



Canada-U.S. Defence Relations

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Expert Group on Canada-U.S. Relations

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About the Author



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Since retirement, Norman has applied his energy to a variety of pursuits including as Champion for the Royal Canadian Benevolent Fund, Senior Defence Strategist at Samuel Associates, contributing to the important debate about security and defence issues in Canada as both a fellow with the Canadian Global Affairs Institute and as a member of the Conference of Defence Associations Board.

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Table of Contents

Introduction	4
1. Why?	4
2. What?	5
3. How?	8
4. Realistic/Practical Approaches	8

Introduction

Let me address the following three themes:

1. Why is defence and security so crucial to the overall Canada-U.S. relationship?
2. What exactly are we talking about when we discuss defence and security in this context?
3. How can we actually achieve what is required/expected of us by our closest ally?

1. Why?

My first observation is that we must examine the defence and security problem through the U.S. lens, not our Canadian lens. Despite our undeniable domestic/national bias or potential views to the contrary, we must consider security and defence as the dominant U.S. priority. It is unhelpful to either downplay their thinking or separate any potential Canadian priorities (i.e., trade, economics) from defence and security.

The global security situation is fragile, and we face unprecedented risks. This is what is central to the mindset of decision-makers in Washington. Therefore, our apparent inability — or unwillingness — to “step up” in that context is critical to the dissatisfaction towards Canada.

Historically, Canada has adopted a “performative” vs “substantive” approach to defence spending and commitments. Our metrics tend to be more so about how we are seen to be performing (as perceived by others) rather than actually understanding the need for a strong defence and thereby doing our best to deliver it (because it is the right thing to do as opposed to the perceptions of others). For decades, if not generations, the political class in Canada (of all stripes) have systematically implemented what I characterize as a strategy of “reluctant minimalism” and have viewed defence spending through a “transactional” lens that tended to try and balance spending pressures with domestic public opinion.

Part of the problem in terms of domestic politics and resultant policy-making is that the defence conversation in this country is premised on the belief that

there is no direct threat to Canada. Perhaps ironically, this might be a valid observation. Nonetheless, it could (and should) however be argued that there are direct threats to the broader North American continent that should concern us, and, more importantly, there are legitimate and compelling threats to our Western way of life that are likely to present themselves as traditional (or neo-traditional) military threats. Instead, it's about the ongoing threats to the current global system that ensure our prosperity, freedom, "rule of law," and democracy. Ultimately, this is about economics and why defence and security are the foundation of our relationship with the United States.

Therein lies part of the problem — and why this is so important — as it is a struggle to make the connection to politicians, officials, and average Canadians. This, unfortunately, is a bit too complicated for most people to understand and requires longer than 280 characters or 30 seconds to explain. Fundamentally, however, our entire system is under attack by countries - and actors - who do not share our values, history or beliefs in terms of the kinds of freedoms that we often take for granted.

Regrettably, we must also consider declining productivity in Western economies, especially here in Canada, where slowing growth rates adversely impact the country's economic capacity to fund the very security that prosperity depends upon. Further, the redistribution of shrinking national wealth is not a recipe for success. We must start rebuilding our productivity and national wealth to protect ourselves from those who wish to harm us.

2. What?

As we consider some of the substance of defence and security, it is essential to frame the conversation with some basic terminology. At the risk of oversimplification, I would offer the following basic definitions (these are mine — not official definitions — and are provided for simplicity):

- Capabilities: what kinds of things can/should we be able to do?
- Capacity: How much/long should we be able to do things?
- Competence: How well should we be able to do things?

The final term I would like to introduce is the notion of “readiness,” which refers to the level of responsiveness or preparedness of the Canadian Armed Forces (CAF). This includes people, equipment, supplies, training, planning and preparations. Readiness is a simple descriptor of what you can do with a given amount of notice, how much of it you can do, and how fast you can do it. However, this belies the underlying complexity of how readiness is generated, measured, and potentially impacted by the ebbs and flows of funding — as the CAF is currently experiencing.

Outgoing Chief of Defence Staff General Wayne Eyre remarked that Canada has an unenviable tradition of being consistently “unready.” This is true of Canada’s contributions to both major conflicts of the 20th century, Korea, the first Gulf War, our contributions to the Balkans, and most recently, our herculean efforts in Afghanistan. Part of his message was intended — I believe — to illustrate that we’ve been lucky to some degree as we’ve been able to ramp up and meet the needs of historic conflicts over time. However, this approach has two fundamental flaws: it costs lives and time. Neither of these is a luxury we can afford as we go forward. The next major conflict is widely believed to be a “come as you are” affair. Without sufficient warning, preparation, industrial capacity and funding, the requisite time (or the squandering of life as we “ready” ourselves) is unlikely to be afforded to us. The war in Ukraine is a stark reminder of these critical “lessons.” This should be a wake-up call for political leaders in Canada; however, it is simply dismissed as fear-mongering.

A second “what” that warrants mention is the 2 percent GDP issue, what it really means, and potentially what it doesn’t mean. Much more robust and sophisticated analyses are available elsewhere, but I want to contextualize the issue. The recent media and academic coverage of the 2 percent issue are encouraging. Canada’s contribution to collective defence is a subject of debate and discussion for the first time in my adult life. That said, this debate is about whether Canada is doing enough. Having agreed to a pan-alliance metric in 2010, Canada has spent inordinate political capital trying to explain why we are different and that the 2 percent metric is either impractical or imperfect. Both may be true, but they are irrelevant as 2 percent of GDP is the agreed standard across the (now) 32-nation alliance.

The bigger challenge is the sheer scale of the spending shortfall and the notion of spending tens of billions of “new” money without a coherent and achievable plan - especially given the underlying incompetence and dysfunction of the current system.

My final “what” are the significant risks and vulnerabilities facing us as we attempt to make the kinds of defence and security investments needed and expected of us. Regrettably, there are a significant number of concerns, but I will focus on three:

1. Funding and affordability — we should be deeply concerned about the actual economic capacity of the financing required to achieve the 2% target, especially in light of the budgetary pressures created by nine years of fiscal mismanagement. This is especially problematic as defence spending is considered a discretionary activity and is often used to “afford” other mandated or non-discretionary expenditures;
2. People and capacity — it is no secret that the CAF desperately lacks people. Beyond that, however, there are significant shortfalls — quantitatively and qualitatively — across other branches of government that play a role in delivering the kinds of investments required to achieve the spending requirements. These shortfalls are highly problematic and have contributed, in part, to the nearly \$14B unspent or re-profiled funds (allocated to defence) over the past decade; and,
3. Process — directly linked to the lack of capacity is the challenge of inefficient and labour-intensive processes. There is a bizarre practice within the machinery government that hiring more people is the preferred “solution” to overcoming the process challenges. The underlying hypocrisy of this phenomenon would be laughable were it not so concerning. Fundamentally, the evolution of processes has gone unchecked for too long. No matter how well-intended, attempts to modify/tweak/improve the current system are destined to fail. We are literally “fiddling in the margins”; the system requires a complete “do-over” from a perspective of first principles.

3. How?

There is no “silver bullet” or formulaic solution to our challenges. We have had endless discussions of the problems and the need for pragmatic solutions. However, there needs to be a real sense of urgency — from the top — that accepts levels of risk that traditionally/historically have been politically unpalatable. There can no longer be any debate that the perpetuation of the *status quo* has failed, and the time has come for innovative and potentially unorthodox solutions.

4. Realistic/Practical Approaches

I would like to offer a few suggestions as to how we might better contribute to the shared defence of North America and our alliance obligations (beyond a simple spending target). Fundamentally, our allies don’t care how we get things done; they want to see results. Our messaging to Washington needs to focus on when we will meet our target; the focus inside Canada needs to be on how we achieve that stated objective.

The following are some recommendations that, in my opinion, will help move the yardsticks:

- Prioritize investments/capabilities that help (directly) defend Canada/North America, especially the Arctic. This has (at least) two advantages: first, it’s an area of undeniable national interest; and second, it’s an area where we can demonstrate a potential asymmetry to the Americans wherein we are, in fact, the “lead” partner;
- Rapidly develop a Defence Industrial Strategy that outlines what Canadian sectors/capabilities we want to invest in (for reasons such as existing or desired technical advantage or strategic need); where/when we want to partner with others (why); where we want to simply be smart buyers;
- Create a Defence Innovation Fund that pursues the principles of a (private sector) Venture Capital Fund for the rapid development of Canadian technologies which are critical to the defence of North America;
- Drastically shorten the “ownership” cycle of major assets by adopting private sector accounting principles wherein assets are

depreciated over their service life and ultimately disposed of when they are no longer worth anything. The current practice of buying assets and hanging onto them for excessive periods (35, 40, 50+ years) is wasteful and inefficient and results in obsolescence and gaps in capability;

- Wherever possible, adopt standard technologies / platforms / solutions to the U.S. to simplify and accelerate procurement through directed contracts or limited competitions;
- Stop treating every procurement in the same way. Buying complex weapons systems is not the same as purchasing office furniture. Military equipment is not (typically) a commercial commodity; therefore, the “business” of defence procurement is very different. Among other innovations, there needs to be a much more robust framework for determining which capabilities should be “owned and operated” by the Crown, which ones should be rented/leased, and which ones should simply be considered as a service;
- Abandon the latest variation of domestic “benefits” programs known as Industrial Benefits and Technology Benefits policy (ITBs) as it is a wasteful and unproductive process that drives up costs and consumes otherwise limited bureaucratic and industry capacity;
- Procurement inefficiency is killing the Canadian Armed Forces (CAF), and a real solution is needed. I think it should be taken out of the hands of bureaucracy/privatized potentially by creating a special (independent) agency of government (i.e., a Crown Corporation) that is mandated to deliver defence equipment and achieve cost and schedule targets on behalf of taxpayers; and,
- Addressing the people problem is critical to rebuilding the CAF, and something is seriously wrong with the *status quo* regarding our inability to recruit new applicants. I believe the recruiting process needs to be taken out of the hands of the military. Further, we need to extract CAF from PS HR rules and policies to increase flexibility and agility in terms of compensation.

