[37]

Thus, for a minor state "a wholly or even predominantly autonomous supply of weapons ... [is] out of the question."[38]

Canada, like most states in the international arena, does not have unlimited funds for the satisfaction of defence requirements and the procurement of military equipment. There are pressures emanating from various sectors in society for government spending; most of these are represented at the bureaucratic level in the federal government by departments (i.e., on behalf of domestic constituencies). Hence, the Department of National Defence (DND) must compete with other departments for the allocation of monies. Yet DND will find itself in a difficult position in times of peace. As a result Canadian defence needs must be tempered by economic boundaries.

Hugh Macdonald characterizes this as the government's budgetary requirements. Macdonald explains:

> For any particular procurement programme, such a requirement will specify ... a monetary upper limit, a set of cash flow restraints, and a set of demands relating to numbers, ancillary equipment, training, munitions, infra-structure costs, and taxes and premiums.[39]

In addition, the Trudeau government hoped to lessen the costs of these purchases by insisting that contract holders provide Canada with industrial benefits. Industrial benefits are

different than budgetary requirements:

> benefit requirements are predicated upon the offshore flows of procurement funds, rather than their magnitude; and benefit objectives are being consciously ... related to such other policies as stimulating research and development, seeking advanced technology transfers, developing a broad based industrial strategy, and using government capital procurement as an instrument of macro-economic management in export development, regional development, location of industry, and other policies.[40]

The importance of the economic factor in procurement decisions pertains to: the monies available for equipment; its influence as a shaper of the type of equipment acquired; and, as a partial determinant of where the equipment will be purchased.

Policy, Program, and Procurement - The Canadian Situation

When Pierre Trudeau became prime minister in 1968 he wished to see a re-adjustment in the focus of Canadian defence policy. Consequently, he initiated a defence policy debate that lasted two years. The culmination of the debate occurred with the government's publication of its defence White Paper. Defence in the 70s served as the declared defence policy of the Trudeau government throughout its years in power. The document relfected the "from the inside out" analysis of defence issues by government policymakers which provided the White Paper with a very nationalistic tone.[41] Defence in the 70s changed the focus of concern of the CAF from primarily military roles to a new concentration on quasi-military and

non-military tasks. This change was principally the result of Trudeau's negative attitude regarding the value of the military establishment in general and of NATO in particular.[42] In April 1969 the prime minister stated:

> We feel that Europe, 20 years after the establishment of NATO, can defend itself better, and we hope that NATO's European member countries, with the support of the United States and Canada can reach some agreement with the Warsaw Pact countries to de-escalate the present tension. For our part, we are not advocating a reduction of NATO's military strength, although we hope that this may become possible, but a readjustment of commitments among NATO members.[43]

Compare this with the intent of earlier Canadian policy-makers to embody Canadian defence policy in collective defence measures. The 1964 defence White Paper mirrored this desire:

> (i) Collective Measures for maintenance of peace and security as embodied in the Charter of the United Nations, including the search for balanced and controlled disarmament;
>
> (ii) Collective Defence as embodied in the North Atlantic Treaty;
>
> (iii) Partnership with the United States in the defence of North America;
>
> (iv) National Measures to discharge responsibility for the security and protection of Canada.[44]

A second factor that caused the realignment of Canadian defence policy was the increasing economic pressure on the government dictated by the Canadian public's desire for improved social policies. Other government departments were deemed of more importance than National Defence by the Trudeau government and, therefore, received a greater share of the total

budget.[45] These two internal factors--Trudeau's anti-military predilections and National Defence's losing battle in the competition over the allocation of resources--determined, to a great extent, the shape of Defence in the 70s. Any future government defence program and procurement choices should have emphasized the government's first defence priority: the surveillance of our own territory and coastline, i.e., the protection of our sovereignty.

In the four ensuing years DND was viewed with declining interest by the Trudeau government. In fact one observer maintained that a substantial amount of tokenism came to rule Canada's defence policy in this period.[46] An atmosphere of financial crisis hung heavily over DND and CAF. As a result the CAF found it increasingly difficult to competently undertake the tasks designated for it to fulfill.

Nevertheless, a day of reckoning occurred for the Trudeau government. Canada's two major allies--the United States and the European members of NATO--began to persuade Canada to upgrade its contribution to NATO as a measure of response to the Soviet Union's military build-up in Eastern Europe. The Canadian government succombed to this pressure.

In late 1975 the Canadian government announced a $8.5 billion modernization program to re-equip the CAF. This decision followed closely on the heels of the 1974 Defence Structure Review. This review was established to determine a basis on which future defence procurement plans could be

created. It did not question the basic priorities established in the 1971 White Paper. However, unlike policy the program had not been developed in a constraint free setting.

While the decision to procure a replacement for the Argus fleet came from a policy determination, the aircraft chosen as the replacement--the CP-140 Aurora--was not primarily equipped to fulfill the 1971 defence priorities. R.B. Byers contends that: "While the role of the Aurora will be multi-varied, its primary tasks seem to be that of ASW anti-submarine warfare within the NATO context."[47] The reason for this situation was the pressure exerted on the Canadian government by the U.S. government. The U.S. wanted Canada to maintain a viable ASW capability and, furthermore, Washington wanted to redress the imbalance that existed in the U.S.-Canada Defence Production Sharing Arrangement. The procurement of the Aurora from the Lockheed Corporation by the Canadian government satisfied these two U.S. objectives. The other factor that shaped the Trudeau government's decision was its desire to achieve substantial industrial benefits from the purchase of the Argus replacement.

The procurement of a main battle tank in 1976 by the Trudeau government did not emanate from a policy decision. Defence in the 70s questionned Canada's participation in the armour role within the NATO formation and, in fact, the White Paper called for a reconfiguration of Canada's land forces. The decision to procure a main battle tank came from a

program determination. Though the 1975 defence program placated Canada's NATO allies regarding Ottawa's commitment to the alliance, Canada had to provide concrete evidence of this recommitment if the government expected to formalize an economic relationship with the European Economic Community. This evidence was provided by the procurement of 128 Leopard I main battle tanks from Krauss-Maffei of West Germany. Industrial benefits only played a minor role in determining the Canadian policymakers' decision. Like the Aurora, the Leopard I will be deployed within the context of the North Atlantic alliance: "The Leopard will replace the Centurion and will enable Canada to make some contribution to the NATO land contingent in Europe."[48]

Purpose and Argument

Thus the central purpose of this thesis is to show that the Trudeau government's decisions to procure the CP-140 and the Leopard I ultimately, by the end of the 1970s, changed the face of Canadian defence policy. Hugh Macdonald states that equipment defines policy because "equipment procurement... leads to a specific defence structure which more or less determines military options and policy options."[49] In addition, defence policy is the result of three components: declarations, capabilities, and actions.[50] Declarations will be of little relevance if a nation-state's armed forces has capabilities and actions (determined by the equipment on

hand) diametrically opposed to the declared policy. This appears to be the case on an examination of both the Aurora and Leopard I. The procurement of the Aurora and the Leopard suggest a recommitment to NATO by the Trudeau government and a decline in the importance of the sovereignty role for the CAF. For example, the decision to procure the Aurora as a replacement for the Argus maritime patrol aircraft was sensible and appropriate if the government seriously hoped to adequately fulfill the sovereignty role. However, the Aurora will be equipped to suit the role outlined by NATO for Canada to carry out: ASW. This situation evolved because while policy was designed in a constraint free setting both program and procurement--the second and third stages of the three way relationship--were largely shaped by the setting. This changed the face of Canadian defence policy by the end of the decade. As Colin Gray states "to misquote Napoleon, politics (and economics) is to military matters as three to one."[51]

Method and Data

The author will employ an analytical case study approach to substantiate the argument that, by the end of the 1970s, procurement decisions of the Trudeau government changed the face of Canadian defence policy. The two procurement decisions employed in this study will be the CP-140 Aurora long-range patrol aircraft and the Leopard I main battle tank.

Three main sources were used in this study: primary, secondary, and interviews. Primary sources, including newspapers, relevant White Papers, House of Commons Debates, Standing Committee on External Affairs and National Defence proceedings, and Statements and Speeches, were useful in that they outlined the official government position and helped to identify the factors that influenced the procurement decisions.

Anyone writing on any aspect of Canadian defence policy must be grateful to Colin S. Gray and Roddick B. Byers who are not only prolific but perceptive authors writing on Canadian defence issues. These two writers, along with others, provided much-needed background information.

Interviews were valuable because they helped to substantiate much of the information gathered from newspaper articles. The interviews included a joint interview with two desk level officials in the Department of External Affairs, and interviews with officials from the Department of National Defence and Supply and Services in both the Aurora and Leopard Project Offices. The interviews were unstructured in that questions were asked of the officials but they were free to discuss any issues they believed were important.

## NOTES TO CHAPTER I

1. L. Dobuzinskis, "Rational Policy-Making: Policy, Politics, and Political Science," in T.A. Hockin, Apex of Power (Scarborough: Prentice-Hall of Canada, Ltd., 1977), pp. 212, 218.

2. H. von Riekhoff, "The impact of Prime Minister Trudeau on foreign policy," International Journal 33 (Spring, 1978): 276.

3. G. Radwanski, Trudeau (Toronto: The New American Library of Canada, Limited, 1978), p. 145.

4. L. Dobuzinskis, op. cit., p. 218.

5. G. Radwanski, op. cit.

6. G.J. Szablowski, "The Optimal Policy-Making System: Implications for the Canadian Political Process," in T.A. Hockin, Apex of Power (Scarborough: Prentice-Hall of Canada, Ltd., 1977), p. 208. Treasury Board Secretariat definition.

7. Ibid.

8. C.S. Gray, Canadian Defence Priorities: A Question of Relevance (Toronto: Irwin and Company Ltd., 1972), p. 15.

9. Lieutenant C.S. Watts, "External Constraints on Canadian Foreign Policy," Canadian Defence Quarterly 2 (Summer, 1972): 47.

10. W. Harriett Critchley, "Does doctrine precede weaponry?," International Journal 33 (Summer, 1978): 552

11. R. Sutherland, "Canada's Long Term Strategic Situation," International Journal 17 (Summer, 1962).

12. W.R. Willoughby, "The Genesis of Canadian-American Defence Cooperation," Canadian Defence Quarterly 5 (Winter, 1975/76): 45.

13. F. Mazari, "Deterrence, NATO's Military Strategy and the European Allies," Queen's Quarterly 75 (1968): 413.

14. J. Eayrs, "Six Reasons To Get Out," Maclean's Magazine (October, 1972).

15. J. Gellner, "Strategic analysis in Canada," International Journal 33 (Summer, 1978): 496-497.

16. Lieutenant C.S. Watts, op. cit., p. 48.

17. R. Sutherland, op. cit.

18. D. Corbett, "Life with Father," International Journal 26 (Winter, 1970/71): 51.

19. Lieutenant C.S. Watts, op. cit., p. 48.

20. G. Radwanski, op. cit., pp. 165-166.

21. R.A. Spencer, "Triangle into Treaty: Canada and the Origins of NATO," International Journal 14 (Spring, 1959): 88.

22. D.U. Stikker, "NATO-The Shifting Western Alliance," Atlantic Community Quarterly (Spring, 1965): 7.

23. R.C. Thakur, "Change and Continuity in Canadian Foreign Policy," India Quarterly (1977): 403.

24. D.P. Gauthier, "Canada and NATO: Let A Dying Alliance Die," Commentator (April, 1965): 16 and J.W. Holmes, "Canada: The Reluctant Power," Orbis (Spring, 1971): 299.

25. R. Sutherland, op. cit.

26. P.C. Dobell, "Canada and NATO," Orbis (Summer, 1969): 313.

27. W. Harriett Critchley, op. cit., p. 553.

28. O.R. Holsti, et al., Unity and Disintegration in International Alliances: Comparative Studies (New York: John Wiley and Sons, 1973), p. 4.

29. D. Vital, The Inequality of States, (London: Oxford University Press, 1967), p. 5.

30. Lieutenant C.S. Watts, op. cit., p. 46.

31. D. Vital, op. cit., p. 54.

32. R. L. Rothstein, Alliances and Small Powers (New York: Columbia University Press, 1967), p. 58.

33. J.B. McLin, Canada's Changing Defense Policy, 1957-1963, (Baltimore: The John Hopkins Press, 1967), p. 60.

34. Ibid.

35. Ibid.

36. Ibid.

37. D. Vital, op. cit., p. 69.

38. Ibid., p. 72.

39. H. Macdonald, Equipment Procurement and Defence Policy (Unpublished paper, Edmonton: University of Alberta, 1979), p. 9.

40. Ibid., p. 10.

41. "Canadian Defence" Survival 13:11 (November, 1971).

42. P. V. Lyon, "A Review of the review," Journal of Canadian Studies 5:2 (May, 1970): 35.

43. Canada, Department of External Affairs, Statements and Speeches 69/24, "A New Look at Canada and Europe," December 10, 1969.

44. Canada, Department of National Defence, 1964 Defence White Paper, (Ottawa, 1964), p. 6.

45. P. V. Lyon, op. cit.

46. M. Best, "Canada's Guard is down," Toronto Daily Star, December 8, 1979.

47. R.B. Byers, "The Canadian Military," Current History 72:426 (April, 1977): 183.

48. Ibid.

49. H. Macdonald, op. cit., p. 1

50. C.S. Gray, op. cit.

51. C.S. Gray, "The True North Strong and Free," Round Table 62 (1972): 310.

## CHAPTER II

## THE DECLINE OF THE CAF

This chapter has a two-fold purpose. First, it explains the official defence policy of the Trudeau government, as espoused in Defence in the 70s--the administration's White Paper on defence. Second, the chapter provides a discussion of how Pierre Trudeau and a number of his cabinet ministers viewed National Defence as a secondary ministry which was reflected by the budgetary restraints placed on National Defence. This ultimately had the effect of weakening the operational capabilities of the Canadian Forces. This survey of the decline in importance of National Defence between 1968 and 1974 sets the stage for the discussion--provided in subsequent chapters--of the change in status of DND that took place in 1975 and why it occurred.

### The Official Government Position

In 1971, the Trudeau government published Defence in the 70s. A White Paper has a number of functions which can range from clearly establishing what government policy is to serving a public relations or educational role.[1] A defence White Paper can "serve as an official government statement of defence objectives" thus providing the armed forces with a setting in which it can fulfill it prescribed duties, it

provides an analysis of a government's perception of the state of both the international arena and the home front; it establishes the equipment requirements of the military if it is to carry out its roles and; it, too, can serve a public relations and educational function.[2]

This section will contain a discussion of the official position of the Trudeau government with regards to defence policy as explicated through the use of government documents, such as White Papers, and statements of pertinent government policymakers. This examination, in addition to exposing the government's official position, provides background for the forthcoming discussion on the decline of the CAF. Perhaps, more importantly, it sets the stage for an analysis, in later chapters, about the implications and consequences of Canada's procurement of the Aurora and Leopard I.

Pierre Trudeau in 1969 laid out what would be entailed in his government's White Paper despite the fact that the document's publication was two years away. In a statement to the press in April, 1969, the prime minister "rejected any suggestion that Canada assume a non-aligned or neutral role in world affairs."[3] Nevertheless, one week later he discussed the changing requirements of Canadian defence policy as the world journeyed into the 1970s. He stated: We're beginning to realize that we're not a one-ocean country, not an Atlantic country, not even a two-ocean country, an Atlantic and a Pacific. We're a three-ocean country."[4]

Trudeau continued, "we're beginning to realize that in the Arctic Canadian interests are very great and that there are not only ice and barren lands up there but that there is oil and there are minerals and there is untold wealth."[5] Finally, he maintained that NATO must not continue to be our central defence priority and that Canadian defence policy should have as its first priority "the protection of Canada's sovereignty."[6]

Trudeau appeared to be more concerned about the threats to Canadian independence and sovereignty from below the 49th parallel than from the Eastern bloc.[7] He expressed his concern to a gathering of Queen's University students when he talked to them of the civil disorder that could spread into Canada.[8] Trudeau said he was "less worried about what will happen over the Berlin Wall than about what might happen in Chicago or in some of our own great cities."[9] However, he did not feel that Canada had no place in collective organizations. As he said to an audience of University of Manitoba students: "I think most of the informed Canadians I have discussed with, move in some form of collective security."[10] Yet he claimed he was committed to withdrawing "a lot of our forces" from Europe.[11]

When the White Paper was eventually published in 1971, it incorporated the views expounded by Trudeau in the previous two years. The priorities laid down were:

> (1) the surveillance of our own territory and coast-line, i.e., the protection of our sovereignty;

(ii) the defence of North America in co-operation with U.S. forces;

(iii) the fulfillment of such NATO commitments as may be agreed upon; and

(iv) the performance of such international peacekeeping roles as we may from time to time assume.[12]

This new statement represented a major change from the priorities that Canadian governments had followed in the 1950s and 1960s which stressed Canada's membership in collective arrangements. The 1964 defence White Paper made this clear: "the objectives ... are to preserve the peace by supporting collective defence measures to deter military aggression; to support Canadian foreign policy, including that arising out of our participation in the international organizations..."[13]

Defence in the 70s continued throughout Trudeau's years in power to be his government's authoritative document on defence policy.[14] Canadian defence minister James Richardson, speaking in January, 1975 at the 38th Annual Conference of Defence Associations said that the roles of the Canadian military were the same as those "first set out in the White Paper."[15] Eleven months later in a speech in the House of Commons Richardson stated that:

> The Government has confirmed the four priority roles of the Department of National Defence, which are: first of all, a commitment to the defence, security and sovereignty of Canada; secondly, a commitment to the defence of North America; thirdly, a commitment to collective security within the NATO alliance; and, fourthly, a commitment to our country's unique and important contribution to international peacekeeping.[16]

These priorities reflect the perceptions of Canadian policymakers about the state of the international system. Their belief was that in the world no immediate threat existed for Canada except for the possibility of "a catastrophic war between the superpowers."[17] In fact, the government basically assumed that the world was a relatively benign and stable system. Furthermore, the White Paper acknowledged that Canada had very few worldwide interests.[18] The new White Paper was an attempt to look at Canadian defence policy "from the inside out"[19] and to make defence policy "the servant of foreign policy."[20]

The White Paper gave the Canadian Armed Forces three roles: military, quasi-military, and non-military.[21] For the armed forces a military role entails the principle that the use of force, in either NATO or NORAD, "constitutes the primary purpose of the force." To fulfill a quasi-military task the military may be expected to use the application of force. Yet this is not usually the case (for example, such tasks would include "surveillance and control, internal security, and peace observation"). Finally, in non-military roles the application of force is unnecessary and, in fact, such tasks can be accomplished just as competently by non-military organizations or agencies.[22]

The four priorities listed in Defence in the 70s confirmed that the new focus of Canada's defence policy would be domestic and, as a result, the Trudeau government was more

concerned to see the CAF fulfill quasi-military and non-military tasks.[23] Thus, the CAF would have the job of protecting Canada's sovereignty by intensifying efforts to detect and investigate foreign intrusions in Canadian waters, airspace, and land space.[24] In addition, the forces would be asked to assist "development in the civil sector, particularly in remote regions"[25] because the forces have the skills and resources which "provide Canada with a resource which may be used to carry out essentially non-military projects of high priority and importance to national development."[26] Furthermore, the White Paper contended that Canada's military must be "able to cope effectively with any future resort to disruption, intimidation and violence as weapons of political action" (the Quebec crisis of October 1970, for example).[27] This situation led J.L. Granatstein to suggest that the CAF would become little more than a "glorified gendarmerie nationale."[28] As a result of the roles designed for the CAF to carry out the equipment needed to fulfill these tasks required the "maintenance of a relatively balanced, general-purpose force," whereas, if NATO had remained as the first priority there would be the need for more-specialized equipment.[29]

Before the White Paper was published, defence minister Donald Macdonald, discussed the equipment requirements of the CAF: "... we're currently on a plateau insofar as military equipment acquisition is concerned, but within a year or so we're going to have to either wind up some of the major

obligations, or acquire fresh equipment."[30] He added, "... if we decide that we are going to build up this surveillance capability, over land and over sea, then we're talking about the acquisition of some expensive equipment."[31] Defence in the 70s made a number of comments regarding the type of equipment the CAF required.

The White Paper was concerned with both the shape of the armed forces and, more specifically, the future of the Centurion tank:

> The Government has decided that the land force should be reconfigured to give it the high degree of mobility needed for tactical reconnaissance missions in a Central Region reserve role. The Centurion medium tank will be retired, since this vehicle is not compatible with Canada-based forces and does not possess adequate mobility. In its place a light, tracked, direct-fire support vehicle will be acquired as one of the main items of equipment. This vehicle which is air portable, will be introduced later into combat groups in Canada. The result will be enhanced compatibility of Canadian and European based forces, and a lighter more mobile land force capable of a wide range of missions.[32]

In addition, the White Paper downplayed the most important role Canada carried out in the NATO formation:

> Although an anti-submarine warfare (ASW) capability will be maintained as part of the general purpose forces, the present degree of emphasis on anti-submarine warfare directed against submarine-launched ballistic missiles (SLBMs) will be reduced in favour of other maritime roles. It is therefore sensible to design a general purpose capability for Canada's maritime forces. This policy will take a long time to implement fully because of the life of current equipment, but it will govern both

> the acquisition of new equipment for the maritime forces, and where applicable, modifications to existing equipment.[33]

Defence in the 70s was designed by Canadian government policymakers to provide a framework in which specific Canadian interests could be satisfied. The White Paper was highly nationalist in tone: the emphasis on the North, national development, and the protection of Canada all underscore this. Yet it should be acknowledged that Canada's decision to maintain forces in Europe, though at a greatly reduced rate, helped to alleviate the concern of Canada's allies. Nevertheless, Defence in the 70s can be characterized as a document that put Canadian concerns above those of Canada-in-alliance.

One must wonder then why the Aurora and Leopard were purchased at a time when government officials were reaffirming the 1971 defence priorities. Both of these pieces of equipment were designed to fulfill certain military tasks--tasks deemed important by external factors--that were given little consideration in the White Paper. This inability to operationalize stated government priorities signifies Canada's lack of freedom of action in defence matters due to external contraints.

## The "Voice" of Government

The reduction in the military tasks of the Canadian forces substantially reflected the personal beliefs of Prime Minister Trudeau who felt that the Western world had little to fear from the Communist bloc. Thus, he envisioned that the

roles of the CAF should be more closely oriented to the domestic environment. In addition, increasing levels of foreign aid were perceived as a more productive method of solidifying world stability rather than extensive support of a military organization (NATO) constructed to combat a military threat that Trudeau no longer felt existed. These anti-military feelings of Trudeau's were echoed by several of his cabinet ministers. This disinterest in "things military" was reflected by the rapid turnover of defence ministers during the Trudeau administration. Finally, the decline of the armed forces was a result of the competition among government departments for the allocation of resources. In a period of budgetary restraint, social policies were deemed of more relevance than maintaining a viable Canadian military establishment: between 1968 and 1975 DND became a second-level ministry.

Pierre Trudeau

Pierre Trudeau was born into a generation quite different from any that had provided Canada with its previous leaders.[34] With his rejection of service in the armed forces during World War II--like many of his francophone brothers--Trudeau developed no personal experience with the military.[35] This, it could be argued, negatively tinted his future vision of the importance of the military. Allan McKinnon, Progressive Conservative member of Parliament for Victoria, quoted Trudeau in the House of Commons: "I would

like to have generals looking at our whole military machine and saying You know this is not really important today."[36] To the prime minister the major tasks that faced his new administration in 1968 were the problems that existed within Canada. As Harold Von Riekhoff suggests, Trudeau, despite his world travels as a young man, never seemed to develop a strong appetite for international affairs; "his interests were more cultural and anthropological."[37]

The first evidence of Trudeau's questionning of Canada's participation in military organizations appeared during the 1968 election campaign. Trudeau stated during a session with the media on 29 July 1968: "We weren't contemplating pulling out of NATO politically or economically or socially; but our military involvement in it was still under consideration."[38] Approximately a year later, Trudeau was continuing his analysis of Canada's membership in NATO. This time he commented on the damaging repercussions of Canada's alignment in the North Atlantic alliance. During a speech in Calgary on 12 April 1969, the prime minister stated that he felt Canadian foreign policy was being solely determined by our defence policy:

> NATO had in reality determined all of our defence policy. We had no defence policy, so to speak, except that of NATO. And our defence policy had determined all of our foreign policy. And we have no foreign policy of any importance except that which flowed from NATO. And this is a false perspective for any country. It is a false perspective to have a military alliance determine your foreign policy. It should be your foreign policy which determines your military.[39]

In addition, Canada's membership in the North Atlantic alliance was further called into question by Trudeau because of his lack of belief in the utility of maintaining two opposing military blocs: NATO and the Warsaw Pact. He based his views on the notion that "There has been a perceptible detente in East-West relations."[40] For the prime minister if there was a need for NATO the situation in the late 1960s was far different than that which existed at the time of NATO's creation; i.e., the Europeans no longer required the assistance of Canada's defence contributions.[41] Trudeau said:

> Perhaps the major development affecting NATO in Europe since the Organization was founded is the magnificent recovery of the economic strength of Western Europe. There has been a very great change in the ability of European countries themselves to provide necessary conventional defence forces and armaments to be deployed by the alliance in Europe.[42]

The prime minister believed that Canada's efforts in assisting the maintenance of world stability could be accomplished through a substantial reduction in Canadian defence expenditures with the savings from this being transferred to foreign aid thus increasing our contribution in this area. In terms of military equipment for the CAF it was the belief of one commentator that the "no tanks" edicts of the Trudeau government in 1973 and 1974 came directly from the Prime Minister's office. It was his contention that part of the reason for these edicts was that Trudeau considered tanks offensive weapons and therefore they should not be part of

the Canadian arsenal.[43] Further evidence that Pierre Trudeau negatively viewed the usefulness, particularly of the military establishment in Canada and of anythings military, in general, is provided by his government's reaction to the Czechoslovakia crisis. This will be discussed below.

The Trudeau Cabinet

Three factors are important in assessing the opinions of the Trudeau cabinet towards the relevance of the CAF to the maintenance of peace. First, Colin Gray argues that cabinet ministers tend to believe that the majority of Canadians are not interested in defence policy.[44] Second, it is extremely difficult for the cabinet ministers to believe that Canada is in danger from an external military threat which Canada could defend against on its own. Finally, any military alliance that Canada belongs to is in no greater danger if Canada withdraws its military contribution.[45]

Cabinet ministers' feelings about DND can be best seen from statements made, during the defence review debate which preceded the publication of Defence in the 70s. The most outspoken ministers were Eric Kierans, Leo Cadieux, Mitchell Sharp and Donald Macdonald.

The most critical opponent of National Defence was Postmaster General Eric Kierans. Some of Kieran's comments mirrored the opinions of his leader. In January, 1969, at a meeting of the Nanaimo-Cowichan-The Islands Liberal Association

Kierans prefaced his comments on NATO with these remarks:

> Of all the nations in the world, Canada possesses the most freedom to make new choices and enter upon new directions...We have no enemies and we are not as determined by the choices, ideologies and past as others.[46]

He continued by saying that:

> We are living in a different world. Nuclear capability and Apollo 8 have both shown how small this earth really is.... Our political attitudes and institutions have to be examined and criticized in the glare of naked nuclear power. NATO is one such institution.[47]

He had this comment on NATO:

> NATO may or may not have been the appropriate answer to a particular threat in 1948. As a continuing institution, it is something else again. Instead of a genuine deterrent against a genuine threat, it has become [a] self-justifying deterrent against a non-existent military threat. NATO's existence guarantees that of the Warsaw Pact, each needs the existence of the other to justify its own existence.[48]

Kierans had other visions for Canada: "I'd like to think that the future image of our country will be based more on foreign aid, less on defence."[49] Thus it was imperative that Canada make a shift "from tanks and planes to school buses and scholarship."[50] Furthermore, during the defence review debate Kierans, along with Donald Macdonald and James Richardson, with the assistance of John Holmes, Director of the Canadian Institute of International Affairs, arranged a conference in Toronto in May of 1969. The goal of the conference was to "bolster the case for cabinet advocates of [Canada's] withdrawal from NATO or of a reduced rate."[51]

Defence minister Leo Cadieux and Secretary of State for External Affairs Mitchell Sharp were the two strongest advocates in the federal cabinet for Canada retaining its membership in NATO. In December, 1968, Cadieux emphasized the significance of NATO to Canada:

> The major threat to the security of Canada and the Canadian people comes from the prospect of an intercontinental nuclear exchange arising out of a conflict of interest or of ideology between the super-powers. The forum where super-power interests most closely impinge on each other is Europe, hence Europe is the geographical region where Canada's security is most in jeopardy. Thus, Canada's security is very closely interlocked with the security of Europe.[52]

In addition, because Canada was geographically vulnerable, Cadieux felt it was necessary that Canada maintain a high military posture. To him Canada's first defence priority was "to contribute directly to the security of Canada."[53] Even before the Soviet Union invaded Czechoslovakia, Cadieux was stressing the necessity of retaining a collective security approach because "in spite of the current feeling that there is a detente, a lessening of the danger of a confrontation with the Eastern countries, the threat is very real."[54]

For his part, Sharp contended that he had never heard a reasonable argument for Canada's withdrawal from the military organization; secondly, NATO provided a forum in which Canada could endeavour to influence American policy; and finally, Europe remained as the area with the greatest potential to burst out into a major armed conflict.[55] As a result, "in

terms of priority, Europe and developments there must continue to have a major claim on our energy and attention for some time to come."[56]

It was clear with the decision to reduce Canadian forces in Europe by half instead of the complete withdrawal that some had advocated that Cadieux had partial success in the battle he waged. Though it is difficult to substantiate it has been contended by one observer that the price Cadieux had to pay for this compromise was the freezing of DND's budget until the Fiscal Year 1972-73 despite the increase in costs that the department might experience.[57] Nevertheless, the reduction in Canada's NATO forces provides evidence of the decline of the military roles designed for the CAF. The declining stature of National Defence continued into the 1970s.

National Defence was a lower priority government department during the Trudeau years as indicated by the rapid turnover of defence ministers and by the type of men who held the position. When James Richardson was appointed as defence minister he was the seventh man (including three acting ministers) to hold this office during the Trudeau administration. The others included Leo Cadieux, Charles Drury, Donald Macdonald, Edgar Benson, Jean-Eudes Dube, and Drury again.[58] Of these men Cadieux was the staunchest defender of DND; if one was to create a hierarchy ranking these defence ministers according to their support for DND, Richardson would be second from the top.

Donald Macdonald was characterized by the media as a "dove" in the first Trudeau cabinet--where he was Minister without portfolio--because of his efforts to convince his colleagues of the need to withdraw, or at least reduce, the number of Canadian troops assigned to NATO.[59] In fact, Macdonald had little, or no desire, to become Minister of National Defence.[60] When he did become Minister he wanted the CAF to allocate most of its time and resources to community work projects and assisting civilian agencies in times of emergency or crisis.[61] For Edgar Benson, who became defence minister in January, 1972, the portfolio was merely a "rest station" during his journey leading to the acquisition of a "non-political plum" as his reward for sacrifices and services while in the duty of the Liberal Party. The "plum" Benson received was the chairmanship of the Canadian Transport Commission in September, 1972.[62] Treasury Board President Drury filled in for the rest of the year in DND. Thus, for the year 1972, DND, in all practical terms, lacked effective ministerial leadership.[63]

James Richardson came to the department from the Department of Supply and Services with the belief that "military personnel should be used for civilian purposes."[64] Nevertheless, Richardson made the best of his fate and struggled diligently to convince his fellow cabinet ministers of the relevance of his department. However, as one cabinet insider commented, Richardson was fighting a losing battle: "It isn't

easy for him. No one will help him in Cabinet. They have no time for the armed forces and only Trudeau can help. But will he?"[65]

The men who were defence ministers were largely uninitiated in military procedures and largely ignorant of defence issues. Only when Barney Danson was appointed to the portfolio was a man in the position because he wanted to be. As General J.A. Dextraze confided, "I don't have to draw him [Danson] pictures on the wall"[66] which suggests he had to for the others. The overall mood of the Trudeau cabinets regarding both the issue of the Canadian forces and the DND was perhaps best summed up by the Progressive Conservative defence critic, Argus Maclean:

> It is obvious that the problem ... of the Minister in the matter of defence is that Canadians are ruled, and presumably the Minister is overruled, by a government dominated by men whose understanding of the heavy responsibility in this matter is as shallow as the cliche "make love not war."[67]

## The Czech Crisis of 1968

The Soviet Union, along with other Warsaw Pact members, invaded the Dubcek-led regime in Czechoslovakia in 1968 in an effort to arrest both the liberal reforms introduced by Dubcek and the loosening of the Communist Party's grip on power. As a result of this event the United States' Secretary of State Dean Rusk sent a note to Canadian Secretary of State for External Affairs, Mitchell Sharp suggesting that Canada

agree to "a firm response from the NATO allies to the invasion of Czechoslovakia."[68] On 16 November 1968, the North Atlantic Council issued a communique which emphasized "the violability of the principle ... that all nations are independent and that consequently any intervention by one state in the affairs of another is unlawful."[69] The communique also included the message that the Soviet Union's actions in Czechoslovakia had drastically set back the progress of detente. Despite this strongly-worded rebuke and the earlier suggestion of Dean Rusk Pierre Trudeau had Mitchell Sharp deliver a message to the other NATO ministers expressing his belief that it was imperative that the allies not "over-react to Soviet actions in Czechoslovakia."[70] Furthermore, before the Council issued the communique Canada joined with Denmark, Belgium, and France in their opposition to the communique. This led to these countries being characterized as the alliance "doves."[71]

Two days after the NATO communique was made public Trudeau gave his view on his government's perception of the rationale behind the Soviet action. The prime minister viewed the invasion as a Soviet method of keeping their own house in order and not as an aggressive action directed at the West. He told the House of Commons that "it was essential that NATO should seek, and should be seen seeking, all reasonable opportunities to resume the dialogue with the Soviet Union and thus to promote in due course progress toward the peaceful settlement of the issues facing Europe."[72] The only

dissenting voice in the Canadian cabinet was Cadieux who said: "The Czechoslovakia affair has demonstrated to all of us the importance of a collective approach to defence problems."[73] The Canadian reaction to the Czechoslovakian crisis, it could be argued, was indicative of the Trudeau government's benign--some might term it rose-coloured--view of the Soviet Union's intentions. Such a view, it could be further argued, contributed to the decline in importance of the CAF during this period.[74]

The Federal Cabinet's Budgetary Priorities

In his book, Components of Defense Policy, Davis Bobrow notes that: "Men act on the basis of the reality which they themselves perceive, not on that perceived by others."[75] The fact that the DND "fell from grace" between 1968 and 1975 was largely a result of Pierre Trudeau's own feelings about the relevance of the CAF and his opinion of the Canadian public's view of the military. Trudeau made his views clearly known during a speech in April, 1969:

> Our foreign policy, the one we are defining for Canada, is also very important for another reason. Our defence budget as you know is one-sixth of the total budget. That's a lot of money-$1,800 million for defence. And it's a lot of money especially when you realize that it's accompanied by a great deal of uncertainty on the part of Canadians. There is a tendency in the past few years, when more money is needed for housing or more money is needed for social welfare legislation, for every form of expenditure in Canada (a project here, a research grant there), on the part of individuals, on the part

> of institutions and on the part of provincial governments, to say to the Federal Government "Spend less on defence, you'll have more for this other worthwhile project"- whether it be education or health or housing or urban growth. There is a tendency on the part of all Canadians to say "Take it away from defence, you will have more money for the worthwhile things"-implying, I suppose (and this comes, as I say, from many institutions, and even from provincial governments), that the money we spend on defence is not well spent.... Its important that we realize that the sixth of our national budget which is spent on defence is not an expenditure which is accepted by a significant proportion of the Canadian people.[76]

For Trudeau and the majority of his cabinet colleagues the social and economic problems that faced Canada in the late 1960s and 1970s were far more relevant problems to tackle than maintaining the viability of the CAF.[77] The difficulties that existed between the provincial and federal governments placed substantial pressure on the federal cabinet to alleviate the differences by increasing federal spending.[78] This, therefore, created the necessity for financial restraint in the traditional high-priority (thus high-spending) fields. The high-level priorities of this new Liberal administration were programs in the areas of bilingualism and regional economic development.[79]

The desire to lessen the differences in average income levels between the "have and have not" provinces was, for example, a major goal of the Trudeau government. It was the Trudeau government that created the Department of Regional Economic Expansion in 1969. The department's first minister Jean Marchand--a personal confidant of Trudeau--was one of the

most powerful members of the government.[80] The government believed that a decrease in regional economic disparities might help to alleviate the national unity crisis because Quebec was the most-populated of the poor provinces. The importance of this concept to Trudeau and his closest advisers is shown by the fact that despite the desire to control federal spending--as part of the effort to combat inflation--the cabinet "decided to increase spending on regional economic development-from a forecast of $263.2 million in 1970-71 to a proposed $333.3 million in 1971-72.[81]

In addition, some of the policies initiated during the administration of Lester B. Pearson created immense problems for the Trudeau government. The Pearson government had implemented a number of shared-cost and other social-security programs which strained the government's ability to meet the financial demands of these programs because government revenues were not keeping pace with expenses and inflation.[82] Due to rising inflation and the Canadian public's demand for social-welfare programs the Trudeau administration was forced to become very selective in defining its government priorities. Defence was not considered to be a priority and, in fact, was considered to be one area from where funds could be transferred into more important government departments.[83] Part of the attractiveness of halving Canadian troop levels in Europe was the financial savings derived from this act.[84]

As a result National Defence, according to government

statistics, became one of the Trudeau administration's minor or third-level priorities. In 1965, the DND received the largest percentage of the federal budget but by 1975 it had fallen to the ranking of fourth; behind Health and Welfare, economic support and development, and servicing the public debt.[85] The declining amount of revenues allocated to DND during the first seven years of Trudeau's government is shown in Figure I.

Leo Cadieux in 1968 warned quite perceptively of the possibility of financial constraints that would weaken the DND:

> I must sound a warning note. We live in an age of rising costs, inflationary trends and restricted budgets. To improve the situation the government is implementing necessary fiscal measures. But the fact remains that unless my department is afforded considerable financial relief our defence commitments will be soon in jeopardy.[86]

The fear of the Trudeau cabinet was that any budgetary increase allotted to the DND would set a dangerous precedent for other departments. An editorial in the Winnipeg Free Press suggests the repercussions of this on DND. In 1974, James Richardson commented on the talks he had held with Egyptian soldiers about their success using a shoulder-fired missile against Israeli tanks in the 1973 Middle East war. The editorial in the Winnipeg Free Press contended that:

> Pressure is being put on Mr. Richardson to find an excuse to do away with the tanks, because their replacement, or even their renovation, represents an expenditure which has a cabinet priority far below the payment of welfare benefits or unemployment cheques.[87]

FIGURE I

Canadian Defence Expenditures as a Percentage of Total Government Expenditures 1968-1974

(in billions of dollars)

| YEAR | FEDERAL EXPENDITURES (TOTAL) | DEFENCE EXPENDITURE | DEFENCE AS PERCENTAGE OF FEDERAL EXPENDITURE |
|---|---|---|---|
| 1968 | $9.87 | $1.75 | 17.7% |
| 1969 | $10.77 | $1.76 | 16.3% |
| 1970 | $11.93 | $1.79 | 15.0% |
| 1971 | $13.18 | $1.82 | 13.8% |
| 1972 | $14.84 | $1.90 | 12.8% |
| 1973 | $16.12 | $1.98 | 12.3% |
| 1974 | $20.03 | $2.23 | 11.1% |

Source: "Canada's Diminishing Armed Forces", U.S. Naval Institute Proceedings, (September, 1975), p. 41.

The financial chains on DND placed it in an extremely difficult position. While the budgetary allocations to National Defence had drastically diminished, the government continued to demand that the CAF fulfill more and more tasks. General Dextraze, Chief of the Defence Staff, spoke of the dangers of such a situation:

> But I know that there is no fat left; indeed, we may have to cut too near the bone in some areas. And so, my position is that unless we eliminate a major commitment, we cannot possibily do our job with few people.[88]

The Decline of the CAF-Manpower And Budget

According to the White Paper the defence budget would be frozen until Fiscal Year 1972-73 and manpower levels of the CAF would be set at a total personnel level of 83,000.[89] This left defence minister Leo Cadieux, in a very awkward position. Unfortunately for the minister, economic considerations dominated more relevant factors in determining the configuration of the CAF. One appropriate example may be the 1969 NATO troop reduction. In the Canadian case, therefore, the structure of the armed forces was a result not of clear military and strategic considerations but, in fact, a compromise in the allocation of funds to National Defence.

Not only was DND's budget slashed, but the buying power of each dollar it received was reduced by inflation. In Fiscal Year 1961-62 the department's budget totalled $1.6 billion; by 1975 it had reached $2.5 billion. However, the

purchasing power of the 1961 dollar was far greater than the purchasing power of the 1975 dollar. The 1975 dollar was estimated to be worth only 57¢ of the 1961 dollar; thus, in 1961 terms the defence budget of 1975 was only $1.45 billion.[90]

To illustrate the effects inflation had on DND, in October, 1973 then Defence Minister James Richardson announced the government's "Modernization and Renewal Program" for the CAF. According to this program, defence's budget would be assisted in its fight against inflation through increasing the department's budget by seven per cent per year. This program would continue for a five year period and would commence with the budget set at $2,143 million as of Fiscal Year 1972-73. Nevertheless, by the summer of 1974, inflation, having reached double-digit figures, was not simply negating the yearly increase set out by the Trudeau administration to combat inflation but, in real terms, DND's budget was steadily decreasing. The government's decision in October of the same year to take away $100 million from the coffers of DND as part of the administration's battle against inflation exacerbated the situation further. In sharp contrast, other government departments at this time were given larger budgets at the expense of National Defence's budget.[91]

Furthermore, the majority of money allocated to DND was employed to cover operating expenses not capital expenditures. In this period, just maintaining the armed forces was consuming from eighty to ninety per cent of the military

FIGURE II

A Breakdown of National Defence's Budget in Millions of Dollars, 1968-1974

| BUDGET YEAR | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1973-74 |
|---|---|---|---|---|---|---|
| TOTAL DEFENCE BUDGET | 1,761 | 1,790 | 1,818 | 1,891 | 1,890 | 2,212 |
| PERSONNEL, OPERATIONS, MAINTENANCE | 1,254 | 1,295 | 1,298 | 1,353 | 1,457 | 1,631 |
| | 71.3% | 72.4% | 71.4% | 71.6% | 77.1% | 73.7% |
| CAPITAL EXPENDITURES | 279 | 257 | 220 | 245 | 148 | 229 |
| | 15.8% | 14.3% | 12.1% | 12.9% | 7.8% | 10.3% |
| OTHER EXPENDITURES (SERVICE PENSIONS, ETC) | 228 | 238 | 300 | 293 | 285 | 352 |
| | 12.3% | 13.3% | 16.5% | 15.4% | 15.1% | 15.9% |
| DEFENCE BUDGET AS % OF GNP | 2.4% | 2.25% | 2.1% | 2.0% | 1.8% | 1.8% |

Source: J. Gellner, "Cutting Budget or undercutting defence?," Globe and Mail, October 15, 1974.

budget.[92] For example, the military's budget grew between Fiscal Years 1972-73 and 1973-74 by approximately $250 million. However, approximately sixty-five per cent of it was designated to cover increasing costs--a necessity when the inflation rate is in the ten per cent range--therefore leaving very little to deposit in the capital account, as Figure II shows.[93] To spend only one out of every five dollars on capital expenditures can only lead to equipment obsolescence. Many defence analysts and experts believe that, at the very minimum, if a country is to maintain a modern, well-equipped military establishment it must spend approximately thirty per cent of all defence costs on capital expenditures.[94]

The budgetary woes of the Canadian forces led to a proliferation of National Defence jokes in Ottawa: One such joke spoke of green-uniformed men going from house-to-house in Ottawa trying to sell National Defence cookies.[95]

During the budget debate in 1974, Richardson acknowledged to the gathered Members of Parliament that the rate of inflation was rising so rapidly in Canada that the CAF's budget would be severely affected. Not only would this limit capital expenditures but it would force the government to make drastic cuts in the size of the Canadian military establishment as shown in Figure III. As a result, Richardson advocated a new kind of armed forces for Canada which would be "a streamlined elite," small in number but still maintaining its high-level of efficiency.[96] The defence minister suggested that the forces' manpower

FIGURE III

Canadian Military Manpower
1968-1975

(in thousands)

| YEAR | TOTAL |
|---|---|
| 1968 | 101,676 |
| 1969 | 98,340 |
| 1970 | 93,353 |
| 1971 | 89,563 |
| 1972 | 84,933 |
| 1973 | 82,402 |
| 1974 | 80,199 |
| 1975 | 78,000 |

Source: From "Canada's Diminishing Armed Forces", U.S. Naval Institute Proceedings, (September, 1975), p. 42.

would save enough money so that the government would be able to increase the resources available for the procurement of new equipment.[97] However, while the forces' manpower continually decreased, the resources for capital expenditures did not increase.

The strength of the CAF during the Trudeau government sunk to a level of 78,000; this understaffed the armed forces by 5,000, according to the manpower levels fixed by the government's White Paper. The armed forces had beencut back by 46,000 men from the 1961 total of 126,000.[98] The government accomplished the force reductions by simply not hiring any replacements for the 8,000 to 9,000 people who depart the services each year.[99] What further aggravated the problem of diminishing manpower levels for the CAF was that reductions were leaving the structure of the armed forces top-heavy; i.e., too many of the personnel were officers and there was not enough at the working level. As a result by Fiscal Year 1976-77, there were 12,330 officers to 63,023 from the lower ranks, a ratio of one officer for every five non-commissioned officers and privates.[100] Richardson contended that it was only natural that once the size of the armed forces was reduced, the government would delineate some of the tasks the military were being asked to perform. The cutbacks not only affected the regular forces but it also had an impact on the military's reserve or militia strength. In the early 1960s, the militia totalled approximately 90,000 personnel, yet by

the mid-1970s it was only 18,500.[101] Not only were the militia members reduced but, in addition, a great number of local armouries throughout Canada were closed.[102]

Tasks and Equipment

The CAF has widespread duties to fulfill, especially when it is remembered that Canada is second only to the Soviet Union in size.[103] This makes the job of the armed forces even more difficult. Canada has jurisdiction over 4 million square miles of the Arctic and Atlantic Oceans and a further 785,000 square miles in the Pacific. Furthermore, Canada has responsibilities under NATO and NORAD for the surveillance of an additional 1.8 million square miles of ocean.[104] However, with a declining budget combined with a lack of capital expendutires for new equipment the Canadian military found it extremely difficult to carry out its functions.[105] It was nearly impossible to render services to tasks assigned to it by the White Paper if the government did not provide the necessary equipment.

Canada's 1969 NATO decision not only affected the size of Canada's contribution to the military alliance but it also had an impact on the roles the forces were expected to play. The Trudeau government decided to make the land Brigade group and the air division into a "co-located land combat group" comprised of 2,000 men aided by an air-element formed from three squadrons of CF-104s.[106] The combined total of troops of these two groups is 5,000. The Honest John nuclear role of

the land force was to be withdrawn by 1970 and the Bomarc anti-aircraft missiles for the air element were to be dismantled by 1972.[107] The new combat formation was designed to be a "light air-mobile force" and the air element was to provide a tactical air-support and reconnaissance function.[108] CF-104s were constructed and equipped originally to carry a nuclear "pay-load' and hence were built to be relatively-fast and only capable of carrying a minimal amount of nuclear weapons. On the other hand, a tactical air-support role requires that the aircraft employed in this task be comparatively slow, be able to have a high degree of "loiter-time" for the protection of ground forces and be capable of carrying a far greater pay-load than the CF-104s were built to carry.[109]

As a result of the 1969 decisions, the Brigade group was moved from Soest, in Northwest Germany--they were stationed on part of the strategic central front defensive lines--to Lahr in Bavaria. Thus the Brigade group is now part of a reserve line on a secondary front whose task is to confront Warsaw Pact forces which have broken through NATO's main defense.[110] Though the Brigade is well-organized and highly disciplined there are some inherent problems in its composition. As Brigadier-General Belzile commented, "it is fair to say that we would have more durability if we had a little more depth in people, but I am confident we can do our tasks right now."[111] A full Brigade usually consists of 5,000 men; the Canadian Brigade in Europe has only 2,800 men.

To fulfill commitments to North American air defence, the Trudeau government decided to increase the tasks of the CAF. The administration wanted the armed forces, without U.S. assistance, to control all Canadian air space. This was a radical departure from the previous arrangement where Canada was responsible for the eastern half of the country under the direction of "22nd Region at North Bay". This increase in responsibilities suggests the need for increasing both personnel and equipment levels. There was a special need to retire the obsolete CF-101s and procure a modern interceptor-fighter.[112]

As part of the "sovereignty and protection" role the government expected the CAF to stress defence operations in the North, i.e., North of 60 degrees of Latitude. The CAF was expected to make northern sovereignty flights in an effort to signal to any potential intruder Canada's claim to this territory. Beyond this, there were four specific objectives expected of the forces. They were "contributing to the maintenance of Canadian sovereignty, including surveillance and reconnaissance; maintaining operationally ready forces capable of dealing with the situations encountered; providing effective search and rescue in Canadian territory and making co-operative contributions in adjacent international areas; and, contributing to northern development projects."[113] However, as the Commander of Canadian Forces Northern Region Headquarters, Brigadier General R.M. Withers stated:

> When evaluating future courses of action, it must be remembered that practically all our northern activities are being carried out with resources which were designed and acquired for other roles.[114]

Responsibility to fulfill the sovereignty role was placed in the hands of the CAF's Maritime Command. The new defence priorities of the Trudeau administration reflected Canada's position as a three-oceans country: the Atlantic, the Pacific and the Arctic. Maritime Command was given more tasks to fulfill when the government decided to expand the offshore limit from three miles to twelve miles and, in addition, with Canada's membership in 1974 into the International Commission For The Northwest Fisheries (ICNAF) it required more effort to control fishing practices by outsiders. The proper equipment was not purchased to fulfill this task thus Maritime Command had to employ warships in the surveillance of fishing vessels.[115]

The decline of Maritime Command provides an excellent illustration of the negative consequences of the Trudeau government's disinterest in the well-being of the CAF. In 1969, Maritime Command had a total personnel level of 17,000 which had at its call for operations seventy-one fixed-wing aircraft and a fleet of twenty-eight warships. By 1973, personnel was only 14,000 and was still declining at a rate of 1,000 per year. During July and August, 1974, Maritime Command received four brand new "ultra-sophisticated Tribal-class destroyers" yet it was forced to scrap four other vessels that were still sound. Thus Maritime Command did not make

any gains. Furthermore, in 1974, the complement of thirty-three Tracker aircraft was reduced by seventeen.[116] Also on 31 December 1969, the armed forces were directed to scrap the HMCS Bonaventure--Canada's only aircraft carrier--shortly after the government had spent $13 million on refitting this vessel.[117] Another example of the government's attempts to cut costs but, in the process hindering the capabilities of the CAF was the decision in October, 1974 to lay up the submarine Rainbow in Esquimalt, British Columbia, two months ahead of schedule.[118]

Maritime Commander Vice-Admiral Douglas S. Boyle was extremely vocal in criticizing the Liberal government for its neglect of the CAF. During a visit of twenty members of the Progressive Conservative party to Halifax Boyle told them that: "Every time I go down to the States I hang my head in shame."[119] He stated that his command did not have the financial resources to satisfy all the tasks Maritime Command was expected to fulfill. Boyle told the Conservative MPs that his budget was $8.6 million below what the Navy required.[120] As a result, he had to cut back on ships' days at sea by twenty per year--one hundred and ten to ninety. Furthermore, the flying time of the air element of Maritime Command was reduced from 437 hours per month to 365 hours per month.[121] Regarding Canada's membership in NATO, Boyle felt that, "If we can't put up, then we should shut up."[122] Boyle acknowledged that it was his duty to serve his political masters yet he felt the need to speak out simply because it was "someone's

job to inform the Canadian public of what the threat is."[123]

Perhaps the lowest point reached by the CAF was in 1974 when, as a result of financial cutbacks and inflation, military operations of the CAF, were severely curtailed. Each year Canadian forces carry out fleet operations in the Carribean to acquire necessary practical experience in military manoeuvres. The armed services were directed by National Defence to cancel the event in order to save money. The cancellation saved the fleet a combined three hundred and fifty-two days at sea, but the Navy League of Canada estimated that this action only conserved approximately $12 million.[124] Furthermore, on 22 September 1974, James Richardson suspended Canadian long-range-patrol and surveillance flights over the Arctic. Prior to the cutbacks four sovereignty flights a month were being carried out by the CAF. At the time of the announcement, Richardson pledged that the flights would be resumed either in December or January. But he failed to promise anything beyond that. The defence minister's announcement caused an uproar in Parliament and, as a result, Richardson was persuaded to guarantee a one per month surveillance flight over this vast territory until the end of the fiscal year. Also in 1974, Richardson decided that helicopter patrol over the Atlantic Ocean would be limited to four hours of flight-time a month. Maritime Command's destroyers were restricted to no more than six days at sea per month.[125] With the new fiscal year starting on 1 April 1975 the government

decided to resume the sovereignty flights, setting three a month as an acceptable presence. The armed forces were still not being permitted to function at maximum output because of budgetary difficulties. Brigadier General MacKenzie, Chief of Staff (Operations) for Maritime Command stated that the Command could only operate at eighty per cent of its potential. He said that not enough money was available, for example, to provide the servicing necessary for the Argus to reach its maximum output.[126] The potential consequences of decreased levels of surveillance was shown when, in September, 1975 a Polish schooner, the Gedenia entered the Northwest Passage from Baffin Bay undetected.[127]

Another perhaps intangible consequence of the decline of the Canadian military was the impact it had on the morale of the forces. There is some evidence of the declining morale of the military elite. For example, Canadian Major General Bruce Macdonald referred to the CAF as nothing better than "a savage rabbit".[128] Other top-ranking officers continually berated the government for piling task upon task on the CAF yet, on the other hand, refusing to give the forces the needed resources to satisfy the defence objectives. For the personnel below officer rank, it must have been difficult to maintain one's sense of pride for an occupation when one was not provided with the equipment to operate. This must have been especially true in situations when the forces were working in conjunction with the military of another country whose men

were given modern equipment to use which enabled them to complete the task competently. Military men in Canada must have wondered what had happened to the days of the CAF when Canada's high level of military prestige led the then General of the United States Army, Dwight Eisenhower, to tell a meeting of the Canadian club in Ottawa in 1946:

> It is beyond the power of any man to add to the lustre of the military reputation established by the brave men and women of Canada who served with me in Europe.[129]

Summary

This chapter has attempted to clarify the official defence policy of the Trudeau government. With the publication of Defence in the 70s, the protection of Canadian sovereignty was deemed the first priority of Canadian defence policy. Canada's participation in NATO was regarded as a third-level priority. The content of the 1971 White Paper, as it can be concluded from the discussion in this chapter, was determined primarily by two factors: Trudeau's negative perception of the utility of the Canadian military establishment and the higher priority on social-welfare, bilingualism, and regional development policies by the Trudeau government. These same two factors also affected why the CAF declined in capabilities and resources between 1968 and 1975. As a result of the above discussion, one must examine what caused the change within this government to make National Defence a high-spending priority after 1975.

## NOTES TO CHAPTER II

1. R.B. Byers, "Defence for the Next Decade: The Forthcoming White Paper," Canadian Defence Quarterly 7 (Autumn, 1977): 18.

2. Ibid.

3. Canada, Department of External Affairs, Statements and Speeches 69/7, "A Defence Policy For Canada," Pierre Trudeau, April 3, 1968.

4. Canada, Department of External Affairs, Statements and Speeches 69/8, "The Relation Of Defence Policy To Foreign Policy," Pierre Trudeau, April 12, 1969.

5. Ibid.

6. "How Trudeau analyzes basic issues of defence," Financial Post, April 26, 1969.

7. J.W. Holmes, "Canada's Defence Policy in Eyes of U.S.," Kitchener Waterloo Record, April 22, 1969.

8. B. Hutchison, "Canadians trash out policies," Christian Science Monitor, November 19, 1968.

9. "Changing threats - new defences," Toronto Daily Star, August 25, 1971.

10. Monthly Report on Canadian External Relations 7 (December, 1968): 142.

11. Monthly Report on Canadian External Relations 7 (March, 1968): 45.

12. Defence in the 70s, p. 16.

13. R.B. Byers, "Canadian Defence: The ASW Dilemma," Survival 18 (July/August, 1976): 154.

14. C.S. Gray, "Is The Canadian Military Relevant?," (Background paper, Canadian Institute of Strategic Studies, 1976): 1.

15. Text of an Address by the Honorable James Richardson to the 38th Annual Conference of Defence Associations, Ottawa, January 17, 1975, p. 2.

16. Canada, Department of External Affairs, Statements and Speeches 75/40, James Richardson, November 27, 1975.

17. Defence in the 70s, p. 6.

18. R.B. Byers, "The Canadian military and the use of force: end of an era?," International Journal 30 (Spring, 1975): 286.

19. "Canadian Defence," Survival 13 (November, 1971): 380.

20. C.S. Gray, "The True North Strong and Free," Round Table (1972): 311.

21. R.B. Byers, "The Canadian military and the use of force: end of an era?," op. cit., p. 311.

22. Ibid., pp. 285-286.

23. P.V. Lyon, "Sovereignty: Does It Deserve To Be Our First Defence Priority?," Commentator (May, 1971): 9.

24. International Canada 2 (July/August, 1971): 161.

25. Ibid.

26. Defence in the 70s, p. 12.

27. Ibid., p. 11.

28. J. Granatstein, "Defence Contre Nous," Canadian Forum (September, 1971): 3.

29. R.B. Byers, "Canadian Defence: The ASW Dilemma," op. cit., p. 154.

30. "New focus on defence," Canadian Business (April, 1971).

31. Ibid.

32. Defence in the 70s, p. 35. Emphasis added.

33. Ibid., p. 37. Emphasis added.

34. M. Eustace, Canada's Commitment to Europe I - The European Force 1964-1971, National Security Series I (Queen's University, 1979): 56.

35. G. Radwanski, Trudeau (Scarborough: The New American Library Of Canada, 1978), p. 56.

36. Canada, House of Commons Debates, Vol. I, October 10, 1974, p. 294.

37. H. von Riekhoff, "The impact of Prime Minister Trudeau on foreign policy," International Journal 33 (Spring, 1978): 267.

38. M. Eustace, op. cit., p. 59.

39. S. Clarkson, "Canada and the North Atlantic Treaty Organization," in Alliances and Illusions (Edmonton, 1969), p. 20.

40. Canada, Department of External Affairs, Statements and Speeches 68/17, "Canada and the World," Pierre Trudeau, May 29, 1968.

41. P.C. Dobell, Canada's Search for New Roles - Foreign Policy in the Trudeau Era (Toronto: Oxford University Press, 1972), p. 3.

42. Canada, Department of External Affairs, Statements and Speeches 69/8, "The Relation of Defence Policy to Foreign Policy," Pierre Trudeau, April 12, 1969.

43. R. Cameron, "Trudeau anti-tank policy senseless," Halifax Chronicle Herald, June 9, 1975.

44. C.S. Gray, "The True North Strong and Free," op. cit., p. 313.

45. Ibid.

46. Monthly Report on Canadian External Relations 8 (January, 1969): 3.

47. Ibid., p. 4.

48. Ibid.

49. B. Hutchison, "Canada reassesses role in NATO and American defense," Christian Science Monitor, November 23, 1968.

50. "Alternative to NATO," Globe and Mail, November 25, 1968.

51. M. Eustace, op. cit., p. 78.

52. Canada, Department of External Affairs, Statements and Speeches 68/22, "Guiding Principles of Canada's Defence Policy," Leo Cadieux, December 3, 1968.

53. Monthly Report on Canadian External Relations 8 (January, 1969): 4.

54. V.J. Mackie, "Canada's Defence - How Should We Prepare to Defend Our Freedom," Winnipeg Free Press, Pamphlet 86, 1968.

55. "Cost of neutrality too high," Toronto Telegram, December 17, 1968.

56. Monthly Report on Canadian External Relations 8 (March, 1969): 68.

57. P. Ward, "Super-problems await in Defence," Toronto Telegram, September 19, 1970.

58. R. Lowman, "Forces fight a new enemy - sagging morale," Toronto Daily Star, November 2, 1974.

59. G. Connolley, "A new role for military," Ottawa Citizen, February 24, 1971.

60. G. Demarino, "Greater home role seen for military," Ottawa Citizen, December 12, 1972.

61. D. Crane, "Donald Macdonald - Doing Defense, But Still Looking," Globe and Mail, February 20, 1971.

62. S. Scott, "Heavy defence spending ahead," Ottawa Journal, November 30, 1972.

63. J. Gellner, "The neglect of Canada's defence set up," Globe and Mail, September 15, 1972.

64. G. Demarino, op. cit.

65. R. Lowman, op. cit.

66. D. Farquharson, "Danson scores hit in new portfolio," Ottawa Citizen, December 13, 1976.

67. L.J. Zink, "Our defence policy is Russian Roulette," Toronto Telegram, June 25, 1969.

68. "Expense without defense," Globe and Mail, October 2, 1968.

69. Monthly Report on Canadian External Relations 7 (October, 1968): 124.

70. G. Waring, "Trudeau's Dream Is Frustrated By Soviet," Boston Globe, November 28, 1968.

71. B. Thordarson, Trudeau and Foreign Policy (Toronto: Oxford University Press, 1972), p. 10.

72. Monthly Report on Canadian External Relations 7 (October, 1968): 124.

73. "Guiding Principles of Canada's Defence Policy," op. cit., p. 3.

74. For an indepth review of the Canadian government's reaction to the events in Czechoslovakia in 1968 see Canada, Department of External Affairs, Statements and Speeches 68/16, "Canada Assesses the Invasion of Czechoslovakia," Mitchell Sharp, October 13, 1968.

75. D.B. Bobrow, ed., Components of Defense Policy (Chicago: Rand McNally and Company, 1965), p. 4.

76. "The Relation of Defence Policy to Foreign Policy," op. cit.

77. "The 'restless colonels' simply want to know their role," Calgary Herald, April 25, 1975.

78. M. Eustace, op. cit., p. 59.

79. J. Ferrabee, "Canadian defence policy: is it at the crossroads?," Calgary Herald, April 25, 1975.

80. D.V. Smiley, Canada in Question: Federalism in the Seventies (Toronto: McGraw-Hill Ryerson Limited, 1972), p. 126.

81. Ibid.

82. B. Thordarson, op. cit., p. 20.

83. P.V. Lyon, "A review of the review," Journal of Canadian Studies (May, 1970): p. 34.

84. R.S. Malone, "The Muddle in Defence," Winnipeg Free Press, Pamphlet 92, 1969.

85. J. Ferrabee, op. cit.

86. V.J. Mackie, op. cit., p. .6

87. "Anti-tank," Winnipeg Free Press, December 3, 1974.

88. "Defence minister, top general differ on inflation solution," Halifax Chronicle Herald, October 14, 1974.

89. Defence in the 70s, p. 41.

90. J. Ferrabee, "Inflation masks a shrinking armed forces budget," Ottawa Citizen, February 4, 1975.

91. G. Porter, In Retreat ( : Deaneau and Greenberg Publishers Limited, ), pp. 10-11.

92. J. Gellner, "The lean years haunt the fattening-up plan," Globe and Mail, October 16, 1973.

93. Ibid.

94. J. Gellner, "Comparing Ottawa's words on defense with the harsh realities," Globe and Mail, September 22, 1969.

95. R. Lowman, op. cit.

96. "Fewer servicemen, but better pay, equipment Ottawa's aim," Halifax Chronicle Herald, October 16, 1974.

97. C. Lynch, "Public indifference destroying military," Ottawa Citizen, October 17, 1974.

98. J. Ferrabre, "Inflation masks a shrinking armed forces budget," Ottawa Citizen, February 4, 1975.

99. V. Mackie, "Armed Forces Undermanned," Winnipeg Free Press, November 26, 1974 and "Strength of Armed Forces to be cut," Toronto Daily Star, October, 1974.

100. J. Gellner, "Feast or much famine," Executive (June, 1976): 33.

101. J. Ferrabee, "Inflation masks ..." op. cit.

102. "Cadieux plans 4,000 cut in army reserves," Globe and Mail, December 20, 1969, and "23,500 - man militia to be cut by 4,000-41 armouries closing," Toronto Daily Star, December 19, 1969.

103. "Canada: One Ally That's Beefing Up Its Defence," U.S. News and World Report (February, 1976): 82.

104. "Canada's Diminishing Armed Forces," U.S. Naval Institute Proceedings (September, 1975): 41.

105. J. Gellner, "The Forces," Canadian Aviation (December, 1975): 10.

106. Defence in the 70s, p. 35.

107. "Canada to scrap once-disputed missile," New York Times, August 25, 1971.

108. R.B. Byers, "Defence and foreign policy in the 1970s: the demise of the Trudeau Doctrine," International Journal 33 (Spring, 1978): 329.

109. L. Rossetto, "A Final Look at the 1971 White Paper on Defence," Queen's Quarterly (Spring, 1977): 67.

110. Canada and NATO, Background Information Papers, North Atlantic Treaty Organization Information Service, (Nobember, 1974), p. 11.

111. Captain B. Aikman, "4 Canadian Mechanized Brigade Group," Sentinel 11, p. 4.

112. J. Gellner, "Feast or much famine," op. cit., p. 32.

113. Brigadier General R.M. Withers, "Defence Requirements North of Sixty," Canadian Defence Quarterly 1 (Summer, 1971): 37-40.

114. Ibid., p. 44.

115. G. Porter, op. cit., pp. 30-32.

116. Ibid., pp. 39-40, 50.

117. "Bonaventure nears the graveyard and her proud sailors weep," Toronto Telegram, December 6, 1969.

118. "Armed Forces in financial trouble," Calgary Herald, October 5, 1974.

119. R. Trumbull, "Canadian Admiral Criticizes Budget," New York Times, June 13, 1975.

120. Ibid. and "Canada fails allies admiral tells Tories," Toronto Daily Star, June 9, 1975.

121. Ibid.

122. R. Trumbull, op. cit.

123. International Canada 6 (June, 1975): 178.

124. "Canada's Diminishing Armed Forces," op. cit., p. 42.

125. Ibid. and "Forces will resume sovereignty flights," Globe and Mail, Nobember 21, 1974.

126. International Canada 6 (April, 1975): 95.

127. J. Gellner, "The Forces," Canadian Aviation (November, 1975): 16.

128. "Canada's Diminishing Armed Forces," op. cit., p. 41.

129. P.C. Newman, "Killing Time in NATO," Macleans Magazine (October, 1972): 45.

# CHAPTER III

## REBUILDING THE CAF: A RESPONSE TO EXTERNAL PRESSURES

There were many drastic changes in the international arena between Pierre Trudeau's election as prime minister in 1968 and the mid-1970s when the Canadian government initiated a major weapons procurement program to re-equip the CAF. During the late 1960s there was a hope that some of the major tensions that existed between the world's two power blocs were gradually receding. This brought with it a belief that compromise would replace the fearful spectre of conflict.[1] However, the Canadian government believed that with the Yom Kippur War in 1973, the subsequent Arab oil embargo, and the struggle for influence between the U.S. and the U.S.S.R. in Africa, the international community was once again engulfed by a high state of tension.[2] It was the increasing uncertainty of the world situation that Canadian policymakers used to explain the reasons why the federal cabinet decided to initiate a re-equipment program for the CAF. While it was true that increasing world tension (one aspect of the external environment) influenced the Canadian government to re-equip the CAF, the main influence was ally pressure (another aspect of the external environment).

This chapter will focus on an examination of an aspect of the bilateral relationship with the United States, and its influence on Canadian military posture. Historically, the U.S. has recommended that Canada purchase highly sophisticated equipment for various tasks within NORAD. However in recent years U.S. government officials have suggested Canada contribute to a greater extent to NATO. This turnabout by the U.S. government was largely a result of the Soviet Union's military build-up and the revival of world tension caused by the events mentioned above. In addition, the NATO cutbacks introduced by Canada in 1969 made many West Europeans think that Canada had no real interest in Europe. It would take the Trudeau government some time before it realized that Canada's need to reassure its West European allies of its NATO commitment and its chances of obtaining an economic agreement with the EC went hand in hand in the minds of most Europeans. It was only when Trudeau convinced European leaders of Canada's commitment to NATO did the march toward the Framework Agreement start to speed up. Before examining these factors, it is necessary to provide evidence that National Defence was, in fact, assuming a higher posture as a government priority.

## The Change

The rationale behind conducting a Defence Structure Review, according to an internal government memo, was,

> to provide an agreed framework for the future structuring of the Canadian Forces and the Department of National Defence, in order to achieve the objectives of the government's defence policy and at the same time provide financial stability for the planning and operation of the defence program over the next five years.[3]

The DSR was created in November, 1974 on the direction of the federal cabinet. It was an interdepartmental committee under the leadership of the Clerk of the Privy Council. Representatives on the review committee included officials from External Affairs, Treasury Board, National Defence, and the office of the Privy Council.[4] The functions of the committee were to review the roles assigned to the CAF by Defence in the 70s; examine the range of force postures; and the need for new equipment for the military. At the conclusion of Phase I of the review the tasks of the CAF, as designated by the government's White Paper, were reaffirmed. The four defence priorities remained.[5]

According to C.J. Marshall there were two major questions that had to be considered during the study. Initially, it was imperative that thought be given to Canada's attempts to conclude a formal relationship with the EC; and, secondly, the possibile repercussions of decisions made by the Canadian government in the defence field on the whole sphere of Canadian-American relations.[6]

The major decisions taken by the federal cabinet, as a result of the review, as spelt out by James Richardson in

November, 1975 included:

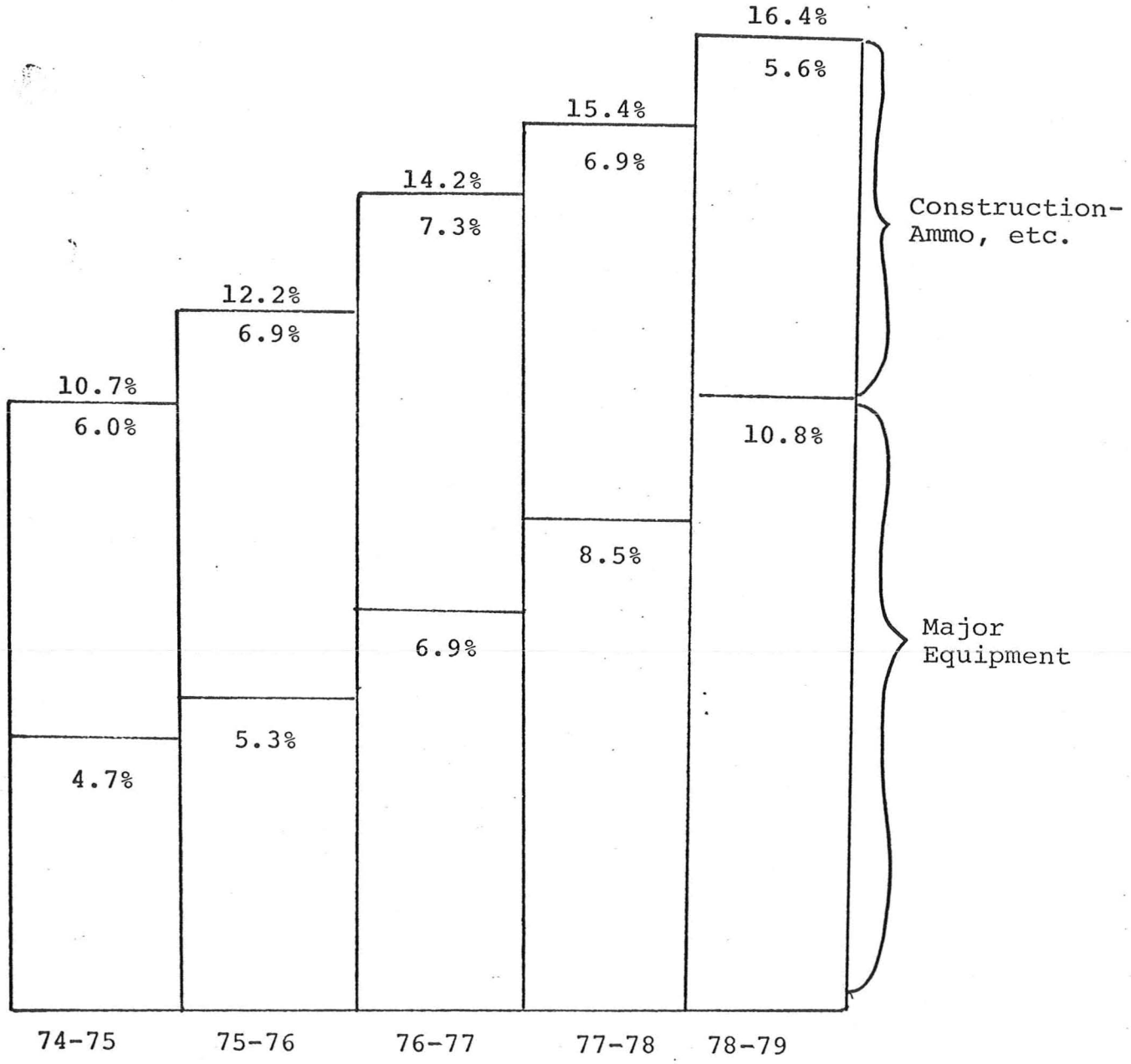
> (i) maintenance of the strength of the Canadian Forces at a level of 78,000 Regular and 22,000 Reserve Force personnel, including a total of 2,000 men earmarked to meet current and forseeable United Nations peacekeeping requirements;
>
> (ii) the continued maintenance in Europe of mixed army and air forces, with adequate equipment, including a modern battle tank, to contribute to NATO's collective defence of the central region;
>
> (iii) purchase of 18 Lockheed P-3 LRPA, to replace the Argus aircraft in service since 1957; and
>
> (iv) studies for the eventual acquisition of new fighter aircraft to replace the CF-104, CF-101, and CF-5 aircraft on inventory, and for a ship replacement program, to be considered by Cabinet early in 1976.[7]

These decisions marked a change that terminated "the downward drift of capital spending for defence in Canada."[8] Furthermore, Richardson stated that beginning in the next fiscal year, the capital budget of National Defence would be protected from the damaging effects of the spiralling inflation prevalent within the country. As a result, the budget would be increased, in real terms, by twelve per cent per year for a five year period with "the calculations for increases based on the figure $470 million for 1976-77."[9] The capital budget includes monies available for such projects as: "significant construction, research and development, and equipment procurement programs," as shown in Figure IV.[10]

One must wonder what caused this "change of heart" within the Trudeau cabinet to provide more resources for

FIGURE IV

Capital Spending As A Percentage Of Defence Spending




Source: Canada, Department of National Defence, Defence 75 (Ottawa, 1975): 12.

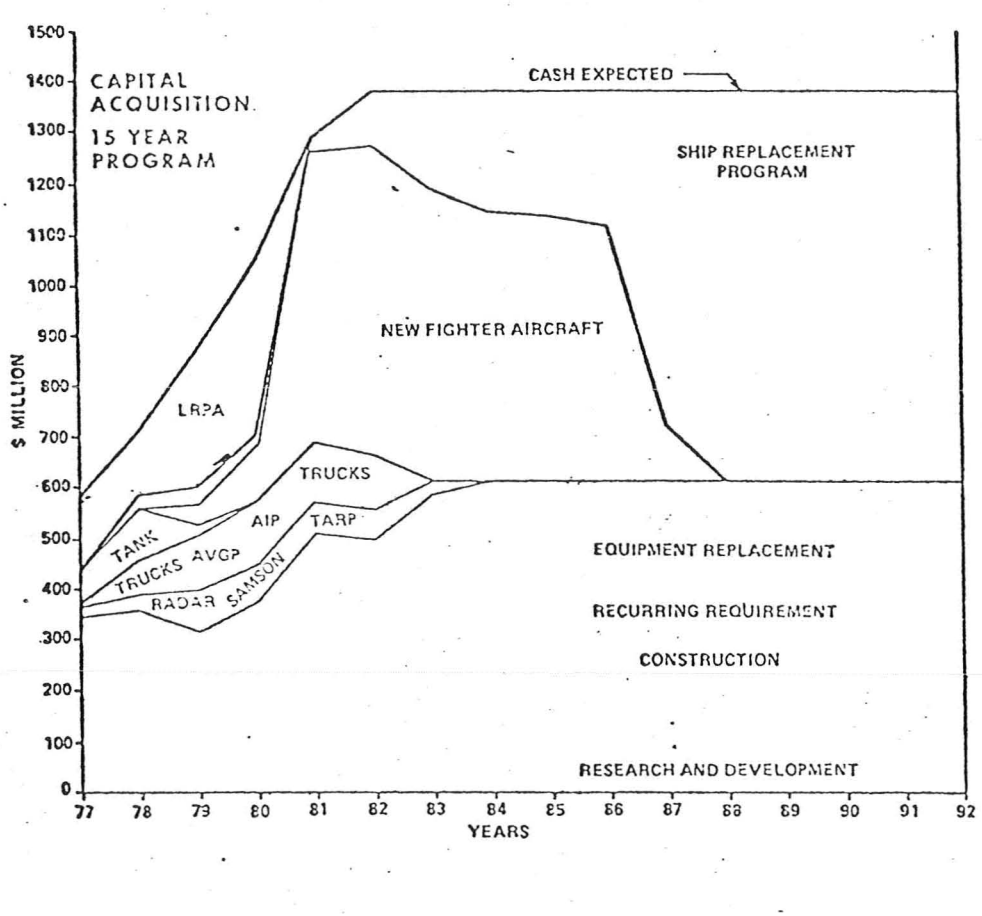
National Defence especially since the government was still inclined to restrain government spending. Richardson commented on this during an interview with Peter Desbarats on the Global Television Network:

> It is true that we've hit the worst possible time in the sense that we are now talking about restraint and trying to reduce expenditures and it's naturally doubly difficult to talk about increasing the Defence budget when the whole thrust of the government is to hold the line. But despite that, I think that I'm making very real progress in these two main areas of the long range patrol aircraft and strengthening our force in Europe.[11]

With the budgetary increases proposed by the Defence Structure Review a re-equipment program was instigated. It is a fifteen year program designed to allow National Defence to properly plan the re-equipment or modernization of the CAF. The program included the proposed purchases of: long range patrol aircraft, main battle tank, new fighter aircraft, a general-purpose armoured vehicle, strategic automatic message switching operational network, and terminal aid replacement program. Figure V graphically shows the capital acquisition program. It details the increases in the capital budget of National Defence over a fifteen year period. In addition, it determines how much is to be spent on a particular piece of military hardware on a yearly basis. Ths rationalization given by the government to support the decision to initiate a major procurement program was the growing instability of the international environment. An examination of this is, therefore in order.

FIGURE V

The Capital Acquisition Program




Source: Canada, Department of National Defence, Defence 76 (Ottawa, 1976): 67.

A Troubled World

At a session of the Standing Committee on External Affairs and National Defence in early 1976, defence minister James Richardson provided the reasons for the government's decision to purchase tanks and LRPAs by stating that one of Canada's duties was to assist in maintaining a strategic balance between the East and West. In order to accomplish this it was mandatory that an approximate balance of military forces must exist between the two blocs.[12] What caused apprehension within the Canadian government was the awesome military build-up that was being pursued by the U.S.S.R. and its Warsaw Pact allies.[13] Richardson explained, "that the figures I see of the buildup of the military capability of the Soviet Union and the Warsaw Pact are alarming."[14] The defence minister continued by saying that the purchase of the Aurora and Leopard I would help "create a balance of military forces. That is what we are trying to do in these decisions."[15] In March, 1976, Richardson returned to this subject:

> I start with what I think is a central objective, which is for Canada to play its part with our NATO partners in achieving international stability. I think that is what we are really trying to do, and there is only one way that I know of in today's world that we can help to achieve international stability and this is by a balance of military force. We are all familiar with the growth of the military capability of the Soviet Union and the Warsaw Pact countries, a military capability far beyond their defence requirement. We believe, with our NATO partners, that our main job is to deter attack; to have a defensive capability,

> a fighting capability that is strong enough to prevent the start of war. That is our central purpose and to do that we have to have the equipment that will enable the Canadian Armed Forces to have a fighting capability.[16]

Richardson's comments concerning the Warsaw Pact's military build-up were reiterated, though in far more detail, in Defence 77. This National Defence publication spent considerable time discussing the negative consequences of the shifting of strength from NATO to the Warsaw Pact, as shown in Figure VI. This was a result of the fact that despite all the monies available in the West a decreasing percentage was being allocated for military expenditures. Defence 77 states that from 1970 onward defence expenditures by NATO members had declined "at an annual rate of 0.6 per cent, whereas the Warsaw Pact's expenditure has grown significantly at an annual rate of 4.5 per cent."[17] What aggravated the problem even more was the slowly disintegrating negotiations being carried on in Vienna with regards to the Mutual and Balance Force Reducations (MBFR). In addition, stumbling blocks were slowing down the implementation of decisions reached by the Helsinki Final Act which developed from the Conference on Security and Cooperation in Europe (CSCE).[18]

It should be mentioned that for a number of years several Canadian military men had publicly been warning of the perils of the superior strength of the Warsaw Pact in comparison to NATO.* For example, at a meeting of the Men's

---

* There were a number of forces in the domestic (continued next page)

environment advocating the need for a resurgence of interest by the government for defence matters. The Conference of Defence Associations (CDA) was created in 1932 with its raison d'etre to endeavour to influence Canadian defence policy. For example, the CDA approved a paper presented at one Conference by the Royal Artillery Association that called for the build-up of Canada's land combat capability in Europe. Another interest group was the Naval Officers Association of Canada which in a brief to the federal government urged manpower increases and a more visible Canadian effort in Arctic surveillance. During the 1970s there were three major Canadian newspapers that advocated a resurgence of interest in the Canadian Armed Forces by the Trudeau government. These papers were the Ottawa Citizen, Halifax Chronicle Herald and Winnipeg Free Press. Many of the statements expressed by these newspapers reiterated the ideas stressed by Canadian military men and interst groups. Yet a number of articles went one step further; they employed scare tactics to capture the attention of the Canadian public. Hattie Densmore, for instance, in a column in the Halifax Chronicle Herald wrote about the thirty two missiles at sea "in Soviet submarines in the Atlantic within range of Chicago. There were twenty four within range of the whole of North America." Densmore continued by saying that the Soviet Navy had increased dramatically in size since 1962 when the Soviet Navy left Cuba with its "tail dragging between its legs." What impact such columns had on the Canadian public is impossible to determine. Yet it may be fair to assume that questions concerning Canada's military stature have little or no impact on Canadian electoral campaigns. Nevertheless, the above-discussion provides some evidence of the domestic pressures placed on the federal cabinet. (For a more in-depth discussion see, for example, R.B. Byers, "40th Annual Conference of Canadian Defence Association" Canadian Defence Quarterly (Spring, 1977); R. Lowman, "Soviet seapower growing fast off Canadian coasts," Toronto Daily Star, June 6, 1976; International Canada (November, 1974), p. 219; P. Meerburg, "Defence spending must be increased," Halifax Chronicle Herald, December 9, 1976; H. Densmore, "Politicians begin to see danger signs," Halifax Chronicle Herald, February 13, 1976; C. Lynch, 'Damn the financing...," Ottawa Citizen, March 30, 1976; C. Lynch, "Forces really thin," Ottawa Citizen, January 17, 1976; "Advice on Defence," Winnipeg Free Press, September 19, 1975; and V. Mackie, "Armed Forces Undermanned," Winnipeg Free Press, November 26, 1974.)

FIGURE VI

A Comparison of the Military Strength of NATO and the Warsaw Pact

A) Defence Expenditures-In Billions of Constant 1976 Dollars

| | 1970 | 1976 |
|---|---|---|
| W.P. | 105(10-12%) | 136(10-12%) |
| N.A.T.O. | 166(6.0%) | 160(4.8%) |

*Percent of GNP in brackets

B) Total Number of Armed Forces (In Millions)

| | 1970 | 1977 |
|---|---|---|
| W.P. | 4.3 | 4.8 |
| N.A.T.O. | 6.2 | 4.8 |

C) Land and Sea-Based Strategic Ballistic Missiles

| | 1970 | 1977 |
|---|---|---|
| U.S.S.R. | 1720 | 2521 |
| U.S.A. | 2215 | 2083 |

D) Combat Aircraft-All Types (In Thousands)

| | 1971 | 1977 |
|---|---|---|
| W.P. | 10.8 | 10.5 |
| N.A.T.O. | 11.5 | 9.6 |

E) Submarines

| | 1970 | 1976 |
|---|---|---|
| W.P. | 400 | 400 |
| N.A.T.O. | 290 | 270 |

---

Central And Northern European Front Balance

A) Combat and Direct Support Troops (In Thousands)

| | 1970 | 1977 |
|---|---|---|
| W.P. | 900 | 930 |
| N.A.T.O. | 580 | 630 |

B) Battle Tanks

| | 1970 | 1977 |
|---|---|---|
| W.P. | 14,000 | 20,500 |
| N.A.T.O. | 5,500 | 7,000 |

C) Tactical Aircraft

| | 1971 | 1977 |
|---|---|---|
| W.P. | 3,900 | 4,100 |
| N.A.T.O. | 2,200 | 2,350 |

Source: Canada, Department of National Defence, Defence 77 (Ottawa, 1977): 2-3

Canadian Club of Ottawa General Jacques Dextraze, Canada's highest ranking military officer, acknowledged that to increase the size of NATO's conventional forces would be expensive and thus would take money away from high-priority social programs.[19] However, he contended "that no other aims of our society are achievable if we fail to maintain the security of the territory and the resources of ourselves and our friends."[20]

A question must arise at this point: even if the threat posed by the Soviet Union had increased by the mid-1970s does it follow, ipso facto, that Canada should be doing anything about it?[21] It would seem to this writer that it is not rational to assume that every Soviet military increase would call for a Canadian response in kind. A much more practical explanation for the decision to provide National Defence with increasing resources will come from an analysis of the Trudeau government's desire to co-operate with the European members of NATO and the United States. It should be stated, however, that the apparent shift in the military balance in favour of the Warsaw Pact was of considerable concern to Canada's allies and they were quite forceful in expressing their concern to the Canadian government. Therefore, the build-up of military forces in the Soviet Union and the Warsaw Pact was of concern to Canada. At this time the governments in Washington and Bonn were judging their allies by their military contribution.[22]

## The European Connection

On November 11, 1975, Joseph Luns, Secretary-General of NATO, made a number of comments to a group of Canadian journalists on the subject of Canadian troops that were stationed in Europe as part of the NATO forces. He regarded them as being "splendid but not well-equipped."[23] Luns believed that there were "deficiencies in every field" of the Canadian contribution and, as a result, it was imperative that Canada make every effort to replace the worn CAF equipment.[24] In less than a year--July 6, 1976--an agreement between the EC and Canada was signed. This agreement represented five years (1971 to 1976) of intense effort on the part of Canadian policy-makers to romance the West Europeans into a formalized economic relationship. Though it is impossible to discover a formal connection between Canada's decision to initiate a defence program and the realization of a Contractual Link between the EC and Canada, it is difficult to deny the political realities that underlie these two seemingly discrete events. The following commentary will attest to the validity of this observation.

## The Road Towards a Contractual Link

During the late 1950s and early 1960s Canadians in general and Canadian government leaders in particular were mainly indifferent to what was happening in Europe, though at

different times this indifference changed to suspicion and hostility.[25] One example of the existence of suspicion and hostility was when Britain made its first application for membership in the Community: this event caused a major uproar within the Conservative government of John Diefenbaker.[26] At this time the Canadian government did not assign a high priority to the development of links with the EC. Indicative of this was the fact that the Canadian government did not believe the EC warranted the appointment of a separate ambassadorship. Canada's ambassador to Belgium was also responsible to the EC.[27] Also indicative of Canadian governments' attitude was the fact that not one Canadian cabinet minister visited the EC headquarters in an official capacity between 1958 and 1969.[28]

During the administrations of Lester B. Pearson the EC in general and the possible admission of Britain to the EC in particular was regarded in a more favourable light.[29] A feasible explanation for this was that Britain was becoming less important as a market for Canadian goods while the EC was becoming a more formidable force in the world economic structure.[30] Unfortunately, there was little concrete action taken on the part of Canada to cement its relationship with the EC in this period. However with the accession to power of the Trudeau government this began to change.

The fear among a number of senior government advisers in 1968 was that the new government of Pierre Trudeau might

give a lower priority to relations with Europe (this fear was substantiated, in their view, by discussions at the time concerning a full or partial withdrawal of Canadian military forces from Europe).[31] This led to the appointment by the Department of External Affairs of a Special Task Force on Relations with Europe (STAFFEUR). STAFFEUR recommended that the Canadian government endeavour to strengthen economic, political, and cultural relations with Western Europe.[32]

At approximately the same time, the Trudeau government initiated a foreign policy review that resulted in the publication of Foreign Policy for Canadians, the government's White Paper on foreign policy. Foreign Policy for Canadians stated that it was imperative for Canada to diversify its contacts "if this country [Canada] is to thrive as an independent state" and remain economically prosperous.[33] As a result, it was necessary to create closer relations with the countries of Europe (on an individual basis) and to expand Canadian "activities in the Pacific basin and Latin America."[34] The prime minister explained this policy:

> The objective of our policy, simply stated, is that we are trying to create counterweights ... It's a very simple strategy of creating other channels of interest than the automatic, easy, north-south, Canada-U.S. ones in which we are always the smaller and minor partner.[35]

The government attempted to operationalise this policy through visits by Trudeau and members of his cabinet to such countries as the Soviet Union, People's Republic of China, Japan, Pakistan,

Latin America, Malaysia, India, New Zealand, and Australia.[36]

Yet, over the next two years the desire of the Trudeau government to find counterweights to the U.S. was refined as a policy into the Third Option.[37] Unlike the earlier notion of searching for counterweight candidates from a variety of nation-states the Third Option focused attention on Canada's principal trading partners: the United States, Japan, and Europe. Secretary of State Mitchell Sharp first gave official expression to this refinement in policy when he delivered a paper entitled, "Canada-U.S. Relations: Options for the Future." Sharp identified three possible options open to Canadian policymakers:

> (i) we [Canada] can seek to maintain more or less our present relationship with the United States with a minimum of policy adjustments;
>
> (ii) we can move deliberately toward closer integration with the United States; and
>
> (iii) we can pursue a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability.[38]

As Garth Stevenson explained the Third Option resulted "from a revised perception of the external environment, and particularly of the United States" by Canadian policymakers.[39] The change in perception of the U.S. by Canadian policymakers occurred because of two actions taken by the U.S. government. First, Canada was basically ignored in President Richard Nixon's two major reports of February 1970 and February 1971

entitled, U.S. Foreign Policy for the 1970s?[40] Second, the Canadian economy was severely affected by Nixon's August 15, 1971 decision to lower the United States' foreign exchange deficit by applying a ten per cent surcharge on goods entering the U.S.[41] Both of these events created a sense of apprehension within Canadian policymakers about the danger of increasing Canadian dependence on the U.S.[42]

In addition, Canadian policymakers were looking at the EC in a much different way with the admission of Britain into the EC. Britain's membership in the Community made the EC a more important trading partner for Canada and it, also, significantly deprived Canada of a market for its exports.[43]

The desire of the Canadian government for counterweights to the U.S. evolved, as a policy, between 1968 and 1972. By 1972 the EC was recognized as a viable counterweight to the U.S.[44]

## The "Wooing" of Europe

From 1971 to 1976, Canadian officials expended a great deal of energy to court the EC. One of the first signs of this new interest was the visit by two Canadian cabinet ministers--Mitchell Sharp and Jean-Luc Pepin--in late 1970 to the EC headquarters in Brussels. They were the first Canadian ministers who made this journey in an official capacity.[45] This new found interest was further symbolized by the creation in 1972 of a separate ambassadorship by Canada

to the EC.[46] Furthermore, in June 1972, a Canadian delegation--headed by Assistant Under-Secretary of state for the Department of External Affairs Michel Dupry--travelled to Brussels to commence negotiations between the two sides. The delegation's goal was to search out prospects so that Canada and the EC could reach some agreement. The Canadians proposed the establishment of a joint ministerial level commission but, this proposal was rejected because the Commission did not have the authority to nominate one person to represent all nine Community members. However, talks continued between the two sides though little progress was made.[47] During 1973, Canada continued its lobbying of the EC and this resulted in some minor successes. For example, there was interaction between the European Parliament and the Canadian House of Commons for the first time. Also, in the same year, Christopher Soames, Vice-president of the EC's Commission, travelled to Ottawa for further discussions on the subject of a proposed agreement.[48] The significance of these events is that they helped to sustain the lines of communication between Canada and the EC at a time when it appeared as if the budding relationship was faltering and, perhaps indeed, on the brink of collapse. However, the only concrete development that resulted from Canada's efforts between 1971 and 1974 was a decision taken in October 1974 by the Communities' Council of Minsiters which told the Commission that it could continue to talk with Canadian officials.[49]

These three years of intensive effort by Canadian cabinet ministers, diplomats, etc., had achieved very little beyond creating an initial connection between themselves and the members of the EC. The road had been slow for Canada and there did not appear to be "a light at the end of the tunnel."

Playing The NATO Card

Many West European leaders were upset when, in 1969 Canada reduced the number of troops it had stationed in Europe.[50] When the then Minister of National Defence, Leo Cadieuz, announced Canadian cutbacks at a NATO meeting it was reported the the other NATO members strongly berated him and the government he represented.[51] The Europeans were concerned about what impact the lowering by Canada of its military commitment to NATO would have on the other small members of the alliance. The major European powers feared that these other members would use the Canadian example to lower their own commitment (financial in particular) to the alliance--while at the same time reaping the benefits of being protected by the NATO umbrella. Senator Paul Martin expressed this same point of view before the Senate Foreign Affairs Committee when he stated that any Canadian abdication of its membership "could start a chain reaction by exerting pressure for similar action on the governments of other members of the alliance."[52] This has led to the observation that the Canadian forces in Western Europe are there to serve a diplomatic objective "to deter not enemies but allies ... to serve as a good example

to other NATO members, who, in its absence, might grow restive and wary on their watch."[53]

Until 1974, Pierre Trudeau did not make an excursion to Western Europe to employ high-level diplomacy to gain an agreement with the EC. Ivan Head, Trudeau's principal foreign policy adviser, sheds some light on why Trudeau failed to get involved earlier. Head explained, "It [foreign policy] was something he was quite willing to delegate to others from the very beginning and have nothing to do with."[54] Hence, it could be argued that until Trudeau travelled to Western Europe and heard the concerns of Canada's NATO allies regarding Canada's allegiance to the alliance was there a re-emphasis towards NATO by Canada. This re-emphasis resulted in the finalization of an economic agreement between Canada and the EC.[55]

The prime minister made his first visit to Europe in October, 1974 with the goal in mind of trying to secure a formal link with the EC. The trip was not very successful. Nevertheless, on his return from Europe, he told the House of Commons that for Canada, Europe was "une bone chance, une grande chance, une change importante."[56]

On his second visit to Europe in late February and early March 1975 Trudeau's stops included the Netherlands, West Germany, Italy, Britain, and Ireland.[57] The most significant and important stop in Trudeau's European travels was the one he made to West Germany on March 4th. Trudeau had

the opportunity to personally express Canada's wishes to Chancellor Helmut Schmidt. Schmidt, for his part, had his mind set on another topic of conversation. He was determined to stress to the Canadian leader that he hoped that Canada "continued to understand the importance of the Alliance."[58] Many Canadian newspaper accounts suggested that Schmidt was, in reality, much more direct. The journalists suggest that Schmidt bluntly told Trudeau that if Canada wanted an economic deal with the EC it would have to increase its commitment to NATO.[59]

Significantly, in June 1975 while on a visit to Ottawa West German defence minister Leber, shortly after holding discussions with Trudeau, the Secretary of State for External Affairs and the Canadian defence minister, told reporters that he had emphasized to the Canadians the importance of Canada, a North American power being in Europe.[60] This was the situation Trudeau faced before he made his third trek across the Atlantic.

The most important meeting that the prime minister attended during his third visit to Europe was the NATO summit meeting that was sandwiched between his stops in Denmark and Luxembourg.[61] At the summit meeting in Brussels, Trudeau said he came "to state clearly and unequivocally"[62] Canada's belief in the concept of collective security and he pledged "to maintain a NATO force level which is accepted by our allies as being adequate in size and effective in character."[63]

The other NATO members were pleased by Trudeau's reassurances: at the NATO summit meeting in December 1975, they commended Canada for its new defence posture.

As early as 1973, the Secretary of State for External Affairs, Mitchell Sharp, explicitly stated the obvious connection between NATO and the EC:

> Participation in NATO provides a means of strengthening our relations with the countries of Western Europe. To the extent that most, if not all, of the European members of NATO attach considerable importance to the alliance as a guarantee of their security, Canadian support for and active participation in the political and military activities of the alliance can help create a favourable attitude towards Canada on the part of the individual European governments.... A good example of this interaction was the West German Government's initiative in making a direct reference to Canada's economic interests in the communique issued by EEC heads of government last year. This step was prompted, we have good reason to believe, by the importance the Germans continue to attach to maintaining a Canadian presence in Europe ... To the extent that we continue to play a positive and constructive role in NATO, I am convinced that our participation in the alliance cannot but assist us in establishing a good working relationship with the EEC.[64]

American Interests Expounded

The first sign of concern exhibited by the United States regarding Canada's weakening defence posture occurred in 1973. After a meeting between James Richardson and James Schlesinger in Brussels during a NATO conference Richardson announced at a press gathering that he believed that Canada's 1969 troop reductions had not weakened Canada's military

contribution to the Atlantic alliance. Richardson's action of publicly expressing this belief leads one to the possible conclusion that during the tete-a-tete with the Secretary of Defence, Schlesinger had thoroughly questionned him about Canada's allegiance to the military organization; the news conference could be seen as an attempt by Richardson to alleviate some of the pressure.[65]

In February, 1974, Schlesinger stated:

> We [the United States] will decrease our active air defence of the continental United States reducing the number of air defence fighter squadrons and SAM batteries. Without an effective anti-missile defence, precluded to both the U.S. and U.S.S.R. by the ABM Treaty of 1972 a defence against Soviet bombers is of little practical value.[66]

Though Schlesinger's comments were couched in military jargon, it is clear that the U.S. government was determined to reduce expenses that developed primarily as a result of defending North America against Soviet manned bombers--the raison d'ete of NORAD. The American shift away from NORAD and their increasing efforts to raise the importance of NATO led to more intensive lobbying by James Schlesinger in 1975 to convince the Trudeau government about the value and efficacy of the North Atlantic Alliance.[67]

In September 1975, Schlesinger openly chastised the Trudeau government about the Canadian contribution to NATO. Schlesinger travelled to Ottawa to conduct meetings with Trudeau, his defence minister, and various other officials in

the Departments of External Affairs and National Defence on 15 and 16 September 1975.[68] At a press conference attended by both Richardson and Schlesinger which followed one of these meetings, Schlesinger served notice on what was the basis of these meetings. Schlesinger talked "of a slow erosion of the Alliance military capabilities and a steady build-up of Warsaw Pact military capabilities" and he stressed the belief that if the goals of detente were to be realized "there must remain a funamdental equilibrium of force."[69] Schlesinger stated that it was imperative that countries the size of Canada continue to contribute to NATO and, in fact, that it was time that Ottawa began to spend a greater percentage of Canada's GNP on defence. He emphasized this point by stating that Canada's contribution to NATO, in terms of GNP, only ranked slightly above Denmark's, the smallest contributor to the alliance.[70] In addition, Schlesinger restated the belief that any defence spending increases by the Trudeau government should relfect the importance of NATO rather than the now less significant NORAD.[71]*

---

* The pressure exerted by U.S. government officials on Canada to increase its military commitment to NATO continued after Canada had decided to re-equip the CAF. When Thomas Enders, the U.S. ambassador to Canada, spoke in December 1976 at a dinner in Halifax many in the audience expected that the topic of Ender's speech would focus on the American presidential election or the Quebec provincial election that had taken place the month before. Instead he talked about NATO and the important role the smaller members of the alliance could play. He spoke of the immense challenge that faced the NATO members because of the rapid build-up of Soviet military might. He stressed that it was imperative that the allies do (continued at bottom of next page)

It should be noted that the U.S. government was mildly concerned when, in 1974, the CAF had to limit the number of surveillance flights it carried out over the Arctic in an attempt to save money. The fact that approximately 2 million square miles of ocean came under responsibility in NATO and Canada-U.S. defence allocations created some apprehensions within the Pentagon.[72] As one Pentagon official stated: "We are worried. Not a lot, but definitely. We will need somehow to compensate for the Canadian cutbacks."[73]

In the months following Schlesinger's visit, perhaps to show Canadian policymakers the importance the U.S. government placed on this issue, the U.S. government sent its

---

everything in their power to insure that the North Atlantic alliance did not find itself in the position of being equipped with obsolescent military hardware. Though praising Canada for increasing its military budget during the previous year he urged that this trend be continued. This was largely the same message delivered by Enders when he made his first official speech as ambassador to Canada to the Canadian Club in Ottawa on March 23, 1976. At that time Enders had explained, "if the NATO allies do not meet the challenge by increasing their own capability to mount a non-nuclear defence in Europe, we will be forced back towards a trip-wire situation with all its jeopardies." Therefore, it was "timely and important" that Canada had decided to upgrade its military equipment. Enders had urged the Canadian government to finalize its decision to procure a new LRPA. When James Richardson travelled to Washington during the first week of July 1976 he received from American officials the same basic message that U.S. officials had been delivering to Ottawa during the previous year. (For a more in-depth discussion see, for example, P. Meerburg, "Defence spending must be increased-Enders," Halifax Chronicle Herald, December 9, 1976; "Defence spending," Halifax Chronicle Herald, December 15, 1976; International Canada (March, 1976), p. 80; and C. Baxter, "Go for the Orion, the U.S. hints," Financial Post, July 3, 1976.

second-highest powered lobbyist: Secretary of State Henry Kissinger.[74] Kissinger told Canadian policymakers that the first priority for Western military forces was in Europe and that it was of utmost urgency "to see a larger effort in conventional defence by several of our allies."[75]

Allan MacEachen, Secretary of State for External Affairs, acknowledged that Canada was obligated to respond favourably to any security issue deemed important by the U.S. government because if Canada did not it could have an impact on the "community of interests" between the two countries.[76] MacEachen explained:

> Defence is an important element of our over-all relationship which can be affected for better or for worse by our willingness to respond positively to issues which we know to be of deep concern to the United States.[77]

Summary

This chapter has attempted to focus on the change within the Trudeau government in the way it perceived National Defence. After years of suffering from the parsimonious behaviour of the Trudeau cabinet the CAF in 1975 was presented with a major re-equipment program. It was the pressure exerted by Canada's two principal allies: the United States and the European members of NATO that provided the impetus for the Canadian government to initiate a major defence program. The Canadian government explained its reinterest in the CAF by stating that there was a need for Canada to respond to the Soviet

military build-up. However this was of concern to the Canadian government simply because the Soviet build-up worried Canada's two major allies. Hence, the U.S. and the European members of NATO were proned to judge their allies according to how they responded to this new threat.

## NOTES TO CHAPTER III

1. Defence in the 70s, p. 1.

2. The authors, for example, mention the involvement of Soviet and Cuban troops in Angola. Canada, Department of National Defence, Defence 75, (Ottawa, 1975), p. 1. Hereafter cited as Defence 75.

3. G. Porter, op. cit., p. 9.

4. Canada, Department of External Affairs, Statements and Speeches 76/3, "A New Era For Canada's Armed Forces," General J.A. Dextraze, January 16, 1976.

5. Defence 75, p. 11.

6. C.J. Marshall, "Canada's forces take stock in Defence Structure Review," International Perspectives (January/February, 1976): 27.

7. Defence 75, pp. 11-12.

8. Major-General D.G. Loomis, "Managing the Defence Services Program," Canadian Defence Quarterly 8 (Spring, 1978).

9. G. Porter, op. cit., p. 11.

10. Canada, Department of National Defence, Defence 76, (Ottawa, 1976), p. 66. Hereafter cited as Defence 76.

11. Interview of Minister of National Defence James Richardson by Peter Desbarats on the Global Television Network, October 23, 1975.

12. Canada, House of Commons, Standing Committee on External Affairs and National Defence, March 23, 1976. Hereafter cited as SCEAND.

13. Ibid.

14. SCEAND, December 1, 1975.

15. Ibid.

16. R.B. Byers, "The Canadian Military," Current History (April , 1977): 182.

17. Canada, Department of National Defence, Defence 77, (Ottawa, 1977), p. 1. Hereafter cited as Defence 77.

18. Ibid., pp. 1-2.

19. "Strengthening armed forces," Halifax Chronicle Herald, March 11, 1976.

20. Ibid.

21. C.S. Gray, "Is The Canadian Military Relevant?," op. cit., p. 9.

22. Canada, Department of National Defence, Operational Research And Analysis Establishment, The Diplomatic Utility of Canada's Naval Forces, Dr. N. Tracy, July, 1976, p. 103.

23. International Canada 6 (November, 1975): 269.

24. Ibid.

25. E.E. Mahant, "Canada and the Eruopean Community: The New Policy," International Affairs (October, 1976): 551.

26. P.V. Lyon, "The quest for counterweight: Canada, Britain, and the EEC," International Perspectives (March/April, 1972): 26-27.

27. N. Hillmer and G. Stevenson, Foremost Nation - Canadian Foreign Policy and the Changing World (Toronto: Mc Clelland and Stewart, 1977), p. 29.

28. E.E. Mahant, op. cit., p. 557.

29. Ibid., p. 551.

30. C. Baxter, "Canada-E.C. relations: Trudeau's Brussels Visit Stirs Some Thinking," European Community (December, 1974): 5.

31. E.E. Mahant, op. cit., p. 551.

32. Ibid., p. 552.

33. Canada, Department of External Affairs, Foreign Policy For Canadians (Ottawa, 1971), p. 38/

34. Ibid., p. 39.

35. G. Radwanski, op. cit., p. 166.

36. "Peripatetic Prime Minister neglects EEC," Globe and Mail, July 19, 1973.

37. E.E. Mahant, op. cit., pp. 551-555.

38. Canada, Department of External Affairs, Canada-U.S. Relations: Options for the Future (Ottawa, 1972).

39. G. Stevenson, "The Third Option," International Journal 33 (Spring, 1978): 425.

40. P.C. Dobell, Canada's Search for New Roles - Foreign Policy in the Trudeau Era (Toronto: Oxford University Press, 1972), p. 58.

41. Ibid., p. 83.

42. E.E. Mahant, op. cit., pp. 554-555.

43. Ibid., p. 555.

44. "Government foreign policy has hollowring," Globe and Mail, July 20, 1973.

45. P.V. Lyon, op. cit., p. 30.

46. G. Stevens, "Mr. Trudeau Woos Europe," Round Table (1975): 406.

47. D. Humphreys, "Canada's link with Europe still not widely understood," International Perspectives (March/April, 1976): 34.

48. C. Pentland, "Linkage politics: Canada's contract and the development of the European Community's external relations," International Journal :217.

49. W.A. Wilson, "Rejection of our "banal" draft a crushing rebuke," Vancouver Sun, October 28, 1974.

50. "The EEC Link," Calgary Herald, February 11, 1976.

51. J. Gellner, "Why the Allies are Attacking Canada," Globe and Mail, June 7, 1969.

52. J. Eayrs, "Future Roles for the Armed Forces of Canada," Behind the Headlines (April, 1969): 12.

53. Ibid.

54. G. Radwanski, op. cit., p. 165.

55. E.E. Mahant, op. cit., p. 559.

56. Canada, House of Commons Debates, Vol. , October 28, 1974.

57. International Canada 6 (March, 1975): 63.

58. Ibid., p. 60.

59. For example, F.R. Rutter, "German Prodding Stirs Trudeau on NATO role," Vancouver Sun, June 28, 1975.

60. International Canada 6 (June, 1975): 180.

61. International Canada 6 (May, 1975): 153.

62. "Canada-Trade $$$ Will Flow from Defence," Halifax Chronicle Herald, June 11, 1975.

63. International Canada 6 (May, 1975): 132.

64. Dr. N. Tracy, The Diplomatic Utility of Canada's Naval Forces, op. cit., pp. 89-99.

65. International Canada 4 (December, 1973): 331.

66. As quoted by A. Brewin, NDP defence critic, SCEAND, November 14, 1974.

67. F. Howard, "Canada urged to boost NATO force," Ottawa Citizen, September 17, 1975.

68. International Canada 6 (September, 1975): 234.

69. Ibid.

70. C. Lynch, "Canada called on defence carpet," Ottawa Citizen, September 17, 1975.

71. "Advice on Defence," Winnipeg Free Press, September 19, 1975.

72. "Canada's Diminishing Armed Forces," op. cit., p. 41.

73. Ibid.

74. "Richardson considers CF-5 role that would delay heavy spending," Globe and Mail, October 16, 1975.

75. International Canada 6 (October, 1975): 241.

76. Dr. N. Tracy, op. cit., p. 102.

77. Ibid.

# CHAPTER IV

## THE CP-140 AURORA

The decision by the Canadian government to initiate a defence program was largely a result of the pressure exerted by two sets of external imperatives--the United States and alliance commitments. Similarly the decision to procure a replacement for the aging Argus fleet was also affected by two factors: one domestic and the other external.

This chapter will provide an analysis of the decision-making process that led to the purchase of the CP-140 Aurora. This process spanned a five year period: 1971 to 1976. However, to provide a complete picture of the decision to purchase the Aurora it is imperative to discuss the influences that shaped the decision. First, Canadian policymakers have taken, since the demise of the Arrow, a "defence and the economy" approach to procurement decisions.[1] As such the achievement of industrial benefits from military purchases was deemed imperative by the Trudeau government. Second, the decision to purchase the CP-140 Aurora, instead of one of the other contenders, was primarily due to the influence exerted by the U.S. government through personal lobbying and the U.S.-Canada Defence Production Sharing Arrangement. The U.S. government desired to satisfy two objectives: military and

economic. The U.S. government wanted to ensure a Canadian commitment to NATO by persuading the Canadian government to purchase an aircraft designed primarily to fulfill the anti-submarine warfare task. Furthermore, the procurement by Canada of an aircraft from Lockheed Corporation would help alleviate the financial difficulties of the corporation.

The final section of the chapter will contend that since the CP-140 Aurora is equipped with the most sohpisticated ASW sensors available the priorities in the 1971 White Paper are no longer applicable. Defence in the 70s listed the protection of Canadian sovereignty as the first priority of Canadian defence policy yet with the purchase of the best ASW aircraft in the world, it can be deduced, that unofficially NATO has become the first defence priority.

## The Decision-Making Process

The 1971 White Paper contended that the Argus would need, at minimum, "to be overhauled to ensure [its] continued air worthiness."[2] The White Paper continued by stating that: "A comprehensive systems analysis of the alternatives is being undertaken."[3]

The second step taken to replace the existing fleet of thirty two Argus aircraft, which were rapidly becoming obsolete, was a presentation of a paper by defence minister Edgar Benson and Industry, Trade and Commerce minister Jean-Luc Pepin, in the summer of 1972.[4] Their aim was to secure cabinet

approval for National Defence to contact potential manufacturers for the Argus replacement. Benson reiterated the fact that the Argus could no longer adequately fulfill its task of surveillance of the North.[5] Furthermore, the defence minister stated that the aircraft chosen as the replacement would be adapted to best satisfy both the Canadian import-export balance and the Canadian aircraft industry.[6] As a result of cabinet approval in principle for an Argus replacement Benson stated on 20 July that the defence department would ask manufacturers to submit proposals. Benson explained that the new aircraft would be expected to fulfill not only "military surveillance of Canada's coastal waters" for National Defence but it would also be employed to fulfill civilian functions for the Departments of Transport; Environment; Energy, Mines, and Resources; and Indian Affairs and Northern Development.[7] Benson also stated:

> Following an evaluation of responses from aircraft manufacturers, expected within the next five or six months, the defence and supply departments will enter into the contract definition stage. It is not anticipated that a procurement contract will be awarded before 1976. Because of advances in technology in the past twenty years, fewer than the current holding of Argus aircraft will be required. However, the exact number of new aircraft to be procured will not be determined until after a technical assessment of proposals submitted by the aircraft industry.[8]

As a result of cabinet's approval of Benson's presentation National Defence was permitted to contact potential manufacturers for the replacement aircraft. A Project Office,

staffed by an interdepartmental project team,[9] was created with responsibility over the project from the time of cabinet approval until the actual delivery of the military equipment. According to Major-General D.G. Loomis, the principal duties of a project management team are:

> (i) defining and recommending alternatives for the proposed equipment for decision at all necessary levels of management up to Cabinet;
>
> (ii) conducting production/contract negotiation up to the point of contract signature; and
>
> (iii) preparing an implementation phase master plan covering equipment performance, cost schedules and economic development measures.[10]

Nevertheless, when a final decision must be made the project team can only recommend; the final decision is a political one reached by cabinet.[11]

The interdepartmental project team created to find an Argus replacement was headed by Brigadier General Dudley Allan. It included representatives from National Defence, Supply and Services, Industry, Trade and Commerce, and Regional Economic Expansion.[12] Each departmental representative had specific responsibilities. Industry, Trade and Commerce's role was to acquire the best industrial benefits package for Canada and once the contract was signed to monitor the industrial benefits package.[13] Since 1969 Supply and Services had been the federal government's official purchaser and its functions entailed signing contracts that provided the best arrangement for Canadian taxpayers.[14] The representatives from Regional

Economic Expansion was responsible for ensuring that work contracted out by the manufacturer would not only benefit Canadian industry in Ontario and Quebec but in all regions of Canada.[15]

Overseeing the project team was a senior management board whose Chairman was L.G. Crutchlow, an assistant deputy-minister of National Defence. Other members of the board included Vice-Admiral R.H. Falls, Vice-Chief Defence Staff; Eric Booth, assistant deputy-minister science and engineering procurement, Supply and Services; Bert Barrow, assistant deputy-minister of Industry, Trade, and Commerce; and Mark Daniels, assistant deputy-minister for planning and coordination in Regional Economic Expansion.[16] In addition, observers were sent to the management board meetings from the Department of Finance and Treasury Board secretariat.[17] Brigadier General Allan told a session of the Standing Committee of External Affairs and National Defence on May 13, 1976 that he was obligated to report to four departments. He explained, "My management arrangements and authorities dictate that I have responsibility to the deputy minister level in the four departments."[18] The deputy ministers of the four departments, who Allan was directed to report to, sat on the senior management board. Once the senior management board received Allan's report the board would in turn make a recommendation to a cabinet committee which would then bring it in front of a full cabinet.

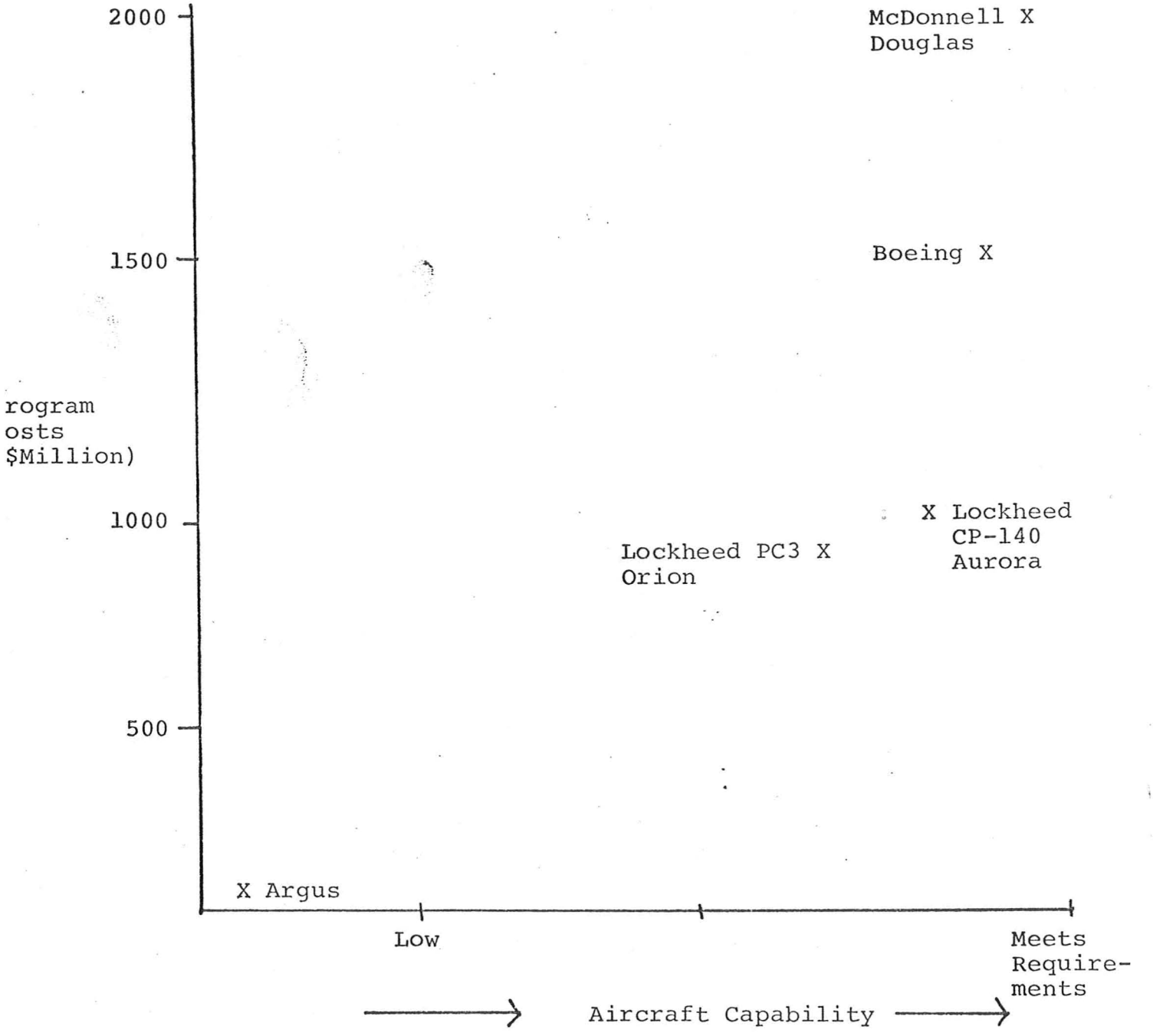
With the establishment of the interdepartmental project team Phase I of the decision-making process was started. It was an unfunded phase in which potential contractors were invited to submit their initial proposals.[19] Four primary contractors--or "primes"--had submitted proposals by March 1973: Lockheed Aircraft Corporation with its Orion, a turbo prop aircraft; McDonnell Douglas Corporation with a conversion of its DC-10 jet; Hawker Siddeley Aviation Limited with its jet Nimrod; and Boeing Company with a converted 707-320 jet.[20] In addition, Canadair stated that even though it was not proposing a separate aircraft design, it was offering "its services as a subcontractor to the four primes."[21]

Once the project team received all five proposals its job was to evaluate the proposals. What the Project Office was primarily concerned with in its evaluation was the "equipment and role, and on each proposals economic implications - how much business in Canada and how much in what region."[22] In November 1973 the Project Office submitted its recommendations to cabinet and two weeks later the Trudeau cabinet decided that Boeing and Lockheed would become the two finalists.[23] Figure VII graphically explains the costs and capabilities of the proposals as determined by the Project Office.

It is interesting to note that the two shortlist choices were aircraft manufactured by U.S. corporations. It could be argued that Hawker Siddeley faced a near-impossible task in having its Nimrod shortlisted because of the imbalance in

Figure VII

The Costs and Capabilities of the Bids of Three Potential Contractors for the LRPA




Note: The Hawker Siddeley bid was not put on the chart.

Source: Canada, Department of National Defence, Resume of the Long Range Patrol Aircraft Program, (Ottawa, 1976):8

defence trade between the U.S. and Canada.[24] McDonnell Douglas difficulties occurred becasue the company had to start from the very beginning in developing a LRPA and this included "modifying the airframe as an ASW vehicle."[25] On the other hand, though Boeing's bid had problems similar to McDonnell Douglas' candidate Boeing's bid could only have been helped by the corporation's placing of a number of sub-contracts with Canadian aviation firms for component work on its 707 commercial jet program.[26] For its part, Lockheed already had in production a LRPA that only needed to be adapted to the Canadian environment.[27] In addition, the U.S. government was urging the Canadian government to purchase the Lockheed aircraft in an effort to help the ailing company.[28] According to a Canadian government publication Boeing and Lockheed were considered the only two "realistic contenders" for the Argus replacement.[29] (The role of the U.S. in Canada's decision to procure the Lockheed will be discussed in a following section of this chapter.)

With the shortlist choices, the cabinet decided to allocate to the two contenders and the Project Office $15 million to complete detailed contract definition studies.[30] This marked the commencement of Phase II of the decision-making process. The cabinet decided to finance these studies in order that Canada could acquire the rights to the design specifications that each company produced. It should be clarified that decisions such as the one cabinet made regarding the funding of these studies represent "milestones." National Defence as a good

economic citizen created "milestones" or the recording of significant events "in order to control the progress of a capital project during its life cycle."[31] Other "milestones" involved in a capital project include: "Program Control Board Approval, Defence Management Committee Approval, Ministerial Approval, Treasury Board Approval, Cabinet Approval, requests for proposals from industry, contract demands, contract awards, and initial delivery and final delivery dates."[32]

The contract definition stage was expected to take several months to complete. Nevertheless, it was established that the contractors had to have their final proposals submitted by February 1975. The cabinet set down a cost ceiling for the Argus replacement at between $700-$900 million.[33] This phase "would include examination of performance capabilities, technical specifications, production schedules and costs, as well as the employment opportunities and industrial benefits that would accrue to Canada."[34]

In February 1975, both Lockheed and Boeing submitted their detailed proposals; the Project Office began to evaluate both schemes in terms of costs, industrial benefits, and capabilities. The Project Office recommended to the federal cabinet that Lockheed's Orion was the best offer. They based their decision on the evaluation that though both proposals met the basic requirements, the Boeing aircraft would be too expensive.[35] Despite this recommendation the cabinet decided on July 23, 1975 to postpone a final decision at least for

four months even though the expiry date of both proposals was August 2.[36] The reason cabinet decided to postpone a decision on the Project Office's recommendation that Lockheed be offered the contract was Boeing's offer to become a shareholder in a new de Havilland, Litton Industries, and Canadair combination that the Canadian government was considering creating.[37] This combination, known as the "Phoenix Program," proposed a program by which the Canadian government "would upgrade and refit its 16 Argus LRPAs, purchase four new Boeing 707s for Arctic surveillance and eight DHC-7 STOL aircraft for middle-range surveillance."[38]

Another problem arose. Minister of Finance, John Turner, and the President of the Treasury Board, Jean Chretien, were reportedly opposed to the purchase of a long-range patrol aircraft that would cost Canadian taxpayers approximately $1 billion at a time when the government was advocating restraint in government spending.[39] Yet, on November 27, 1975 James Richardson announced in the House of Commons that the Canadian government had accepted Lockheed's proposal at a cost of $642 million. Other costs including spare parts, federal sales tax, would bring the total expenditure to approximately $950 million.[40] It had been determined that Boeing's industrial benefits package, though attractive, just could not offset the high cost of their proposal. It was at this time that the problems over financing for the project started for the Trudeau government.

The problem originated shortly before Richardson's announcement when the head of the Project Office, Dudley Allan, received oral cofirmation from a Lockheed official that the American corporation would provide the interim financing (start-up costs) of the project.[41] However, in mid-December Supply and Services minister Goyer was informed that Lockheed was unable to provide the financing due to financial problems.[42] Lockheed needed $350 million to start production yet it was unable to obtain this money from within the company.[43]

Another problem was the wide publicity given to allegations that Lockheed officials had bribed government leaders in other nations. Both Jean Chretien and James Richardson felt compelled to deny that there had been any wrong-doing in the Canadian case. Thereafter, however, the controversy abated.

In February, 1976, Richardson told Lockheed chairman Robert Hiack that Lockheed's deal with Canada could collapse if Lockheed did not improve its financial position.[44] Goyer admitted in the House of Commons that the contract between the two sides had not been signed because of problems related to "long-term financing."[45]

One observer suggested that the problem really existed within the Canadian government because National Defence did not have the money needed to set up production arrangements.[46] As Lockheed's financial difficulties increased, Boeing once again pressed its proposal. The problem of interim financing

continued through March, though Richardson said he was optimistic that the contract could be signed before the 31 March deadline. However, after a day of negotiation between Lockheed and government officials on 1 April it was decided to extend the contract signing deadline until the end of April. At this point the Canadian government said that before a contract could be signed the United States Emergency Loan Guarantee Board had to approve Lockheed's borrowing of $300 million from a conglomerate of Canadian banks.[47] This the board did and the contract between the two parties was signed on 30 April on a condition that Lockheed could acquire the $300 million loan from the Canadian banks.[48] However, the Canadian banks were unwilling to loan Lockheed the money unless the government guaranteed the loan.[49] Goyer refused to do this because, as he stated:

> this meant we had to guarantee that, if the deal collapsed, we would pay back the banks. That isn't an acceptable arrangement for this department, and I wouldn't agree.[50]

Richardson had constantly stressed that if Lockheed could receive a loan from the banks, and if the United States government provided assurance that Lockheed had enough work from the U.S. military establishment to 'ride out' its financial problems, then he felt it would be a viable proposal. The U.S. government anxious that Canada procure the aircraft, assured Richardson of Lockheed's viability.[51] However, with the Canadian government's refusal to provide the banks with a guarantee the deal fell through on 17 May.

The deal collapsed because the federal cabinet, with Pierre Trudeau present, refused to lend Lockheed approximately $300 million.

Trudeau told reporters at the end of the cabinet meeting that "If Lockheed can finance itself or if the banks can finance it, fine. But..."[52] The prime minister never completed the sentence. Trudeau did say, however, that with his government's "light fiscal framework" it was simply impossible to finance Lockheed's loan. Trudeau faced many questions about the "deal" in the House of Commons on 18 May and a very interested observer of the proceedings was United States Ambassador to Canada, Thomas Enders who watched from the visitor's galley.[53] Enders must have felt some relief when Trudeau said his government was "presently looking at other methods of proceeding with its plan to participate in NATO and other general defence areas with the purchase of the long-range patrol aircraft.[54] Richardson, for his part said the government would "immediately renew the search for the most effective way to replace the Argus."[55]

Both Boeing and Lockheed made new proposals in June.[56] Lockheed's proposal was similar to their original one except that there had been some minor alterations in the aircraft--it was now designated as the CP 140 Aurora, named after the Northern lights.[57] One technical change in the aircraft was that the Aurora would have less sophisticated landing equipment than the Orion: it would still "contain the same

highly technical electronic gear needed for anti-submarine surveillance."[58] The new proposal delayed the delivery date of the new aircraft by one year in order to "reduce cash-flow requirements during the first three years of the program."[59] The Lockheed proposal did not require any loan guarantees or extra cash payments by the federal government. The federal cabinet, with Goyer as the signee, initialed a firm contract with Lockheed on 21 July for the purchase of 18 CP-140 Aurora aircraft at a total program cost of $1,031.7 million with the expected completion date for deliveries March, 1981.[60] The money that Lockheed had to raise was reduced from approximately $300 million to $50 million.[61] This was achieved by a combination of delaying the program one year and adjusting the capital budget of National Defence to make more funds available earlier. Lockheed agreed to raise the $50 million itself. Lockheed acquired the bridge financing by receiving a loan from a consortium of twnety four American banks.[62] The United States Emergency Loan Guarantee Board reviewd this situation and found it satisfactory.[63]

It was reported in the press that the final government negotiating team involved Prime Minister Pierre Trudeau, Supply and Services Minister Jean-Pierre Goyer, and Defence Minister James Richardson.[64] Apparently, Goyer was placed in charge of the negotiations and it was reported that he insisted that he should not be "encumbered with advice from the military."[65] One observer suggested Goyer insisted on

this because he feared that National Defence would emphasize the need for the aircraft to satisfy Canada's defence requirements instead of stressing the more significant 'make-work' aspects of the proposed purchase.[66]

Economic Constraints

Understanding the economic constraints on Canadian policymakers helps to explain one of the factors involved in the decision by the Trudeau government to procure a LRPA. Economic constraints are determined by two factors: budgetary requirements and industrial benefits.

Since Canada lacks the capability to produce its own military equipment the only option available for the Canadian government is to procure major pieces of military hardware abroad. This has two negative consequences: "there is a potential loss of that amount in Canada's balance of payments vis-a-vis the foreign country involved and Canadian industry stands to lose an equal amount of business."[67] The only possible method for the purchasing country to counterbalance this situation is to acquire from the foreign manufacturer a guarantee that a certain percentage of work on the procured item will be contracted out to industries in the purchasing country. This would have the positive effect of aiding the balance of payments deficit and creating "make work projects" from the domestic labour force. Industrial benefits became part of the modus operandi of the Trudeau

administration in defence procurement decisions in an attempt to incorporate defence equipment procurement within the bounds of general economic policy; that is, the achievement of obtaining industrial benefits was a prerequisite in any major military purchase.[68]

Second, the political leadership must deal with the competition between government departments for the allocation of resources. This competition is even more strenuous when the government is attempting to restrain government spending and terminate any program or project it deems unnecessary. However, some programs that are deemed unnecessary to some objectives (i.e., defence) will be maintained because they are seen as useful to fulfill other (i.e., non-defence) objectives. One observer suggested that though some cabinet ministers could not see the utility of the Aurora as a defence project they were willing to proceed with the purchase because of the industrial benefits involved.[69] Nevertheless, any procurement decision must be made within the context of spending ceilings as dictated by other actors in the system. First, there is the cabinet which decides in macro not to tax the citizens to the limit. Second, Treasury Board and its secretariat can decide, in micro, how much is allocated to defence programs as compared with other government functions. Finally, the Department of Supply and Services is responsible for ensuring that the Canadian taxpayer is considered before Canada decides to purchase.

So many actors at the bureaucratic level were involved in the consideration of the LRPA that the military requirements tended to be diluted with the concerns of other departments.[70] The fact that the Departments of External Affairs, Supply and Services, Industry, Trade, and Commerce, Treasury Board, and Regional Economic Expansion were involved in the negotiations with potential manufacturers adds credence to this argument. James Richardson in a speech delivered to the Conference of Defence Associations admitted this very same thing. He stated that it was the Trudeau government's desire,

> to the greatest extent possible, our defence expenditures will stimulate industry and increase employment in Canada. To this end, my department is continuing to work very closely with Department of Industry, Trade, and Commerce, Regional Economic Expansion, and Supply and Services. This is not only to achieve this goal, but also to ensure that all regions of Canada benefit on an equitable basis.[71]

As Hugh Macdonald explains, National Defence was willing to accept such a situation because of the defence department's own economic conerns:

> a positive interest in high technology, research and development, and the country's defence industrial base and perhaps, most importantly a fear that National Defence [would] again become a low spending priority, and hence that Department of National Defence must show itself to be a good economic citizen.[72]

Though there were few government guidelines on what it hoped to see in the contract for the Argus replacement,

Edgar Benson had said in his July 20, 1972 announcement that potential manufacturers were "invited to specify in their applications the benefits that would accrue to Canadian industry, including industries in areas outside the heavily industrialized regions of Canada."[73] Furthermore, the newly appointed defence minister James Richardson stated during a Commons debate on the Argus replacement that the project was of national importance and hence he wanted to express to potential manufacturers "that national purposes of this kind, national projects, national endeavours must bring nationwide industrial benefits"[74] and a "maximum Canadian content in defence purchases."[75] Richardson had come to the defence portfolio with very particular notions about Canada's defence policy. It was reported in the press on November 12, 1972, that Richardson stated that he was "interested particularly in industrial and research benefits that come to the Canadian economy from national defence."[76] Furthermore Richardson, who represented Winnipeg South in the Commons, constantly emphasized the need of the federal government to ensure the equitable regional distribution of benefits stemming from defence contracts. The defence minister said he told all potential manufacturers "who are competing for that order that they have to supply not only Canadian content but there has to be a regional division:"[77] industrial benefits must be placed in the Canadian perihpery and not only in Canada's heartland.

At this point it should be established exactly what kind of industrial benefits the federal cabinet was hoping to achieve from its military equipment purchases. These included:

(i) stimulate production and employment, especially in high technology industries;

(ii) improve the international competitive position of Canadiand industry by encouraging technology transfers to defence and non-defence industrial sectors;

(iii) contribute to improvements in Canada's balance of trade and international payments; and

(iv) achieve a variety of other economic objectives in Canada (for example, encourage the development of small businesses, promote an equitable distribution of benefits among different regions, complement policies to rationalize and restructure certain segments of Canadian industry.)[78]

The Trudeau government was emphatic that substantial sub-contract work for Canadian industry would be gained from the purchase of a LRPA. It was the government's goal to achieve approximately fifty to sixty per cent of Canadian involvement directly or indirectly in the construction of the Argus replacement.[79] It might be suggested that the federal cabinet was emphatic about securing industrial benefits as a result of its July 1972 decision to negotiate the acquisition of de Havilland Aircraft of Canada Limited from the parent company of Hawker Siddeley which was based in Britain.[80] Perhaps, as one commentator in the Ottawa Citizen surmised, the Argus replacement was perceived by the government

as a "make work project" to maintain a viable Canadian aerospace industry.[81]

In order to provide a formal framework in which the two shortlist contenders' industrial benefits packages could be evaluated fairly the government created a Long Range Patrol Aircraft Industrial Development Evaluation Plan whose members came from the department of Regional Economic Expansion and Industry, Trade, and Commerce.[82] The Plan detailed the government's objectives:

> (i) to assist in stabilizing employment and production in the (aerospace) industry;
>
> (ii) to act as a catalyst in the restructuring of the industry to make it competitive by international standards;
>
> (iii) to maintain a level of competence in high technology sectors of the industry;
>
> (iv) to provide an incentive to the financial and industrial communities in Canada to take initiatives in the restructuring of this industry to achieve greater Canadian ownership and control;
>
> (v) to provide for the widest possible regional distribution of industrial benefits both aerospace and non-aerospace; and
>
> (vi) to obtain major long-term component contracts to provide enduring benefits to Canada.[83]

The desire of the Trudeau government to gain industrial benefits from the procurement of a LRPA is evident from the statements made by relevant ministers, the involvement of a number of government departments, and the framework created to evaluate each contender's proposals. As one government

official said "our requirements are significantly different from any others ever expressed by governments."[84] If the Trudeau government was going to replace the Argus fleet it was determined to reap economic benefits from the purchase.

Industrial Benefits

Don Jamieson, Minister of Industry, Trade, and Commerce, commenting on the day after the Aurora contract had been signed, stated:

> Lockheed is committed contractually to provide more than $400 million of business to Canadian industry between now and 1993. This is in addition to structural assembly work in Canada valued at $168 million up to 1984. Other opportunities will give further manufacturing and servicework into the 1990s estimated at $350 million. These offsets should translate into 1,500 man-years annually in the next eight years and several hundred man-years into the 1990s and will help to sustain many of the aerospace companies in Canada during this time.[85]

Lockheed also promised to make the "best effort" which would provide Canada with an additional $350 million between the years 1981 and 1995. Canadian companies will be able to bid on and be awarded contracts for future Lockheed productions on the same basis as their United States counterparts.[86] The industrial benefits package was even more attractive to Canadian policymakers because "no premium had to be paid in order to secure substantial benefits to Canadian interests as part of the contract."[87] Figure VIII provides a breakdown of the kind of industrial benefits Canada received from the CP-140 Aurora procurement.

FIGURE VIII

Industrial Benefits From CP-140 Purchase

| Program Related | Program $ |
|---|---|
| (i) Airframe industries--for design and manufacturing of weapons bay canisters, wing tips, sonobuoy/search stores rack, maintenance trainers; engineering on advance composities for C-5A modifications; ground support equipment, publications maintenance, training. | 31.6 million |
| (ii) Electronic industries--for design and manufacturing of flight deck operational missions, and acoustics equipment; crash locators; navigation equipment, engine instrument system and avionics; installation, support equipment and software for date interpretation and analysis centres. | 50.75 million |
| (iii) Items of less than $200,000 and items for which suppliers have not yet been specified. | 130.85 million |
| | $ 213.2 million |
| **Offsets** | |
| (iv) Airframe industries for structural components | 168 million |
| (v) Future benefits (1981-1992) Electronic industries Unspecified suppliers | 201.4 million |
| (vi) Additional benefits "best effort" Unspecified suppliers 1981-1995 | 350 million |
| Total | $ 932.6 million |

Source: Canada, Department of National Defence, Resume Of The Long Range Patrol Aircraft, "Annex F" (Ottawa, 1976): 3.

A number of industries in a variety of provinces have benefited from Lockheed's industrial benefits package. Some of these include: Canadair Limited of Montreal; CAE Electronics Limited, Montreal; Litton Systems (Canada) Limited, Toronto; Fleet Industries, Fort Erie, Ontario; IMP Aerospace Limited, Dartmouth; Enheat Aircraft, Amherst; Bristol Aerospace Limited, Winnipeg; and Standard Aero Engines, Winnipeg.[88] The last two reflect Richardson's desire for regional distribution of benefits. Nevertheless, the industrial heartland of Canada (Ontario and Quebec) has been the prime beneficiary of the industrial benefits program. Up to September 1978 these two provinces have received "88.24 per cent of the total value of benefits" while the four western provinces have received only 3.13 per cent of the total.[89] Except for Nova Scotia's 1.69 per cent of the total, the other Maritime provinces have received virtually no offsets.[90]

Despite this weakness in the industrial benefits program the past Progressive Conservative government of Joe Clark seemed pleased with the results. On a Canadian Broadcasting Corporation radio show, The House, Progressive Conservative defence minister Allan McKinnon stated that he was "very pleased" with the implementation of Lockheed's industrial benefits package.[91] This is partially explained by the fact that "2,200 new jobs directly and 5,000 to 6,000 indirectly" have been created in Canada, as of February 1979, because of Lockheed's industrial benefits program.[92]

The U.S. Government's Influence

To complete the picture of the factors involved in the decision to purchase the Aurora the role of the U.S. government must be considered. Washington had two objectives to satisfy from its pressure: military and economic.

The pressure to satisfy the military objective was first applied by a senior admiral in the U.S. Navy who stressed the need for Canada to increase its anti-submarine warfare role by purchasing a long-range patrol aircraft. Admiral Ralph Cousins, who at the time was Supreme Allied Commander Europe (SACEUR), recommended that the CAF purchase the Orion, the patrol aircraft used by the U.S. Navy. Cousins explained: "We will be using P3Cs for another twenty years. They are a great plane."[93]

One explanation for the pressure exerted by the U.S. government on the Canadian government to purchase a new LRPA as a replacement for the Argus fleet was the United States' desire to create a quality submarine detection system. The U.S. government wanted to construct a surveillance system using stationary systems that would be assisted in the detection of foreign submarines in North American waters by the use of mobile equipment. The fixed installations for this program were already available through the United States-Canada bottom detection system on the Atlantic coast. The LRPA, as well as ASW ships and submarines, would make up the mobile component of this system.[94] As a result, American

pressure on Canada continued to intensify.

During his visit to Ottawa in September 1975 James Schlesinger offered advice to Trudeau, his defence minister, and various other Canadian government policymakers about the specific equipment requirements of the CAF. Schlesinger stated that Washington wished to see Canada purchase a LRPA to carry out the ASW function.[95] Both the U.S. and the West European members of NATO were far more interested in seeing Canada contribute to the protection of the sea-lanes between North America and Europe than the protection of Canadian sovereignty. If conflict arose, on a conventional level, in Central Europe between NATO and the Warsaw Pact, NATO deemed it imperative that shipping routes for the transporting of materials be maintained between the two continents.[96]

The acceptance by the NATO members of the military strategy of "flexible response" suggests that the protection of the sea-lanes role be carried out. The concept of flexible response is designed to allow NATO countries to respond in a controlled and adequate manner in the event of an attack by the Warsaw Pact forces. The first principle of this doctrine is to meet an aggression with direct defence at approximately the same level; the second principle is to deter aggression through the possibility of graduated deterrence or escalation. The premise of the strategy is that an aggressor must be convinced of NATO's readiness to use nuclear weapons, if necessary, but at the same time the aggressor must be uncertain regarding

the timing or the circumstances in which they would be used.[97] A necessary corollary of this military strategy is that the NATO members must be able to secure the sea-lanes between Europe and North America.[98] Therefore, Canada as a NATO member must play its part in protecting the sea-lanes especially when "the shortest routes involve passage through waters off Canada's East and West coasts."[99] It should be noted that shortly after the Canadian government cancelled its original contract with Lockheed in May 1976 the U.S. President Gerald Ford sent a personal message to Prime Minister Trudeau, emphasizing how important the U.S. regarded Canada's maintenance of a viable ASW capability.[100]

The Canadian government was willing to perform this role. Defence minister James Richardson explained:

> I personally--and I think my advisers--place real importance on the defence of the North Atlantic and Canada's role in maintaining the sea-lanes of the North Atalntic, and enabling, in the event of a conventional war, the resupply of Europe from the arsenal of North America.[101]

Canada-U.S. Defence Production Sharing Arrangement

When agreement was reached in 1963 between Canada and the U.S. for a defence production sharing agreement C.M. Drury, then Canadian Minister of defence production and American Secretary of Defence, Robert McNamara both agreed there would be "a general balance" of arms trade between the two countries.[102] A report compiled by the Canadian

Senate Standing Committee on Foreign Affairs stated that "the Defence Production Sharing Arrangement provides for duty-free movement across the border in military goods" as a result of the American government's decision to lift "the Buy American Act requirement for a wide range of military commodities and removed U.S. duties (from 12 to 17 percent) for Canadian goods sub-contracted by U.S. firms,"[103] By the early 1970s, and largely as a result of the extensive military spending by the U.S. during the Vietnam War, Canada had a $500 million trade imbalance in its favour.[104] This situation led to further pressure--of an economic nature--on Canadian officials by the U.S. government to re-equip the Canadian military by procuring the equipment from American firms in order to bring the level of arms trade into balance. For example, U.S. Secretary of the Treasury John Connally was telling all who would listen that he wanted the $500 million deficit "wiped out."[105] Although Donald Macdonald, Canada's defence minister in 1971, was being hounded by officials of the Lockheed Corporation, who wanted Canada to buy $250 million worth of long-range Orion patrol planes, he was inclined to make every effort to stay within National Defence's budget for the acquisition of the Argus fleet's replacement.[106] This was despite the fact that Macdonald had already acknowledged that the U.S. government was making every effort to convince him to buy Lockheed's Orion. As Macdonald stated in the House of Commons, "in particular the United States has been very

enthusiastic in pressing upon us the purchase of the Lockheed Orion aircraft as a long-range aircraft."[107]

Treasury Board President, Charles Drury succinctly explained the important role the Defence Production Sharing Arrangement would have in determining where Canada acquired its new LRPA. Drury told a gathering of newspaper journalists that the trade imbalance under the Sharing Arrangement "is likely to have some effect on the Argus replacement."[108]

During the earliest stages of negotiation to find a replacement for the Argus fleet there were four contenders for the contract. They included Boeing, Lockheed, Hawker Siddeley, and McDonnell Douglas.[109] However, it was the consensus of some observers that the main contenders to supply the new planes were the Lockheed Corporation of California and Hawker Siddeley of Britain with its plane, the NIMROD.[110] Although the chairman of Hawker Siddeley met with the Canadian Ministers of National Defence and Regional Economic Expansion and promised them that Hawker Siddeley could place more jobs and money in the Maritime region than any of their three competitors, and that it could assist Canada in strengthening its ties with the Common Market, what greatly reduced Hawker Siddeley's chances was the continued deficit under the Defence Sharing Arrangement.[111] A number of Canadian officials acknowledged that such a major pruchase would <u>have</u> to go to an American company for this reason.[112]

The American government intervened in the military

procurement program of Canada to satisfy two objectives: strategic and economic. Not only did the U.S. government pressure cabinet into purchasing a LRPA with highly-advanced ASW equipment but it also influenced which company would be chosen to receive the contract. The U.S. government wanted Lockheed to receive the contract to ease that company's financial problems. The U.S. government was willing to guarantee the viability of Lockheed after a request was made by the Canadian government for such assurances.[113] The U.S. government sent a diplomatic note to Ottawa after the Canadian government signed the contract with Lockheed for the purchase of 18 Aurora patrol aircraft. The note stated that the Aurora would "substantially enhance Canada's ASW patrol capability, improve North American defense arrangements, contribute to NATO's overall security and thus is in the best interests of the United States."[114] Furthermore, in a precedent setting action, the U.S. government guaranteed that Lockheed would fulfill all of its industrial benefits program obligations to Canada. The State Department's note stated that the U.S. would "facilitate, to the maximum extent permissable under United States law, the achivement of the Canadian industrial involvement provided for in the contract..." and provided that:

> If a situation were to occur under the U.S. bankruptcy laws involving voluntary or involuntary reorganization or bankruptcy of Lockheed which might affect Lockheed's contract performance, the United States Government, recognizing that it is in its best interest to do so, will act with Canada in all matters relating

> to the Canadian LRPA contract to obtain for Canada advantages and considerations no less favourable than those that might be obtained by the United States with respect to performance of its own defense procurement programs....[115]

Regardless of these guarantees, it appears that because of the Defence Sharing Arrangement the U.S. has the opportunity--when it wishes to act--to influence and largely determine any defence procurement program Canada initiated.[116]

The CP-140 Aurora

The purpose of this section is firstly to provide an analysis of the CP-140 Aurora as a piece of military hardware. Second, and most important, this section will focus on how the procurement of the Aurora signals a recommitment to NATO and a declining importance of the sovereignty role for the CAF. Figure IX is a factsheet of the Aurora.

The Aurora is expected to fulfill a variety of tasks; both military and civilian. Yet the primary role of the Aurora will be a military function, i.e., the ASW function a role designed by NATO. The sophisticated equipment to fulfill this role aboard the CP-140 would suggest no other conclusion. The best method of establishing how sophisticated the Aurora is as an ASW aircraft is to compare it to the aircraft previously recognized as the best ASW aircraft; the P3C;

> (i) Cockpit instrumentation and equipment conform to Canadian Forces layout and lighting standards. The P3C does not so conform.

(ii) The navigation system utilizes Canadian equipment which is modern, accurate, and designed for Arctic operation. The P3C system does not have the accuracy or flexibility, and is designed for ASW in lower latitudes.

(iii) A search radar designed for ASW in the modern environment. Currently, in the S3A, it has been proven in side-by-side trials to be much more effective than the P3C radar.

(iv) A modern electronic emission detection system (ESM), which is capable of growth to a more advanced system. The P3C ESM system is several generations earlier in design.

(v) A Canadian magnetic anomaly detector (MAD) system for ASW, and magnetometer work, which is easier to use and calibrate than the P3C system.

(vi) An underwater acoustics system superior to any in the world today which is capable of processing future acoustic detectors, and which will be effective as submarine technology makes them more difficult to detect.

(vii) A forward looking infrared (FLIR) system for night-time visual identification.

(viii) A reconnaissance camera which can be used day or night. The P3C system can only be used during the day.

(ix) A central computer which is more modern, reliable and less prone to complete failure than the P3C computer.

(x) Room for growth, electronically due to the modern design of the equipment, and volumetrically, due to the smaller size of the LRPA equipment. The P3C is very restricted as to growth.[117]

Within the ASW function there are two distinct tasks. R.B. Byers identifies these as: strategic and tactical. The

FIGURE IX

The Factsheet of the CP-140 Aurora

| | |
|---|---|
| Number Purchased: | 18 |
| Total Program Cost: | $1,031.7 million includes escalation factor, support equipment and facilities, training and related government costs, sales tax, financial charges. |
| Prime Contractor: | Lockheed-California Company, Burbank California. |
| Characteristics: | The CP-140 is structurally similar to the Lockheed P-3 Orion currently in service with the United States Navy. The interior has been redesigned and equipment selected to satisfy specific and stringent Canadian requirements. |

Performance:

| | |
|---|---|
| Take off run at sea level | 4,240 feet |
| Landing distance | 2,900 feet |
| Maximum speed at 15,000 feet | 405 knots |
| Ferry range | over 5,000 nautical miles |
| Service ceiling | 35,000 feet |
| Maximum endurance | 17.7 hours |
| Climb time from sea level to 25,000 feet | 30 minutes |

| | |
|---|---|
| Engines: | Four Allison T56-A014 turboprop engines rated at 4,910 equivalent shaft horsepower. Hamilton Standard 54 H60-77 propellors, diameter 13 feet, 6 inches. |

FIGURE IX Continued

| Special Sensors and Systems: | Armament: |
|---|---|
| Underwater acoustics | Missiles |
| Radar | Torpedoes |
| Infra-red | Depth bombs |
| Electronic | Rockets |
| Magnetic | Mines |
| Day/Night cameras | Flares |
| Arctic navigation | |
| Communication | |

Crew:

Normal complement - - - - - 10 men

Source: Canada, Department of National Defence, Resume of the Long Range Patrol Aircraft Program, "Annex D", (Ottawa, 1976).

strategic role is carried out during times of peace and it involves the tracking and detection of submarines.[118] Since the beginning of World War II, the CAF has performed this function and it is regarded by the Forces (especially the Naval component) as a traditional military task for Canada. Today the strategic role pertains to the detection of Soviet ballistic-missilie-carrying nuclear submarines. This role must be carried out in times of peace because if it is to be worthwhile the submarine must be detected and destroyed before its ballistic missiles are unloaded. In addition, this role must have a very close to complete kill-rate because of the destruction one ballistic missile could produce.[119] On the other hand, the tactical function does not require a "one hundred per cent kill rate to be effective." This tactical role comes into effect when war commences as it related to the maintenance of open sea-lanes between the continents of North America and Europe for the re-supply of equipment and men to the European theatre.[120*]

---

* There are inherent difficulties in effectively fulfilling both the strategic and tactical ASW roles. First, the strategic role will be surveyed. Initially, the Soviet Navy operated submarines of the Yankee-class. These submarines had missiles with a range of 1,600 nautical miles. Thus, they would have to be within close proximity to the North American coast in order to successfully wreck havoc on North American cities. However, the Soviets are successfully embarked on a program designed to replace the Yankee-class with Delta-class submarines which have a range of over 4,000 nautical miles. With this upgraded capability the Soviet Navy is capable of "lobbing a nuclear missile from the coast of Greenland, or even the Baltic, to New York, and capable of lying submerged, (continued on next page)

motionless and undetected on the ocean bottom." Furthermore, these Soviet submarines can launch all "sixteen of its missiles within 120 seconds." There are four stages to an effective ASW role. They include: detection, localization, search, and attack. It is impossible to complete the final two phases if the first two are impossible to handle. A second aspect of the strategic role is that the Soviet Union must maintain the assurance that these submarines remain as a major component of its second-strike capabilities. If the strategic ASW function has the potential of a 100 per cent kill-rate the possible destabilizing impact this may have could lead to catastrophic results. There are a number of difficulties regarding the tactical ASW role. This role rests on the premise that there will be a protracted conventional war. Four factors suggest that, in fact, a conventional war will be shortlived. These factors are: "as the second-strike capability of the U.S. and the U.S.S.R. increased, the probability of a conventional conflict in Europe declined"; the recent NATO decision to deploy theatre nuclear weapons in Europe increased the chances of a nuclear war; the U.S.S.R.'s Armed Forces are geared not only for a surprise attack but also for a short war and; the U.S.S.R. will only fight a conventional war as long as they make the advancement into Western Europe they expected. If not they will turn to the employment of nuclear weapons, either theatre or strategic. In addition, even if there is a protracted conventional war there are two practical problems with transatlantic supply/logistics strategies: one, European ports are sure to be attacked and destroyed by Soviet forces; two, the logistics of battlefield supply themselves will hamper the smooth transfer of goods and men. (For further discussion of this subject see, for example, R.B. Byers, "Canadian Defence: The ASW Dilemma," Survival (July/August, 1976); C.S. Gray, "Is The Canadian Military Relevant?," Background paper, Canadian Institute of Strategic Studies, Octover 23, 1976; S. Canby, "NATO: Reassessing the Conventional Wisdom," Survival (July/August, 1977); A. MacLaren, "Canada needs to reconcile foreign and defence policies," International Perspectives (March/April, 1977); S. Canby, NATO Military Policy: The Constraints Imposed By An Inappropriate Military Structure (Santa Monica: Rand Corporation, 1972); S.G. Gorshkov, "The Navy in the Postwar Years," in Transdex - Translations of U.S.S.R. Military Affairs, November 1978, #72286; J.L. Hudson, "Maritime Strategic Deterrence At The Conventional Level--And Canada's Role In It," Canadian Defence Quarterly 7 (Spring, 1977).

Since the Aurora is heavily equipped to fulfill the ASW function one must wonder how often the Aurora will be used to fulfill the civilian function deemed so important by the Canadian government as expressed in Defence in the 70s. It would seem highly unlikely that a LRPA like the CP-140 would spend a great deal of time flying over territorial waters. It should be established how extensive the civilian tasks are:

> sub-surface surveillance of Canadian areas of responsibility and interest on both coasts; surface surveillance of coastal and offshore waters and fishing zones to demonstrate Canadian presence, to provide intelligence on fishing activities, and to detect fishing violations, the discharge of pollutants, and unauthorized activities involving exploration and exploitation of seabed resources; Arctic surveillance to reinforce the Canadian presence and identify activities contrary to Canadian interests; and assistance in ice surveillance and civilian remote sensing: search and rescue.[121]

The CP-140 is quite capable, for example, of performing the surveillance flights of fishery zones. Yet does this make sense. The employment of the Aurora is a very expensive method of fulfilling these tasks.[122] If the Canadian government had been sincere in its commitment to protecting Canadian sovereignty it would not have decided to procure the CP-140 Aurora. The Aurora is not equiped with a "civilian remote sensing capability"[123] which "means that aircraft will be next to useless for six months of the year in the Arctic."[124] John Gellner contends that the Canadian government could have provided the CAF with,

> eighteen big jet aircraft--the Orion is a turbo-propeller aircraft of relatively modest size--perfectly suitable for reconnaissance and other sovereignty protection duties, and capable of doubling in brass as troop and cargo carriers, for half the price of the LRPA. Some modest ASW could have been built into them.[125]

The procurement of the CP-140 Aurora, acknowledged to be the best ASW aircraft in the world because it contains the most sophisticated ASW sensors available, is not compatible with the statements in the 1971 White Paper. On the one hand, Defence in the 70s downplayed the importance of the ASW role while, on the other hand, it emphasized the primacy of the surveillance of Canadian territory. The purchase of the Aurora has had little effect of changing the face of Canadian defence policy.

Summary

According to the 1971 White Paper and statements made by defence minister Edgar Benson it could have been concluded that the Canadian government intended to replace the Arugs fleet with an aircraft geared to the task of surveillance of Canadian territory. Though the decision to procure the CP-140 Aurora was based on government policy laid down in Defence in the 70s the aircraft purchased in 1976 did not accurately reflect this. The Aurora is essentially an ASW aircraft.

## NOTES TO CHAPTER IV

1. H. Macdonald, op. cit., p. 18.
2. Defence in the 70s, p. 18.
3. Ibid.
4. C. Baxter, "$600 million lever to reshape industry," Financial Post, July 22, 1972.
5. "Implications of Arugs replacement program," Halifax Chronicle Herald, August 30, 1972.
6. Ibid.
7. International Canada 3 (July/August, 1972): 128.
8. Ibid.
9. J. King, "Search for an Argus replacement marked by controversy," Globe and Mail, June 4, 1976.
10. Major-General D.G. Loomis, "Managing the Defence Services Program," Canadian Defence Quarterly 8 (Spring, 1978): 32.
11. R. Lowman, "General faces $700 million decision on a new patrol plane for Canada," Toronto Daily Star, February 4, 1975.
12. K. Romain, "One-third Canadian participation is aim in program for long-range patrol aircraft," Globe and Mail, April 12, 1973.
13. "Defence buying is a job for experts," Ottawa Citizen, July 27, 1976.
14. "Let's get together fellows," Financial Post, August 7, 1976.
15. Canada, House of Commons Debates, Vol, XIII, May 31, 1976.
16. R. Lowman, op. cit.
17. J. Best, "Aerospace giants fighting for contract to replace Argus," Ottawa Journal, April 12, 1973.

18. SCEAND, May 13, 1976.

19. Canada, House of Commons Debates, Vol. XIII, May 31, 1976. During this phase the Canadian government did not subsidize the competitors for the costs involved in developing their proposals.

20. J. King, op. cit.

21. D. Middlemiss, op. cit.

22. "Some cabinet ministers questionning spending of $1 billion to replace Argus surveillance aircraft," Globe and Mail, October 22, 1973.

23. Canada, Department of National Defence, Resume of the Long Range Patrol Aricraft, "Annex B," July 21, 1976, p. 2. Hereafter cited as Resume of the Long Range Patrol Aircraft.

24. "Boeing, Lockheed in final competition on Canadian plane," Globe and Mail, December 4, 1973.

25. Resume of the Long Range Patrol Aircraft, p. 8.

26. K. Romain, op. cit.

27. Resume of the Long Range Patrol Aircraft, p. 8.

28. Canada, House of Commons Debates, Vol IX, November 18, 1971, p. 9670.

29. Resume of the Long Range Patrol Aircraft, p. 7.

30. "Boeing, Lockheed in ...," op. cit.

31. Major-General D.G. Loomis, op. cit., p. 29.

32. Ibid.

33. R. Lowman, op. cit.

34. International Canada 4 (December, 1973): 331.

35. Resume of the Long Range Patrol Aircraft, "Annex B," p. 3.

36. International Canada 6 (July/August, 1975): 203.

37. Ibid., p. 204.

38. M. Tucker, Canadian Foreign Policy: Contemporary Issues and Themes, (Toronto: McGraw-Hill Ryerson Limited, 1980), p. 158.

39. International Canada 6 (July/August, 1975): 204.

40. International Canada 6 (November, 1975): 271.

41. J. King, op. cit.

42. Ibid.

43. "Minister's job on line over plane," Toronto Daily Star, July 5, 1976.

44. International Canada 7 (February, 1976): 53.

45. Ibid.

46. C. Baxter, Financial Post, February 1976.

47. International Canada 7 (May, 1976): 127.

48. International Canada 7 (April, 1976): 119.

49. M. Benedict, "Lockheed offer doesn't require Ottawa loan, Richardson says," Toronto Daily Star, June 30, 1976. It should be noted that the Canadian government had to pay $16 million to Lockheed for work already completed even if the contract was never signed. B. Garvey, "The Lockheed bungle," Toronto Daily Star, June 5, 1976.

50. "How Canada, Lockheed stand now," Financial Post, July 24, 1976.

51. B. Garvey, "The Lockheed bungle," Toronto Daily Star, June 5, 1976.

52. B. Garvey, "P.M. halts deal to buy planes," Toronto Daily Star, May 19, 1976.

53. Ibid.

54. Ibid.

55. Ibid.

56. International Canada 7 (June, 1976): 189.

57. Resume of the Long Range Patrol Aircraft, p. 4.

58. "Selection of atrol plane was a tall order," Globe and Mail, September 9, 1976.

59. D. Middlemiss, op. cit., p. 23.

60. Resume of the Long Range Patrol Aircraft, p. 2.

61. "How Canada, Lockheed stand now," Financial Post, July 24, 1976.

62. Letter, from Roy A. Anderson, Vice-Chairman of the Board--Finance and Administration--Lockheed Aircraft Corporation to Brigadier General D.S. Allan, CP-140 Project Office, June 26, 1976 and Letter, from Fred J. Leary, Jr., Executive Vice-President, Bankers Trust Company to Roy A. Anderson, Vice-Chairman, Lockheed Corporation, June 30, 1976.

63. Letter, from Alan N. Vinick, Secretary, Emergency Loan Guarantee Board to Roy A. Anderson, Vice-Chairman, Lockheed Corporation, July 2, 1976.

64. "Back on the runway with Lockheed," Globe and Mail, July 20, 1976.

65. Ibid.

66. Ibid.

67. Brigadier General P.D. Manson, "Managing the New Fighter Aircraft Program," Canadian Defence Quarterly 8 (Spring, 1978): 12.

68. D. Middlemiss, op. cit., p. 1.

69. J. Gellner, "The Forces," Canadian Aviation (November, 1974): 40.

70. J. Gellner, "What's a billion dollars," Executive 18 (October, 1976): 41.

71. Text of an Address by James Richardson to Conference of Defence Associations, January 17, 1975, p. 5.

72. H, Macdonald, op. cit., p. 17.

73. International Canada 3 (July/August, 1972): 129.

74. Canada, House of Commons Debates, Vol. I, January 16, 1973, p. 363.

75. K. Romain, op. cit.

76. S. Scott, "Heavy defence spending ahead," Ottawa Journal, November 30, 1972.

77. SCEAND, May 25, 1973, p. 20.

78. D, Middlemiss, op. cit., p. 7.

79. "Boeing, Lockheed in ...," op. cit.

80. H Winsor, "The questions raised by the Aurora deal," Globe and Mail, September 6, 1976.

81. C. Lynch, "Applause for Goyer," Ottawa Citizen, April 2, 1976.

82. D. Middlemiss, op. cit., p. 12.

83. Ibid.

84. J. Best, op. cit.

85. Canada, Industry, Trade, and Commerce, News Release, July 22, 1976.

86. Resume of the Long Range Patrol Aircraft, "Annex F," p. 2.

87. Ibid.

88. Canada, Industry, Trade and Commerce, News Release, July 22, 1976.

89. D. Middlemiss, op. cit., pp. 36, 37.

90. Ibid.

91. Canadian Broadcasting Corporation, CBLT Radio, The House, December 8, 1979.

92. Defence Newsletter (Edmonton, The Centre For Strategic Studies) 2 (2):6.

93. H. Winsor, "U.S., Canadian anti-sub planes should be same, U.S. admiral says," Globe and Mail, September 11, 1974.

94. B. Cuthbertson, Canadian Military Independence in the age of the Superpowers (Toronto: Firzhenry and Whiteside, 1977).

95. "A billion on patrol," Globe and Mail, December 6, 1975.

96. J. Gellner, "Is NATO behind Ottawa and the Lockheed deal?," Globe and Mail, April 10, 1976.

97. W. den Toom, "Crisis Management and Flexible Response," NATO Letter (March, 1970): 7.

98. Interview of Minister of National Defence James Richardson by Peter Desbarats on the Global Television Network, October 23, 1975.

99. W. Harriet Critchley, op. cit., p. 552.

100. M. Tucker, op. cit., p. 162.

101. SCEAND, March 23, 1976, p. 6.

102. J. Gray, "Canada sweeps $500 million under defence rugm" Montreal Star, December 1, 1971.

103. Canada, Senate, Standing Committees on Foreign Affairs, Canada's Trade Relations with the United States, Volume II (June, 1978): 89.

104. J. Gray, op. cit. With the purchase of the New Fighter Aircraft from a U.S. Corporation, the arms trade between the U.S. and Canada will greatly favour the U.S.

105. "Arms, Defence Policy - Make them match," Toronto Daily Star, November 29, 1971.

106. Ibid.

107. Canada, House of Commons Debates, Vol, IX, November 18, 1971.

108. "Drury says Ottawa is bound to honor 1963 commitment to balance U.S. arms trade," Globe and Mail, December 1, 1971.

109. "Some cabinet ministers questionning of $1 billion to replace Argus surveillance aircraft," Globe and Mail, October 22, 1973.

110. "Boeing, Lockheed in ...," op. cit.

111. "Some cabinet ministers questionning ...," op. cit. and International Canada 4 (December, 1973): 331.

112. "Boeing, Lockheed in ...," op. cit.

113. Resume of the Long Range Patrol Aircraft, "Annex B," p. 3.

114. Diplomatic Note Received by Canadian government from U.S. government, April 29, 1976.

115. Ibid.

116. D, Middlemiss, op. cit.

117. Resume of the Long Range Patrol Aircraft, pp. 10-11.

118. R.B. Byers, "Canadian Defence: The ASW Dilemma," Survival (July/August, 1976): 58.

119. Ibid.

120. Ibid.

121. International Canada 7 (July/August, 1976): 199.

122. Ibid.

123. M. Tucker, op. cit., p. 162.

124. J. Ferrabee, "Defence back in government's favor," Ottawa Citizen, December 12, 1975.

125. J. Gellner, "Tradition and a NATO requirement carry a $53 million tag," Globe and Mail, December 2, 1975.

# CHAPTER V

## THE LEOPARD I

Unlike the structured process of Aurora, the process to procure the Leopard I lacked both structure and process. This lack of structure was the result of what seemed to be a snap decision.[1] The following chapter will provide a discussion of the inconsistent behaviour of the Trudeau government concerning the equipping of the Canadian Brigade group in Europe under NATO command.

It will be contended in this chapter that one external factor influenced the Canadian government to purchase 128 Leopard I main battle tanks from Krauss-Maffei of West Germany. The acquisition of these tanks for employment by Canadian forces in Europe provided concrete evidence to the EC/NATO members of Canada's commitment to the Atalntic alliance. This was the price Canada had to pay for the formal economic relationship it signed with the EC. Because of the nature of the decision, i.e., a snap decision, the Leopard I was not procured as a result of a policy determination but, rather, a program determination.

In addition, a brief discussion will be provided of the industrial benefits Canada achieved from the procurement of the Leopard I. It should be noted however that unlike

the LRPA procurement, the desire for industrial benefits from the main battle tank appeared to be merely an "afterthought" for the Trudeau government.

Finally, the last section of the chapter will examine how the purchase of the Leopard I, like the Aurora, reflects the reversal of the 1971 defence priorities. The majority of the tanks procured by Canada will be stationed in Europe and, therefore, are committed to NATO.

Equipping The Canadian Brigade Group

The 1971 defence White Paper stated that the Canadian Land force situated on the Central Front in West Germany, which had originally been a full infantry brigade group with tank support, would be "reconfigured" for a tactical reconnaissance role. In order to fulfill this role the White Paper contended that Canada could do away with the aging and cumbersome Centurion main battle tanks and acquire a LTD which would eliminate Canada as a major participant of the armoured role in NATO.[2] This desire existed within the federal cabinet for the next two to three years. The cabinet ministers reasoned that they could not possibly conceive of the need to employ tanks in Canada and, as a result, they felt there was a need to change Canada's NATO role in Europe.[3] Hence the Trudeau government decided to purchase 100 Scorpion vehicles from Britain at a cost of $40 million. This decision was announced on July 25, 1972 by defence minister Edgar

Benson, who stated that in the very near future Canada would be signing a contract with Britain.[4]

The decision to purchase the Scorpion caused a great deal of consternation within the Canadian military establishment. Major-General William Leonard, commander of Canadian Forces Europe commented, for example, that the

> Centurion still is a good battle tank, even though 'tired and relatively slow'. There are something like 2,500 of them still in use throughout the world. The Israelis used them with devastating effect in the six-day war.[5]

In fact, one observer believed that the government's desire to purchase the Scorpion was part of a step-by-step plan by the Trudeau government to withdraw all Canadian forces stationed in Europe. The purchase of the Scorpion was an important element of the plan because this vehicle weighed only 17,000 pounds and, therefore, it was possible to station the Scorpion in Canada because it could be flown in a cargo aircraft, such as the Hercules, to Europe during a period of crisis.[6]

NATO officials opposed Canada's planned purchase of the Scorpion. Most military tacticians argue that a LTD like the Scorpion would not be able to survive a major battle in Europe without the protection of heavy tanks, because of the concentrated firepower of the Warsaw Pact's heavy armour.[7] The principal opponents of the Canadian decision to restructure its forces (which would be based on the Scorpion) were Supreme Allied Commander Europe, Central Army Group, and the United States 7th Army. Due to these criticisms

James Richardson, at the beginning of 1973, announced that the proposal to purchase the Scorpion was being re-examined.[8] By May of the same year, the Canadian government decided to abandon its plan to procure the Scorpion.

In 1974 it was suggested in the press that plans had been drawn up by National Defence officials in an attempt to extend the life of the Centurion tank. This was to be achieved by giving the Centurion a major overhaul which would make the tank operational until 1985. The cost of refurbishing the tanks would be approximately $16 million.[9] However, there was little, if any, concrete evidence that the federal cabinet was committed to maintaining a heavy tank for the Canadian Armed Forces. Hence, the tank question remained unresolved until October 1975.

It was on October 23, 1975 that James Richardson provided some evidence of the changing mood of the Liberal government regarding the Centurion. The defence minister explained, "if a land force is to be effective, on the central front ... it requires a tank."[10] He stated that the federal cabinet was considering the two most viable options open to it concerning the question of a heavy tank for Europe; first, it could refurbish the Centurion or, secondly, it could purchase or lease a new tank from one of its allies. However, as Richardson explained, the refurbishing of the Centurion was not a very attractive option because it would be "a little like the old axe ... three new heads and six new

handles but the same old axe."[11] Nevertheless, Chief of Defence Staff, General Jacques A. Dextraze argued for refurbishing the Centurion, and then in the mid-1980s selecting one of a new generation of tanks being developed by Canada's allies. To purchase a new tank in 1985, for example, would, from his perspective, provide Canada with a piece of modern equipment that would be a viable and effective weapon system for several decades.[12]

The option of leasing a tank from one of Canada's allies appeared to have obvious pitfalls. A Department of National Defence news release explained why:

> Over any reasonable period of service the cost of leasing would have substantially exceeded the cost of outright purchase. There would also have been serious legal and political problems involved in an arrangement wherein the ownership of Canadian combat equipment was vested in a non-governmental agency.[13]

Richardson also stated at this time that despite the Trudeau administration's very real concern with financial restraint he felt that he was making "very real progress" regarding Canada's land force in Europe.[14]

The October 23rd statement by Richardson was followed in the next month with a solid commitment by the federal cabinet to strengthen Canada's NATO forces. On November 27th in a statement in the House of Commons, at the completion of Phase I of the Defence Structure Review and, also, the initiation of a defence program, Richardson assured MPs that

the government would provide Canadian forces "with a modern and effective main battle tank" either by refurbishing the Centurion or by procuring new tanks.[15] This would "ensure that our army contingent in Europe possesses the necessary up to date equipment to fulfill its assigned tasks beside our NATO partners."[16]

In February 1976, the Progressive Conservative defence critic, Allan McKinnon (Victoria) suggested to the government that it decide to withhold its decision on purchasing a new tank until the West German Leopard II and the United States XM-I tank were available. He argued that either of these two tanks would be far superior, particularly with respect to speed, to the Leopard I or a retrofitted Centurion. Yet, Maurice Dionne, Parliamentary Secretary to the defence minister, answered for the government that the "acquisition of Leopard I would strengthen Canada's position through the procurement of a current piece of equipment with logistic and standardization advantages with NATO."[17] Defence department officials confirm that no serious consideration was given to the idea of procuring either the Leopard II or the XM-I.[18]

The November 1975 announcement by James Richardson led to the signing in Munich on October 12, 1976 by a Supply and Services official of a contract with Krauss-Maffei for the purchase by Canada of 128 Leopard I main battle tanks.

The purchase of the Leopard I was to be funded from within the defence department's capital budget. Included in

the contract was an agreement whereby the German defence ministry would lend Canada for a two year period thirty-five Leopard I tanks, beginning in the first three months of 1977.[19] The total cost of the project was $187 million. The total coast of the project included: $115 million for tanks; $3.7 million for Leopard I tanks on loan; and $69.3 million for logistics support, training, ammunition and associated material requirements.[20] The contract also provided "for the sale of Canada's entire fleet of Centurion tanks, and associated equipment, to the German Krauss-Maffei Company, in the event they could find a buyer acceptable to Canada."[21]

At this point it is necessary to focus the discussion on why Canada decided to purchase the Leopard I instead of choosing one of the other alternatives: either refurbishing the Centurion and waiting until the Leopard II or XM-I was available or simply not buying a main battle tank.

European Pressure

When Pierre Trudeau visited Europe in 1975 he reassured the NATO allies of Canada's commitment to the alliance which pleased the NATO allies. Nevertheless, as reassuring as Trudeau was, Canada still had to show some concrete evidence of its renewed commitment. The evidence was provided with the decision to procure tanks from Krauss-Maffei.

It is difficult to substantiate the connection between the purchase of the Leopard I and the formalization of relations

between the EC and Canada. However, one observer described Canada's action as a kind "of bribe to NATO to enable him [Trudeau] to receive that contractual link with the European Common Market."[22] A more official source provides further evidence of the connection. Arthur Menzies, Canada's Ambassador to NATO said:

> One of the objectives of the Prime Minister on his trip is to build some sort of bridges so that our identity will grow and be strengthened. This bridge (NATO) is a political and economic one.[23]

After the June 1975 NATO summit meeting Trudeau commented upon the importance of the NATO connection:

> It was impressed upon me by some of my NATO colleagues how disappointed they would be should any Canadian government at any time take any step to lessen the effectiveness of the Canadian military contribution.[24]

To discuss the link between the Framework Agreement and the procurement of tanks by Canada becomes more realistic when one considers the "change of heart" of Canadian policy-makers concerning a tank purchase. In 1974, defence minister James Richardson faced with the prospect of allocating funds for the procurement of tanks cautiously observed, "There are other roles that Canadians can play ... we don't believe we have to have tanks."[25] In addition, as commented on in an earlier chapter, the "no tanks" edicts of the Trudeau government in 1973 and 1974 supposedly emanated directly from the prime minister's office.[26]

Additional proof of Canada's commitment to acquire a

main battle tank immediately instead of waiting for the next generation of heavy tanks was provided by a statement made by Allan MacEachen. The Secretary of State announced on May 22, 1976 at a meeting of NATO foreign ministers in Oslo that Canada had decided to procure the Leopard I from Krauss-Maffei.[27] MacEachen, who at the same time was attempting to finalize an economic relationship with the EC, was endeavouring with his announcement to satisfy the EC/NATO members. It should be noted that MacEachen's statement occurred at the same time Canadian officials were negotiating with officials from both Krauss-Maffei and the British manufacturers of the Chieftain.[28] Despite MacEachen's announcement James Richardson was willing to openly contradict the Secretary of State. Richardson attempted to explain MacEachen's statement; "that in principle the government has decided to re-equip the army in Europe with main battle tanks. Secondly, he said that we are proceeding very satisfactorily with negotiations for the purchase of tanks from the German firm."[29] Richardson continued by stating that the government had not finalized a deal with Drauss-Maffei as negotiations were still being carried on. Furthermore, Richardson contended that the government could always use the option of refurbishing the Centurion "if, in negotiating with the German firm and the German government, we are not able to reach reasonable terms."[30] Nevertheless, as one Department of Supply and Services official commented "statements like Mr. MacEachen's tend to speed

things up."[31] Negotiations did indeed speed up. Within less than five months Canada had signed a contract with the German firm for 128 tanks.[32]

The "bribe" of tanks, it could be argued, was the principal reason why the EC was willing to sign the Framework Agreement with Canada. This seems especially true considering the reservations the EC had about Canada. It must be remembered that the Community members were extremely wary of reaching any general agreement with a heavily industrialized country. The EC feared this precedent setting action because it might make it vulnerable to the pressures of the United States for a similar arrangement.[33] All other agreements that the EC had signed with other parties had been in terms of former colonies of the member states; the countries around the Mediterranean costal region; countries and associates of the European Free Trade Association and; developing countries. An agreement, therefore, with Canada would be a first for the EC.[34] Furthermore, any attempt by the Community's Commission to get such an agreement would be carefully scrutinized by member states who feared any transfer of their sovereign power to Community organs that might result from this action.

The Trudeau government's desire for potential economic benefits through a link with the EC could only be accomplished if Trudeau reacted positively to the counter-pressures posed by the EC/NATO members for Canada to recommit itself to NATO. Thus, it could be deduced, that the procurement of Leopard I

tanks to be deployed in the defence of Central Europe was the price the federal cabinet had to pay for the Framework Agreement. In April 1969, Pierre Trudeau had commented that Canada's membership in NATO "was more to impress our friends than frighten our enemies."[35] Time was to prove him right.

Economic Benefits

James Richardson's November 1975 announcement set in motion negotiations between Supply and Services officials, officials of Krauss-Maffei of West Germany, and the manufacturers of the British Chieftain. Canadian officials were telling the potential manufacturers that Canada "would go for the best deal."[36] However, Canadian negotiators had their position weakened when Allan MacEachen prematurely announced in May 1976 that the Canadian government had decided to purchase the Leopard I from West Germany. As R.J. Hauser in a letter to the editor of the Ottawa Citizen explained:

> This single act succeeded in cutting the legs right out from under the negotiators, all at a time when other options were still open. (I know, for I was involved in these negotiations prior to my retirement from the federal civil service). About $120 million worth of orders for Canadian industry went right down the drain.[37]

Despite this the Canadian government was still able to secure considerable industrial benefits for Canadian industry from the Leopard I procurement. Though the tanks were purchased from Krauss-Maffei the industrial benefits package was negotiated by Industry, Trade and Commerce officials with the West German

government.[38] The agreement guaranteed that the manufacturer, Krauss-Maffei, would place in Canada contracts valued at forty per cent of the total contract price. In addition, the contract had a "best effort" clause that would increase the industrial benefits package by a further twenty per cent. The industrial benefits program is to have a tenure of ten years. The industrial benefits were to be managed by Industry, Trade, and Commerce.[39]

Because no part of the tank could be constructed in Canada, the industrial benefits would be achieved by Canadian industries providing a long list of industrial goods. These included "from manufactured products through steel forging to synthetic fibres."[40] The West Germans are able to offset some of the Canadian expenditures by establishing high technology industrial plants in Canada.[41] Figure X establishes the status of the industrial benefits from the Leopard I purchase up until July 4, 1978.

The Leopard I

The Leopard I is acknowledged to be one of the finest of its generation of main battle tanks. It is superior in all three components which are considered essential characteristics of a good tank. These include: firepower, mobility, and protection.[42] Perhaps the Leopard I's greatest strength is its mobility which is thought to be "superior to all tanks now in production, surpassing the Centurion by a wide margin."[43] This is due to the fact that the Leopard I weighs forty six tons

FIGURE X

Industrial Benefits from Leopard I Purchase
as of 4 July, 1978

| | |
|---|---|
| Effective date of Leopard Contract . . . | 30 September, 1976 |
| Industrial Benefit Program concludes . . | 30 September, 1986 |
| Agreement states that Krauss-Maffei and its subcontractors are to place orders in Canada equal to forty per cent of the total contract purchase price, approximately . . . . . | $ 69 million |
| Purchases placed with Canadian industry to date (18 month period) Septebmer 30/76 - March 31/78 . . . . . | $ 21,344,000 |
| In addition, Krauss-Maffei agrees to an additional twenty per cent, known as "best effort", approximately . . . . . | $ 35 million |

A total of fifty Canadian companies have benefitted from this Program to March 31, 1978, as follows:

| | |
|---|---|
| Ontario . . . . . | 32 companies |
| Quebec . . . . . | 8 companies |
| Manitoba . . . . . | 1 company |
| British Columbia . . . . . | 7 companies |

Services: Air Canada
Canadian Pacific

| | |
|---|---|
| Total number of orders placed to date . . . . . | 191 |

Source: Standing Committee on External Affairs and National Defence, March 6, 1979.

while the Centurion is approximately ten tons heavier.[44] Figure XI is a fact sheet describing the Leopard I.

Of the 128 Leopard I tanks the Canadian government purchased, Canadian forces stationed under NATO command in Europe will receive seventy-seven gun tanks, four bridge-laying tanks, and four armoured recovery vehicles.[45] As a result the deployment of eighty-five heavy tanks to the 4th Canadian Mechanized Brigade Group will permit the brigade group to retain general purpose combat capability.[46] The necessary components of a general purpose combat capability are heavy tanks, armoured personnel carriers, self-propelled artillery, helicopters, and logistics resources.[47] The remaining forty-three tanks will be located in Gagetown, New Brunswick, and Borden, Ontario for use as trainers.

In justifying the decision to re-equip the 4th Canadian Mechanized Brigade Group by replacing the Centurion the Canadian government stated:

> NATO's strategy of deterrence is based on making clear to the Soviet Union and her Warsaw Pact allies that if they were tempted to use their military power against the alliance--or even threaten to use it--they would be stating a sequence of events the course of which cannot be calculated in advance.
>
> Those events could involve such appalling risks to their own territory, industry, and population, as to far outweigh any advantages they might hope to gain in this way.
>
> To be an effective deterrent, NATO's fighting power must include adequate numbers of well-trained and well-equipped forces on land, at sea and in the air. In Europe, NATO land forces being confronted by the heavily mechan-

FIGURE XI

The Leopard I
Technical Data

| | |
|---|---|
| **Vehicle Dimensions:** | |
| Length (Gun in travel lock) | 26 Feet, 10 Inches |
| Length (Gun at 12-O'clock Position) | 31 Feet, 4 Inches |
| Width | 10 Feet, 8 Inches |
| Height | 7 Feet, 12 Inches |
| Ground Clearance | Approximately 18 Inches |
| **Weight:** | |
| Combat Weight | 88,500 Pounds |
| Net Weight | 81,000 Pounds |
| Power/Weight Ratio | 21 Horsepower Per Ton |
| Ground Pressure (Combat Loaded) | 12.2 Per Square Inch |
| **Performance Data:** | |
| Maximum Speed | 40.5 Miles Per Hour |
| Cruising Range (Road) | 375 Miles |
| Grade Ascending Ability | 60 Per Cent |
| Side Slope | 30 Per Cent |
| Vertical Obstacle Vehicle Will Climb | 45.3 Inches |
| Width of Ditch Vehicle Will Cross | 114 Inches |
| Fording Depth | Up To Turret Roof |
| Submergeability | With Auxiliary Equipment |

Figure XI continued

Armament:

| | |
|---|---|
| Main Weapon | Semi-Automatic 105-MM Gun |
| Maximum Traverse | 360 Degrees |
| Maximum Elevation | +20 Degrees |
| Maximum Depression | -9 Degrees |
| Ammunition Stowage (Main Gun) | 60 Rounds |
| Secondary Armament | cal. 30 Coaxial Machine Gun<br>Cal. AA Machine Gun |

Optical Equipment:

Rangefinder, telescope, variable power panoramic telescope, periscope, infrared driving and sighting devices.

Communication System:

Radio and intercommunication equipment.

Engine:

| | |
|---|---|
| | 10 Cylinder, 90-degree upright V-type, four stroke, percombustion chamber, multifuel, super-charger. |
| Output at 2,200 R.P.M. | 830 HP net installed brake horsepower, fan output not subtracted. |
| Maximum torque at 1,200 R.P.M. | 2,000 Feet-Pound |

Source: Lieutenant Colonel J.C. Gervais, "The Leopard-The Canadian Forces' choice for a main battle tank", Canadian Defence Quarterly, p. 9.

> ized forces of the Soviet Union and her Warsaw Pact partners, must be equipped with tanks which have equal or better fire-power, high mobility and adequate protection.[48]

There was little doubt that the Centurion was obsolete, and had to be replaced; however, whether eighty-five Leopard Is acquired by the Canadian government for the European front strengthened NATO is debatable.* However, the important aspect

---

* In modern warfare the heavy tank has become accepted as the principal piece of equipment employed by land forces. Not only was the tank thought to be the primary offensive weapon but it was felt that the tank itself was the most effective anti-tank weapon. Nevertheless, since the conclusion of World War II anti-tank weapons have improved immensely and thus are now able to have an extremely high kill-rate because of its capability to penetrate present-day tank armour. As a result since the 1950s anti-tank guided weapons have become increasingly more important as an effective tool to counteract tanks. Ian Smart, a British military analyst, suggests that "superior tank numbers may be outweighed by an adversary's anti-tank guided weapons." The modern anti-tank guided weapon is capable of penetrating the armour two to three times the thickness of present-day heavy tanks. This includes the Leopard I. But, the new generation of heavy tanks that are being designed at the present time, such as the XM-I and the Leopard II, will be constructed with a new armour that is "immune to any current known anti-tank missile." One, therefore, must question the decision of the Trudeau government to procure the Leopard I which is rapidly becoming obsolete and, in fact, was originally designed to be the prototype of the Leopard II. This discussion does not mean to suggest that the tank is of no utility. Yet ever since the Yom Kippur War of 1973 there has been an intense debate among military analysts concerning the effectiveness of the tank as an anti-tank weapon. In sixteen days of fighting the Egyptians and Israelis lost more tanks than the United States has in active service in West Germany. This debate should be of particular relevance to Canadian defence planners and, in fact, all NATO members because NATO operates under the military strategy of flexible response which is primarily a defensive strategy. Therefore, NATO forces must be able to prolong a Warsaw Pact thrust and, in time, eventually push back (continued at bottom of next page)

for this thesis is that Canada's purchase committed Canada to the defence of Western Eruope in an armoured role. The acquisition of tanks did not meet the defence priorities laid down in the 1971 White Paper. Defence in the 70s contended that Canada no longer required a main battle tank. Yet the stationing of the eighty-five Leopard Is contributes to the 6,000 NATO tanks placed on NATO's front line to repel a potential invasion from 15,000 Soviet tanks. Therefore, Canada is contributing to deterrence.

Summary

The decision to procure the Leopard I by the Canadian government was the price Canada was willing to pay to finalize an economic relationship with the EC. The decision to procure was the result of a snap decision: the about face of James Richardson regarding the necessity of Canada having a main battle tank; the lack of a formal decision-making process, and, most importantly, the decision to procure the Leopard I resulted

---

the invader from the East. Hence, should the NATO members be spending a significant percentage of their declining pool of monies on a weapon system that might not be totally effective. (For further discussion on this subject see, for example, R. Ogorkiewicz, "Tanks and Anti-Tank Weapons," Adelphi Papers, (Spring, 1978); Captain L.W. Bentley and Captain D.C. McKinnon, "The Yom Kippur War As An Example Of Modern Land Battle," Canadian Defence Quarterly 7 (Summer, 1977); Captain L. Rossetto, "The Soviet Blitzkrieg vs. The Military Balance," Canadian Defence Quarterly 8 (Winter, 1978/79); T. Cliffe, "Military Technology and the European Balance," Adelphi Papers (1972).

not from policy directives (as espoused in Defence in the 70s) but rather as a result ofthe 1975 defence program all underscore this. The deployment by the CAF of the Leopard I on the Central Front in Europe under NATO command, like the Aurora procurement, had the effect of ultimately changing the face of Canadian defence policy.

## NOTES TO CHAPTER V

1. It should be acknowledged that Tucker in his recent book, Canadian Foreign Policy: Contemporary Issues & Themes, would take exception with this statement. Tucker believes that, in fact, the decision to acquire the Leopard I was "by no means an overnight decision."

2. Defence in the 70s, p. 35.

3. M.A. Stevenson, "Can Canada afford to drop tank defence," Globe and Mail, January 16, 1975.

4. "Canada stocking up on military hardware," Ottawa Citizen, July 22, 1972.

5. J. Best, "Forces may have to make do with vintage Centurion tanks," Ottawa Journal, May 24, 1973.

6. R. MacDonald, "Defence Dept. to scrap Scorpion tank purchase," Toronto Sun, May 9, 1973.

7. J. Best, op. cit.

8. "Decision on Scorpion still up in the air," Ottawa Journal, February 12, 1973.

9. J. Best, "Refitting of Centurion tanks supported by military chiefs," Globe and Mail, November 14, 1974.

10. International Canada 6 (October, 1975): 253.

11. Ibid.

12. Ottawa Citizen, Day unknown, 1978.

13. Canada, Defence Information Services, News Release, Resume Of The Leopard Tank Program, October 14, 1976, p. 4. Hereafter cited as Resume Of The Leopard Tank Program.

14. International Canada 6 (October, 1975): 253.

15. International Canada 6 (November, 1975): 270.

16. Ibid.

17. International Canada 7 (February, 1976): 54.

18. Interview, Department of National Defence, October 30, 1979.

19. P. Meerburg, "Canada buying 128 German tanks," Globe and Mail, October 16, 1976.

20. Resume Of The Leopard Tank Program, p. 2.

21. Ibid., p. 4.

22. "How to make friends, etc.," Vancouver Sun, December 4, 1975.

23. G. Stevens, "The Tables are Turning," Globe and Mail, May 20, 1975.

24. "Canada-Trade $$$ Will Flow From Defence," Halifax Chronicle Herald, June 11, 1975.

25. "A sensible compromise," Globe and Mail, November 23, 1974. It should be pointed out that at the same meeting at which Richardson delivered his statement, General Jacques Dextraze openly contradicted his political master by stating, "it has always been said in military circles, particularly in the land forces, that the best anti-tank weapon is the tank itself. It has been proven and it is a fact." International Canada 6 (May, 1975): 134.

26. R. Cameron, "Trudeau anti-tank policy senseless," Halifax Chroncile Herald, June 9, 1975.

27. "Let's get together fellows," Financial Post, August 7, 1976.

28. Ibid.

29. International Canada 7 (May, 1976): 130.

30. Ibid.

31. Ottawa Citizen, October 6, 1976.

32. P. Meerburg, Op. cit.

33. G. Demarino, "Canada, EEC taking time to reach long term pact," Ottawa Citizen, November 3, 1973.

34. "Maple Leaf Rag," The Economist, November 2, 1974.

35. Monthly Report on Canadian External Relations (April, 1969)

36. "Let's get together fellows," op. cit.

37. Letter to the editor of the Ottawa Citizen from R.J. Hauser, April 16, 1977

38. "Leopard tanks to give Canada trade exchange," Globe and Mail, October 8, 1976.

39. Resume Of The Leopard Tank Program. pp. 3-4

40. "Leopard tanks to give ...," op. cit.

41. Ibid.

42. Lieutenant Colonal J.C. Gervais, "The Leopard - The Canadian Forces' choice for a main battle tank," Canadian Defence Quarterly, :7.

43. Resume Of The Leopard Tank Program, p. 3.

44. Ibid.

45. P. Merrburg, op. cit.

46. Major E. Exley, "Canada's Land Forces and the Maintenance of Mechanized Warfare Skills," Canadian Defence Quarterly 2 (Summer, 1972): 13.

47. Ibid.

48. Resume Of The Leopard Tank Program, p. 2.

# CHAPTER VI

## SUMMARY AND CONCLUSIONS

The central purpose of this thesis was to examine if military procurement decisions made by the Trudeau government had the effect of changing the face of Canadian defence policy by the end of the 1970s. The procurement of the CP-140 Aurora and Leopard I--employed in this thesis as a case study of two particular procurement decisions--signalled the re-emergence of NATO as Canada's first defence priority. With the upgrading of NATO as Canada's principal military concern the protection of Canadian sovereignty became of secondary importance. Thus, it can be concluded that the procurement decisions did not reflect the priorities established in the government's 1971 White Paper.

To understand how this occurred it was necessary to survey four distinct decisions made by the Canadian government to determine what factors shaped the different decisions. These decisions include: the formulation of an official defence policy by the Trudeau government in 1971; the initiation of a defence program in November 1975; the procurement of the CP-140 Aurora in July 1976 and; the acquisition of the Leopard I in October 1976.

After a two year defence review debate the Trudeau

government published Defence in the 70s. This White Paper, in many ways, mirrored the statements made by the prime minister while the defence debate was being carried out. The tasks designated for the CAF to fulfill as determined by the White Paper reflected the political vision of Pierre Trudeau. Trudeau did not accept the need to maintain a Canadian military establishment simply for military purposes. In Canada's case this would involve its participation in NATO and NORAD. Instead Trudeau believed that the value of the Canadian military establishment lay in its ability to fulfill quasi and non-military tasks. Hence the protection of Canadian sovereignty and aiding civilian agencies in national development projects were considered to be the important roles for the CAF. The second factor that shaped the posture of official Canadian defence policy in 1971 was the Trudeau government's unwillingness to allocate substantial economic resources to National Defence. In the competition over the allocation over the allocation of resources the defence department was deemed of less importance than other departments concerned, for example, with promoting policies to alleviate regional economic disparities.

Of further importance to this thesis were the statements of the 1971 White Paper. Defence in the 70s outlined the military requirements of the CAF in order that the forces could satisfy the listed priorities. The White Paper contended that the Canadian forces no longer needed a main battle tank and,

thus, the Centurion would be eventually phased out. It was further noted that if Canada was to maintain an effective territorial surveillance capability thought would be given to replacing the aging Argus fleet. To satisfy the priorities established in Defence in the 70s procurement decisions in forthcoming years should have reflected the aims of the White Paper. As R.B. Byers contends, "the statement of objectives and the roles should be translated into specific equipment requirements, a force structure, and a program for resource allocations."[1]

The second major defence decision of the Trudeau government occurred in November 1975. Defence minister James Richardson announced that National Defence would be allocated a greater percentage of the government's budget. The creation of a re-equipment program was not an outflow of the White Paper, but rather a result of pressures exerted by two external factors. First, Canada had to respond to U.S. government pressures because of the Canadian fear that not to do so might endanger the vast "community of interests" between the two countries. Second, the Canadian government had to respond positively to pressures exerted by EC/NATO members because Canada was in the midst of negotiating a formal economic relationship with the EC. Both of these two external factors were motivated to pressure Canada to upgrade its commitment to NATO as part of fulfilling its share in the alliances' response to the Soviet Union's substantial expansion of its military establishment.

The final two decisions examined related to the specific procurement choices of the Trudeau government. The actual decision to purchase the CP-140 Aurora was a direct result of stated government policy. Defence in the 70s acknowledged the need for the CAF to have a new LRPA. Yet the Aurora is equipped primarily to fulfill an ASW role when the White Paper contended that Canada's traditional role in fulfilling the ASW function within NATO would be greatly reduced. What caused this contradictory behaviour was the influence exerted by Washington. The U.S. government wished to see Canada continue as a major participant in both strategic and tactical ASW functions. In order to play this role Canada needed a sophisticated ASW aircraft. Lockheed was chosen as the manufacturer of Canada's new LRPA. This event satisfied other desires of the U.S. government: the Canadian purchase from Lockheed helped to correct the financial problems that existed for the American corporation and the procurement from an American corporation helped to create a more equitable balance in U.S.-Canada defence trading. Another factor which influenced the Trudeau government's decision to procure the Aurora was the ambition to achieve industrial benefits that would assist in strengthening the viability of the Canadian aerospace industry. In addition, the achievement of substantial industrial benefits would create new jobs and, as such, the LRPA purchase was perceived as a "make work project".

With the acquisition of the most sophisticated ASW aircraft available the Canadian government was turning the aims and goals listed in Defence in the 70s upside down. The sovereignty role was reduced, the NATO commitment was back in fasion.

The decision to procure the Leopard I from Krauss-Maffei of West Germany flowed from the 1975 announcement by James Richardson that Canada would maintain forces in Europe under NATO command that would be equipped with a main battle tank. Thus the decision to purchase a main battle tank was not a result of a policy determination but rather a program determination.

Unlike the Aurora decision, in which the Canadian government designed a formal structure to determine each of the contenders' industrial benefits package, the industrial benefits package from the Leopard I procurement seemed to be merely a residue benefit gained by the Canadian government. The principal benefit accrued from the acquisition was the signing of a Framework Agreement with the EC on 6 July, 1976. While EC/NATO members were pleased that Canada had formulated a re-equipment program in 1975 it has been suggested that Canada achieved the Framework Agreement because of the "bribe" of tanks. Canada had to play its part in shouldering the burden of deterring a potentially aggressive U.S.S.R. on the Central Front in Europe. Canada's contribution of eighty-five tanks to the defence of Western Europe marks the fulfillment

of its share. More importantly the tank purchase, perhaps even more than the Aurora acquisition, signifies Canada's recommitment to NATO.

In summation as Hugh Macdonald stated:

> If military requirements alone determined procurement decisions we would have the opposite of procurement determining policy; procurement would be determined only by policy, specified in military terms.[2]

However, as Macdonald notes, "economic parameters" must influence Canadian procurement decisions in times of peace.[3] But there are other factors which affected Canada's defence procurement decisions. As a result it was necessary to identify the setting in which Canadian defence decisions are made largely because the setting determineds what kind of military forces Canada can have. The Canadian setting includes: the omnipresent position of the United States vis-a-vis Canada; alliance commitments (particularly NATO) and; economic constraints.

The thesis has attempted to identify where each component of the setting has influenced particular Canadian decisions. On the one hand, the two external factors influenced Canada's decision to commence a re-equipment program while, on the other, the U.S. government influenced the Canadian government to choose the Lockheed bid over the other three contenders for the LRPA contract and the EC/NATO members pressured Canada into purchasing the Leopard I that would be deployed in Western Europe. Industrial benefits played a major role in the Aurora purchase but only a very minor role in the Leopard I procurement.

Finally, the only decision that was not affected by the setting was when the Trudeau government designed its defence policy in 1971.

The notion that factors beyond specific Canadian military requirements were involved in the procurement decisions in these cases suggests the generalized conclusion that procurement will define policy in Canada. The Canadian decision to procure both the Aurora and Leopard provide support for this conclusion. Both pieces of military hardward are designed to fulfill specific NATO functions instead of the policy priorities listed in Defence in the 70s.

The conclusion arrived at in this thesis suggests that any defence policy created by future Canadian governments will be merely ephemeral in nature. As such when the pieces of military equipment currently being purchased--the Aurora, Leopard, frigates, etc.--become obsolete by the end of the 1980s the replacement equipment chosen, it might be suggested, will not reflect the stated policy. For any Canadian government it is one thing to design a defence policy; it is, however, another thing to be able to enact it.

## NOTES TO CHAPTER VI

1. R.B. Byers, "Defence for the Next Decade: The Forthcoming White Paper," Canadian Defence Quarterly 7 (Autumn, 1977): 18.

2. H. Macdonald, op. cit., p. 9.

3. Ibid.

## APPENDIX I

## A STATEMENT REGARDING THE INTERVIEWS THAT WERE HELD

The interviews were conducted after the majority of the research of primary and secondary sources was completed. The interviews were carried out in Ottawa with officials from the Departments of External Affairs, National Defence, and Supply and Services. Questions were posed to the officials but a number of times they went beyond the scope of the question and discussed material they felt was relevant.

Following is a sample of some of the questions asked during the interviews:

I. How did the Department of National Defence (Department of External Affairs) view the international environment in the late 1960s?

II. Did Defence in the 70s create any unusual problems for DND?

III. What was the purpose of the Defence Structure Review?

IV. What was the role of DEA During the Defence Structure Review?

V. What was the role of the DEA representative on the project management team headed by Brigadier-General Allan?

VI. Was there any dialogue between the Canadian and American governments concerning Canada's acquisition of new military equipment?

VII. The increasing Soviet military build-up was the reason given by Canadian policymakers for the purchase of the Aurora and Leopard; were there any other reasons?

VIII. Was there a connection between the acquisition of the Aurora and Leopard and the formal agreement signed between the European Economic Community and Canada?

IX. Beyond military requirements were there any domestic interests that had to be considered during the negotiations leading to the buying of the two pieces of military hardware?

X. Despite all the problems during the contract negotiations with Lockheed the Aurora deal was kept alive. Why?

XI. Did Trudeau's attitude toward NATO change during his stay in office?

# BIBLIOGRAPHY

## Books


Bobrow, Davis B. Components of Defense Policy. Chicago: Rand Company, 1965.

Byers, Roddick B., and Colin S. Gray, eds. Canadian Military Professionalism: the search for identity. Toronto: Canadian Institute of International Affairs, 1973.

Canada and NATO. Background Information Papers, North Atlantic Treaty Organization Information Services, 1974.

Canby, Steven L. NATO Military Policy: The Contraints Imposed By An Inappropriate Military Structure. Santa Monica: The Rand Corporation, 1972.

Cuthbertson, Bruce. Canadian Military Independence in the Age of the Superpowers. Toronto: Fitzhenry and Whiteside, 1977.

Dobell, Peter C. Canada's search for new roles--Foreign Policy in the Trudeau Era. Toronto: Oxford University Press, 1972.

Eustace, M. Canada's Commitment to Europe I--The European Force 1964-1971. Queen's University, National Security Series 1, 1979.

Gray, Colin S. Canadian Defence Priorities: A Question of Relevance. Toronto: Irwin and Company, 1972.

Hillmer, N., and G. Stevenson. Foremost Nation--Canadian Foreign Policy and the Changing World. Toronto: McClelland and Stewart, 1977.

Holsti, O.R., P.T. Hopmann, and J.D. Sullivan. Unity and Disintegration in International Alliances: Comparative Studies. New York: John Wiley and Sons, 1973.

Porter, Gerald. In Retreat--The Canadian Forces in the Trudeau Years. Deneau and Greenberg Publishers Ltd.

Radwanski, George. Trudeau. Scarborough: The New American Library of Canada Limited, 1978.

Rothstein, R.L. Alliances and Small Powers. New York: Columbia University Press, 1976.

Smiley, Donald V. Canada In Question--Federalism in the Seventies. Toronto: McGraw Hill Ryerson Limited, 1972.

Thordarson, Bruce. Trudeau and Foreign Policy. Toronto: Oxford University Press, 1972.

Tucker, Michael. Canadian Foreign Policy: Contemporary Issues and Themes. Toronto: McGraw Hill Ryerson Limited, 1979.

Vital, David. The Inequality of States. London: Oxford University Press, 1967.

Articles and Papers

Aikman, Captain B. "4 Canadian Mechanized Brigade Group." Sentinel 11:7.

Baxter, Clive. "Canada - E.C. Relations: Trudeau's Brussel Visit Stirs Some Thinking." European Community 182 (December, 1974).

Bentley, Captain L.W. and Captain D.C. McKinnon. "The Yom Kippur War As An Example Of Modern Land Battle." Canadian Defence Quarterly 7 (Summer, 1977).

Byers, Roddick B. "The Canadian military and the use of force: end of an era?" International Journal 30 (Spring, 1975).

_____. "Canadian Defence: The ASW Dilemma." Survival 18:4 (July/August, 1976).

_____. "40th Annual Conference of Canadian Defence Associations." Canadian Defence Quarterly 6 (Spring, 1977).

_____. "The Canadian Military." Current History 72:426 (April, 1977).

_____. "Defence for the Next Decade: The Forthcoming White Paper." Canadian Defence Quarterly 7 (Autumn, 1977).

_____. "Defence and foreign policy in the 1970s: the demise of the Trudeau Doctrine." International Journal 33:2 (Spring, 1978).

"Canada: One Ally That's Beefing Up Its Defense." U.S. News and World Report 80:7 (February, 1976).

"Canada's Diminishing Armed Forces." U.S. Naval Institute Proceedings (September, 1975).

"Canadian Defence." Survival 13:11 (November, 1971).

"Canadian Defence Procurement." Defence Newsletter, University of Alberta 2:2 (January/February, 1976).

Canadian Institute of International Affairs. International Canada. Volumes 2-7. 1971-1976.

Canadian Institute of International Affairs. Monthly Report on Canadian External Relations. Volumes 7-8. 1968-1969.

Canby, Steven L. "NATO: Reassessing the Conventional Wisdom." Survival 14:4 (July/August, 1977).

Clarkson, Stephen. "Canada and the North Atlantic Treaty Organization." Hertzman, L., J. Warnock, and T. Hockin. Alliances and Illusions: Canada and the NATO-NORAD Question. Edmonton: M.G. Hurtig Ltd., Publishers, 1969.

Cliffe, T. "Military Technology and the European Balance." Adelphi Papers 1972.

Corbett, David. "Life with Father." International Journal 26:1 (Winter, 1970-71).

Critchley, W. Harriet. "Does doctrine precede weaponry?" International Journal 33:2 (Summer, 1978).

"Defence in the 70s: Comments on the White Paper." behind the headlines 30:7-8 (October, 1971).

den Toom, W. "Crisis Management and Flexible Response." NATO Letter 18:3 (March, 1970).

Dobell, Peter C. "Canada and NATO." Orbis 13:2 (Summer, 1969).

Dobuzinskis, Laurent. "Rational Policy-Making: Policy, Politics, and Political Science." T.A. Hockin, ed. Apex of Power. Scarborough: Prentice-Hall of Canada, Ltd., 1977.

Eayrs, James. "Future Roles for the Armed Forces of Canada." behind the headlines 28:1-2 (April, 1969).

Exley, Major E. "Canada's Land Forces and The Maintenance Of Mechanized Warfare Skills." Canadian Defence Quarterly 2 (Summer, 1972).

Gauthier, D.P. "Canada and NATO: Let A Dying Alliance Die." Commentator 9:4 (April, 1965).

Gellner, John. The Forces." Canadian Aviation 47:11 (November, 1974).

_____. "The Forces." Canadian Aviation 48:6 (June, 1975).

_____. "The Forces." Canadian Aviation 48:11 (November, 1975).

_____. "The Forces." Canadian Aviation 48:12 (December, 1975).

_____. "Strategic analysis in Canada." International Journal 33:3 (Summer, 1978).

Gervais, Lieutenant Colonel J.C. "The Leopard--The Canadian Forces' choice for a main battle tank." Canadian Defence Quarterly 6(Autumn, 1976).

Gorshkov, S.G. "The Navy in the Postwar Years." Transdex - Translations on U.S.S.R. Military Affairs. 72286 (November, 1978).

Granatstein, J. "Defence Contre Nous." Canadian Forum 51 (September, 1971).

Gray, Colin S. "The Need For Independent Canadian Strategic Thought." Canadian Defence Quarterly 1 (Summer, 1971)

_____. "Defence in the Seventies: A White Paper For All Seasons." Canadian Defence Quarterly 1:4 (Spring, 1972).

_____. "The True North Strong and Free." Round Table 62:247 (1972).

_____. "Is The Canadian Military Relevant?" Canadian Institute of Strategic Studies, Background Paper. (1976).

Hudson, J.L.: Maritime Strategic Deterrence At The Conventional Level--And Canada's Role In It." Canadian Defence Quarterly 6:4 (Spring, 1977).

Humphreys, D. "Canada's link with Europe still not widely understood." International Perspectives (March/April, 1976).

Loomis, Major General D.G. "Managing the Defence Services Program." Canadian Defence Quarterly 7:4 (Spring, 1978).

Lyon, Peyton V. "A review of the review." Journal of Canadian Studies 5:2 (May, 1970).

_____. "Sovereignty: Does It Deserve To Be Our First Priority." Commentator 15:5 (May, 1971).

_____. "The quest for counterweights: Canada, Britain, and the EEC." International Perspectives (March/April, 1977).

Macdonald, Hugh, "Equipment Procurement and Defence Policy." Unpublished Paper, Centre For Strategic Studies, University of Alberta, 1979.

MacLaren, A. "Canada needs to reconcile foreign and defense policies." International Perspectives (March/April, 1977).

Mahant, E.E. "Canada and the European Community: The New Policy." International Affairs 52 (October, 1976).

Manson, Brigadier General P.D. "Managing the New Fighter Aircraft Program." Canadian Defence Quarterly 7:4 (Spring, 1978).

Marshall, C.J. "Canada's forces take stock in Defence Structure Review." International Perspectives (January/February, 1976).

Mazari, Frank. "Deterrence, NATO's Military Strategy and the European Allies." Queen's Quarterly 75 (1968).

Middlemiss, Dan. "Military Porcurement As An Instrument of Canadian Economic Policy: The Case Of The Long Range Patrol Aircraft." Unpublished Paper, Centre For Strategic Studies, University of Alberta, 1979.

"New focus on defence." Canadian Business 44:4 (April, 1971).

Ogorkiewicz, R. "Tanks and Anti-Tanks Weapons." Adelphi Papers (Spring, 1978).

Pentland, Charles. "Linkage politics: Canada's contract and the development of the European Community's external relations." International Journal 32:2 (Spring, 1977).

Rossetto, L. "A Final Look at the 1971 White Paper on Defence." Queen's Quarterly 84:1 (Spring, 1977).

Rossetto, Captain L. "The Soviet Blitzkrieg vs. The Military Balance." Canadian Defence Quarterly 8:3 (Winter 1987-79).

Spencer, R.A. "Triangle into Treaty: Canada and the Origins of NATO." International Journal 14:2 (Spring, 1959).

Stevens, G. "Mr. Trudeau Woos Europe." Round Table 65 (1975).

Stevenson, Garth. "The Third Option." International Journal 33:2 (Spring, 1978).

Stikker, D.U. "NATO--The Shifting Western Alliance." Atlantic Community Quarterly (Spring, 1975).

Sutherland, Robert. "Canada's Long Term Strategic Situation." International Journal 17 (Summer, 1962).

Szablowski, George J. "The Optimal Policy-Making System: Implications for the Canadian Political Process." T.A. Hockin, ed. Apex of Power. Scarborough: Prentice-Hall of Canada, Ltd., 1977.

Thakur, R.C. "Change and Continuity In Canadian Foreign Policy." India Quarterly 33:4 (1977).

von Riekhoff, Harald. "The Recent Evolution of Canadian Foreign Policy." Round Table 62:245 (1972).

_____. "The impact of Prime Minister Trudeau on foreign Policy." International Journal 33:2 (Spring, 1978).

Watts, Lieutenant C.S. "External constraints on Canadian foreign policy." Canadian Defence Quarterly 2:1 (Summer, 1972).

Willoughby, W.R. "The Genesis of Canadian - American Defence Cooperation." Canadian Defence Quarterly 5:3 (Winter, 1975-76).

Withers, Brigadier General R.M. "Defence Requirements 'North of Sixty." Canadian Defence Quarterly 1:1 (Summer, 1971).

Government Publications

Canada, Department of External Affairs. Canada - U.S. Relations: Options for the Future. (Ottawa: Information Canada, 1972).

Canada, Department of External Affairs. Foreign Policy for Canadians. (Ottawa: Information Canada, 1971).

Canada, Department of External Affairs. Statements and Speeches 68/16, October 13, 1968.

Canada, Department of External Affairs. Statements and Speeches 68/17, May 29, 1968.

Canada, Department of External Affairs. Statements and Speeches 68/22, December 3, 1968.

Canada, Department of External Affairs. Statements and Speeches 69/7, April 3, 1969.

Canada, Department of External Affairs. Statements and Speeches 69/8, April 12, 1969.

Canada, Department of External Affairs. Statements and Speeches 69/24, December 10, 1969.

Canada, Department of External Affairs. Statements and Speeches 75/40, November 27, 1975.

Canada, Department of External Affairs. Statements and Speeches 76/3, January 16, 1976.

Canada, Department of Industry, Trade, and Commerce, News Release. Don Jamieson, July 22, 1976.

Canada, Department of National Defence. 1964 Defence White Paper. (Ottawa: 1964).

Canada, Department of National Defence. Defence in the 70s. (Ottawa: Information Canada, 1971).

Canada, Department of National Defence. Defence 1975. (Ottawa: Information Canada, 1975).

Canada, Department of National Defence. Defence 1976. (Ottawa: Information Canada, 1976).

Canada, Department of National Defence. Defence 1977. (Ottawa: Information Canada, 1977).

Canada, Department of National Defence. Resume Of The Leopard Tank Program. (Ottawa: Defence Information Services, 1976).

Canada, Department of National Defence. Resume Of The Long Range Patrol Aircraft Program. (Ottawa: Defence Information Services, 1976).

Canada, Department of National Defence, Operational Research And Analysis Establishment. Dr. N. Tracy, The Diplomatic Utility Of Canada's Naval Forces. July, 1976.

Canada, Parliament, House of Commons, Debates, 1970-1978.

Canada, Parliament, House of Commons, Standing Committee on External Affairs and National Defence, 1970-1978.

Canada, Parliament, Senate, Standing Committee on Foreign Affairs, Canada's Trade Relations with the United States, Volume II. June, 1978.

Newspapers and Magazines

The Boston Globe

The Calgary Herald

The Christian Science Monitor

The Economist

The Executive

The Financial Post

The Globe and Mail

The Halifax Chronicle Herald

The Kitchener Waterloo-Record

The London Times

The Macleans Magazine

The Montreal Star

The New York Times

The Ottawa Citizen

The Ottawa Journal

The Time Magazine

The Toronto Daily Star

The Toronto Sun

The Toronto Telegram

The Vancouver Sun

The Winnipeg Free Press

Other Sources

Canadian Broadcasting Corporation, CBLT Radio, "The House." Interview with Conservative defence minister Allan McKinnon, December 8, 1979.

Global Television Network, manuscript of interview of Liberal defence minister James Richardson by Peter Desbarats, Octover 23, 1975.

Interviews, Octover 30, 1979 in Ottawa, with officials in:

(i) Department of National Defence (Aurora Program)
(Leopard Program)
(ii) Department of Supply and Services (Aurora Program
(Leopard Program)
(iii) Department of External Affairs.

Letter, Roy A. Anderson, Vice-Chairman of the Board--Finance and Administration--Lockheed Aircraft Croporation to Brigadier General D.S. Allan, CP-140 Project Office, June 26, 1976.

Letter, Fred J. Leary, Jr., Executive Vice-President, Bankers Trust Company to Roy A. Anderson, Vice-Chairman, Lockheed Aircraft Corporation, June 30, 1976.

Letter, Alan N. Vinick, Secretary, Emergency Loan Guarantee Board to Roy A. Anderson, Vice-Chairman, Lockheed Aircraft Corporation, J-ne 30, 1976.

Text Of An Address By The Honorable James Richardson to the 38th Annual Conference of Defence Associations, Ottawa, January 17, 1975.