

*Commitments and the Budget*

A prime objective of establishing the New Model would be to create a military structure capable of meeting Canada's principal defence requirements for the coming period. Overall personnel levels would be reduced, but there would be enough capability to serve major needs adequately in such key areas as aerospace defence, military air transport, maritime defence, territorial defence and aid to the civil power. Canada would also have the armed forces it needs to fulfil realistic expectations concerning commitments to NATO, peacekeeping, the maintenance of world order, and other international demands.

Equipment programmes will be especially important. A major attraction of the New Model would be that it would reduce personnel costs by over ten percent and permit significant reductions in other expenditure areas such as operating costs in Europe. About \$1 billion per annum (in constant 1991 dollars) should be freed up for additional investments in equipment, to supplement the \$2.7 billion of capital expenditures now envisaged for 1991-92. This should enable the Department of National Defence to fulfil the greater part of its essential equipment needs over the 1990s, for example by acquiring some additional, state-of-the-art ship-borne helicopters, *Hercules* transports, observation helicopters, anti-tank weapons, coastal patrol vessels and conventional or hybrid submarines. It should also enable Canada to stay involved in critical areas of defence-related research and development, including new systems in the fields of space-based satellite surveillance and anti-submarine technology.

Of course, this will not be the first time that efforts have been made to shift defence funds from Personnel, Operations and Maintenance (P,O & M), to capital expenditures. Sometimes the hopes largely disappeared in the face of other budgetary pressures and inflation. But in the late 1970s, for example, the effort was largely successful for a while, and there is no particular reason now why it could not be so again. The main problem may be that of protecting the defence budget from other demands upon the national treasury, so that defence spending does not slip significantly lower in the order