

Acquisitions, Chapter 17 of *The Guide*). In addition, DND has declared its intention to reduce its operating expenditures by closing seven military bases in Canada, and reducing operations in seven others.¹ Initial DND figures estimate the cost of closing and reducing the bases to be \$153.5 million, compared to savings of \$3.3 billion over fifteen years. Reductions in the overall size of the Armed Forces have not been ruled out, while the revitalization and restructuring of the Reserves has been slowed down.

Although cuts to 1989-1990 DND programmes, as a result of the budget, have not been allocated definitively, it is estimated that outlays for personnel will be \$25 million less than expected, for operations \$100 million less, and for capital projects \$450 million less.

Personnel costs represent the largest component of the defence budget, at approximately forty-five percent. The next largest component--about twenty-four percent of the estimates--is capital expenditures. Five major equipment acquisition programmes--the Canadian Patrol Frigate (Phases I and II), the Low-level Air Defence system, the Tribal Class Update and Modernization and the Heavy Logistics Vehicle project--account for about sixty percent of capital expenditures.

The first five-year plan of the funding system established in the 1987 White Paper has also been altered. This plan was to provide \$1.4 billion for the patrol frigate programme, with \$60 million allocated for 1988-1989 and \$175 million for 1989-1990. The 1989-1990 Estimates, however, reduced this combined amount of \$235 million by \$60 million.

PARLIAMENTARY COMMENT

In his Budget Speech, Finance Minister Michael Wilson stated: "The basic parameters of the White Paper remain the defence policy of the government. In the current fiscal context, however, that policy will need to be implemented more slowly."² With the Budget's release, however, analysts and Parliamentarians alike questioned the credibility and future of the White Paper. NDP Member Derek Blackburn raised the issue in the House of Commons:

The Defence White Paper is in disgrace. The Defence Department is without direction. It is time to reassess all our priorities and ensure that our Armed Forces have the opportunity they need to properly serve the country and to protect its sovereignty. We owe it to those in our Armed Forces to produce a new White Paper.³

¹ The bases slated for closure include: CFB Sydney, Portage La Prairie, Holberg, Mont Apica, Barrington, Summerside, and London. The bases slated for reduction include: CFB Ottawa (North), Chatham, Penhold, Gander, Winnipeg, Moncton, and North Bay.

² Michael H. Wilson, *The Budget Speech: Delivered in the House of Commons by the Honourable Michael H. Wilson Minister of Finance, April 27, 1989*. Ottawa: Department of Finance, April 1989, p. 6.

³ *Commons Debates*, 1 May 1989, p. 1127.