

## Next defence policy review unlikely to alter dated Strong, Secure, Engaged approach: Q&A with Kim Richard Nossal

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The budget's \$8-billion over five years represents a 'fairly small increase in the defence budget,' says the Queen's University procurement expert.

The next defence policy review is unique in Canadian history, representing the first time a prime minister has conducted a review twice in their tenure, but it's unlikely to achieve different results than the past, says procurement expert Kim Richard Nossal.

"What we're going to find [is] that we do three things in the world: we keep Canada safe, we defend North America, and we are out there in the international system," he said in an interview on April 7 following the release of the federal budget, which proposed more than \$8-billion in defence spending and a comprehensive defence policy review.

"In other words, 'Strong, Secure, and Engaged'," he said, in reference to the Department of National Defence's [2017 defence policy title](#). "The problem with that approach is that it doesn't tell you what you have to spend money on in defence."

While Prime Minister Justin Trudeau (Papineau, Que.) is unique for choosing to revisit defence policy twice during his tenure, Nossal said the "realist" in him expects the coming review "is going to look exactly like every single defence review that has been published since the 1960s."

Nossal, a professor emeritus at Queen's University's Centre for International and Defence Policy, joined *Hill Times* executive editor Peter Mazereeuw, host of *The Hot Room* podcast, last week to discuss all things defence, and the billions in new spending outlined in last week's budget.

Much of their discussion centred on procurement, the process through which Canada buys new equipment for its military, from handguns to fighter jets and Navy ships. In his 2016 book, *Charlie Foxtrot: Fixing Defence Procurement in Canada*, Nossal documented some of the most notorious defence procurement bungles in Canadian history from the First World War's Ross rifle right up to the current fighter jet replacement program.

Nossal has said he authored *Charlie Foxtrot* as an attempt to explain defence procurement and “why the incredible waste of resources has become so normal that governments can and do throw hundreds of millions of dollars away, seemingly without a second thought, and certainly without ever suffering any consequences.”

Nossal concluded in his book that while there are bureaucratic problems with Canada’s defence procurement, ultimately, the problem is political. Namely, that Canadians are not willing to spend enough money on defence to pay for a military that can do all the things that politicians say it ought to do.

He also found governments overspent by using defence procurement as an industrial subsidy program, that government ministers make bad decisions about defence procurement in order to save themselves from political embarrassment, and that opposition politicians attack defence procurement projects to score political points, thereby incentivizing bad decisions by the government.

*Here’s that conversation between Nossal and Mazereeuw, as they discuss why Canada has struggled to get defence procurement right for decades. This Q&A has been edited for length and clarity.*

**Mazereeuw: A lot has happened in the world of defence policy and procurement since 2016 when you published *Charlie Foxtrot*, including the 2017 release of Liberal government’s Strong, Secure, Engaged policy document, which pledged quite a lot of new spending on defence. And just recently, the government’s decision to once again choose the F-35 fighter jet as its replacement for our ancient fighter fleet. In the 2022 budget the government announced another \$8-billion over five years for Canada’s military and promised to undertake another review of Canada’s defence policy. So, what do you make of the events of [budget day] and the past six years? Has the government learned any lessons? Are we on the right track now?**

**Nossal:** I’m not sure that the government has learned any lessons. Quite clearly, the Liberal government has been pushed in this direction by what has happened in the global system since it came to power in 2015. There are two important trends. The first is, essentially, the rise of a more aggressive China and the continuation of a mischievous Russia that we’ve seen evolve in particular in the last couple of months. In other words, very much the rise of great power politics in a way that the government, when it came to power in 2015, really wasn’t thinking about.

The second is a fundamental transformation of our relationship with the United States, given what's happening in American politics. The rise of Donald Trump in 2016, and the fact that 74 million Americans took a look at four years of the Trump presidency and said to themselves and to each other, 'we want four more years of that.' These two things—great power politics, on the one hand, and the radical transformation of American politics on the other—has essentially pushed the Canadian government into recognizing certain realities. And to a great extent, we've seen that in [the budget] announcements: first of all, the promise for a new defence review, and secondly, a fairly small increase in the defence budget, these billions of dollars being spread over a five year period.

**Mazereeuw: Some experts say the amount of money is not the problem. It's not so much that we're not spending enough, it's that we can't spend it, we can't actually go through the transactions. What did your research tell you about that problem?**

**Nossal:** You've identified one of the serious difficulties, and that is, if you look at how much money the Department of National Defence has allowed to lapse every year, because they can't get it out the door, that's a serious problem. I mean, they actually have a number of problems. Personnel is a problem, simply getting the right number of people to join the Armed Forces. But spending money on equipment is a key problem. It seems to me that what the government needs to do is to address that particular issue.

**Mazereeuw: You said in your book that a surprisingly small number of people are left in government who actually have the expertise to do this work of procurement.**

**Nossal:** I don't have precise numbers, but most students of Canadian defence procurement note that the so-called decade of darkness—that period from 1994 through to 2004 when the defence budget was slashed quite considerably, and there weren't any significant new funding programs—the Department of National Defence and the Canadian government basically lost a huge number of individuals who knew how to do defence procurement. People, who in the 1970s and 1980s, basically spent their lives dealing with the private sector to acquire defence equipment, weapons systems for the Canadian Forces—they were all gone. And the difficulty, essentially, since then has been building that bureaucratic capacity back up. That is a problem. It's by no means the most significant problem, but it remains a problem. You have to have the officials who know what they're doing.

**Mazereeuw: The budget announced another defence policy review is coming. The last one was in 2017. You spent a lot of time in the book talking about these sorts of policy reviews and how these can be part of the solution to fixing the procurement process. Explain to us: how should the government go about this review?**

**Nossal:** Normally, we'd review defence when a new prime minister takes power. So we had one in '64, and one in '71, under Pierre Trudeau, one in '87, under Brian Mulroney, one in 1995, under Jean Chrétien, one in 2005 under Paul Martin, one in 2008 under Stephen Harper, and finally won in 2017 under [Justin] Trudeau. Mr. Trudeau is unique in the sense that this will be the first time ever that a Canadian prime minister has actually revisited defence within his tenure.

And so, the question really will be whether or not Mr. Trudeau takes this opportunity to do a really serious look at what we need to spend \$20-, \$22-, \$24-billion a year on and why.

The idealist in me hopes that the government will take a look at the world and Canada's place in the world, and figure out what we can do and must do, and write a defence policy that mirrors that geostrategic assessment. The realist in me basically says that what we are going to find is that this coming defence review is going to look exactly like every single defence review that has been published since the 1960s. That is, we're going to find that we do three things in the world: we keep Canada safe, we defend North America, and we are out there in the international system. In other words, 'Strong, Secure, and Engaged.' And essentially Strong, Secure, and Engaged said what every defence review in the past has said. The problem with that approach is that it doesn't tell you what you have to spend money on in defence. And so what I'm hopeful is that the government will conduct a review, and from that review—from that outline of what Canada's role in the world will be—will flow some logical defence expenditure proposals.

**Mazereeuw: How should the government structure its upcoming review to get the opposition to buy in?**

**Nossal:** The lack of bipartisanship has been an off-and-on problem in the last 25 to 30 years. During the Cold War, we had a considerable degree of bipartisanship between the main governing parties. But since the end of the Cold War, there's been a real fracturing. And so what is needed now is essentially for the government—the Liberals—to reach out to the Conservative Party of Canada on the question of defence and see the degree to which there can be a bipartisan consensus on what the world looks like and what Canada needs to do. It's likely that that consensus

could be extended to the Bloc Québécois because the Bloc Québécois has actually a very realistic view of global politics. Ideally, one would want to reach out and see if there was some possibility of extending that to the New Democratic Party and to the Greens. Essentially, what one needs to do in the very first instance, is to ensure that there's consensus from the two major parties and the Bloc.

**Mazereeuw: The government recently announced it was entering into negotiations to buy a bunch of F-35 jets. There's a long history here involving both parties. What lessons can we learn from where we've gotten today about this procurement?**

**Nossal:** Well, the lessons that we, as Canadian citizens and Canadian taxpayers, can take away is that we need to be much more angry at the way in which our governments and opposition [parties] have played politics with this particular procurement. Because, the Conservative government of Stephen Harper began by playing games with the F-35 procurement. It had an exceedingly solid case for going with a sole-source contract, that it did in 2010. But it decided that basically partisan advantage was the key element. So it cut a bunch of corners, it made no effort to bring the Liberal opposition on board, it treated the acquisition as a sort of a big photo-op. And, essentially, the Liberal opposition decided that if the government was going to play games with this procurement, then it was too. So beginning in 2010, the Liberal opposition basically turned the F-35 procurement into a giant political football. And it played with that football all decade long. And only now are we finally coming to the end of that particular bit of gamesmanship. That's the lesson that I would learn from this process.

**Mazereeuw: I want to pivot again to industrial benefits, this idea that if we're going to buy something for our military—a ship, a fighter jet, even something more mundane—we can't just buy it "off the shelf." We have to somehow make work in Canada through, you know, building engines or bullets or be involved in the supply chain here. Do we need to wean politicians off of this political subsidy aspect of procurement? And if so, how do you think we should do that?**

**Nossal:** I think that there are some weapons systems that actually make some sense to source locally. As colleague of mine put it quite clearly: you can't just simply walk into a store and buy a Surface Combatant, which is what the National Defence calls our next fleet of warships. And so it makes some sense to try and create—as the Harper government did in 2010—to encourage a shipbuilding industry and then feed it work over the course of a 50- or 60-year period. There are some bits of equipment that make no sense at all to build domestically, or to require

that the companies that we're buying these products from have to provide Canada with an equivalent dollar figure in job creation or local or regional or technological benefits.

Keep in mind that we've actually, in the last decade and a half, we've purchased stuff off the shelf when we needed to. When we were in Afghanistan, and we needed howitzers, we went and we bought howitzers. There was no industrial benefits involved. We just simply bought them and deployed them to Afghanistan.

And how to wean politicians off that? One of the ways to do it is essentially to keep reminding Members of Parliament that a defence dollar should be spent primarily on buying defence, rather than doing what Canada has done over the last 50 or 60 years. And that is to regard those defence dollars as purchasing other things, like regional benefits, which regional politicians love.

**Mazereeuw: I want to close here by asking you about the invasion of Ukraine. A lot of your book came back to the conclusion that Canada was probably going to have to limit the scope of its military because Canadians just are not willing to pay for a military that can do all of the things we like to think that our military should. Do you think what's going on in Ukraine is going to change public attitudes and create more political will to significantly re-equip our military, not just this month, but a few years from now?**

**Nossal:** I think that the Russian war against Ukraine will change Canadian attitudes, [though] not dramatically. Canadians have historically been quite willing to spend both treasure and blood during times of big systemic wars: the Great War from 1914 to 1918, and the Second World War from 1939 to 1945. But generally speaking during periods of peace—broad systemic peace—Canadians tend to be fairly cheap. And the invasion of Ukraine is an event that will shift the needle, but only a little bit.

The rise of a more assertive China will shift the needle a little bit. It'll allow the Liberal government to make the kind of funding announcement that it did [in the budget] with regard to defence. And the attitude will essentially be 'Oh, is that all?', rather than be critical of that kind of defence expenditure. So I think that in the short term and the medium term, Canadians will be a little more OK with spending a little more on defence. I don't think that we are going to feel anything like spending on defence, like, for example, Australians [who] spend two per cent of the GDP on defence. We're going to be hard pressed to hit 1.5 per cent of our GDP on defence expenditures.

# Decision to sole-source F-35s was linchpin for chaos that followed: Alan Williams

**R**e: "Re-arming the military, with Kim Richard Nossal," (*The Hill Times* Hot Room, April 8, episode 93). I would like to comment on two of the points raised by Kim Richard Nossal in his recent Q&A with Peter Mazereeuw.

First, Mr. Nossal makes many insightful and helpful observations. However, he is wrong when he states that the Conservative government of Stephen Harper had "an exceedingly solid case" for going forward with a sole-source contract for the F-35A in 2010. Nothing could be further from the truth. The arguments put forward at that time by the government—that the F-35A was the best plane at the best cost, and that it would provide the best economic benefits—were all flawed.

With respect to costs, in 2010 the average procurement cost for an F-35A was about \$126-million, including the cost of the engine. However, at this time Lockheed Martin was just in its fourth low-rate initial production contract. Costs were significantly higher than expected and delays were occurring. More ominous were the high life-cycle costs. Its hourly costs were estimated at more than \$30,000 per hour, double that of the F-18 Super Hornet.

With respect to the F-35A's capabilities, in 2010 it was impossible to state that it was the best aircraft for Canada. It was still in its embryonic stage of development. At the time of the announcement, the Block 1 software had not yet been completed. Timing of the future software upgrades was still in flux. No one could be assured of its capabilities.

With respect to economic opportunities, they would certainly be plentiful. In fact, that is why I signed the Memorandum of Understanding with the U.S. in February 2002 committing Canada to the program. Without joining the program, our industry would have been excluded from bidding on contracts valued at \$200-billion. Nevertheless, it was recognized at that time that these industrial benefits were not guaranteed and would pale in comparison to the level of benefits bidders would have to guarantee in a competition.

When spending billions of dollars of taxpayers' money, it is vital that there is transparency in the process. Furthermore, the only way to objectively ensure that the military is getting the best product to meet its needs is through a competition. The decision to sole-source in 2010 was unnecessary and the linchpin for the chaos that followed.

Second, Mr. Nossal asks "whether or not Mr. Trudeau takes this opportunity to do a really serious look at what we need to spend \$20-, \$22-, \$24-billion a year on and why." To me, the real questions are whether the Department of National Defence will provide an honest costing of the government's proposed defence policy and whether the government either agrees to that level of funding, or modifies its policy to reconcile with the amount of funding it wishes to provide.

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