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Defence spending: How to get the most benefit from a burden

The following passages are from an address by Barney Danson, Minister of National Defence, to the Men's Canadian Club of Winnipeg on October 5:

Some people in this country believe that spending for defence is akin to pouring money down a drain. And some people would have us stop spending, not only because of the waste, but because they think that the more we spend the more risk we run of war.

But I think most people know a little history. They know that being prepared for defence has bought us 30-odd years of peace, that human pride and aggressiveness, not equipment, is the danger, that one country alone can't abolish war by getting rid of its weapons any more than it can abolish fire by getting rid of its fire departments. They deplore, as I do, the need to arm, and they speak of "the burden of defence". But in a world unbalanced by military power, they know it's a necessary burden.

Well, I'm here today to suggest that it's less of a burden than many think. The primary purpose of our spending is to ensure our national security by sharing in the defence of North America and Europe, where we face a force numerically superior in arms and men. Our intention in responding collectively to this threat is not to win a war but to prevent one. Our forces are a deterrent, designed to convince an aggressor that any attack will exact too high a price. But in purchasing security our defence dollars buy much more.

They raise government revenues and consumer demand for goods. They lower unemployment costs and regional disparity. They pay for education, public works and emergency services. Improve our standards of safety, health, comfort and convenience. They provide jobs, stimulate research, step up productivity. Sharpen the competitive edge of secondary industry and help it attract and retain skilled workers.

Defence spending on equipment, in

fact, is of such a magnitude that all government departments involved have had to look beyond defence at Canadian industry as a whole. And out of this has come a new federal policy and strategy to backstop the economy and strengthen our technology.

* * * *

Effect on economy

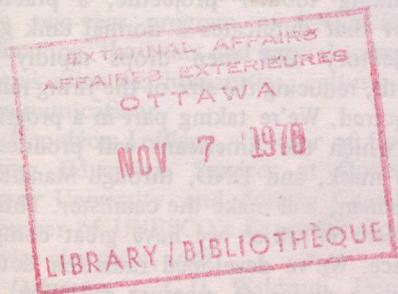
Our defence spending, relative to our gross national product, is small, less than half as much as [that of] Britain or the U.S., whose spending, incidentally, is less than half the Soviet Union's. But our budget — \$4.1 billion this year, \$4.5 billion next — has an economic impact out of all proportion to its size.

In the first place, almost 60 per cent of our budget is payroll, and some 20 per cent of this comes back into Government coffers as taxes, while 90 per cent of the balance bolsters the sales of goods and services.

Next, many of our 62 bases or stations across the country channel their spending into areas that badly need it. They enable local industries and utilities to survive. They create jobs both on and off the base; support higher standards of schooling and health care. In regions of Nova Scotia and Saskatchewan they're the largest single industry....

We're large consumers of food, oil, gas, coal, iron and steel. We provide the construction industry with a \$100 million a year. We'll spend \$450 million this year in operations, maintenance and repair, supplying many aircraft companies with the steady cash flow they need to take on high-risk, high-pay-off ventures.

We'll spend another \$700 million this year on orders to replace equipment grown obsolete during years of austerity. And most of these orders — and this is why our spending is so significant — will



Eighteen years ago yesterday...
Canada's first national theatre school, with 30 students, opened in Montreal.

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