Recently a shift has occurred in alliance thinking away from a "short war" strategy to "sustainment." Whereas formerly it was assumed that any conventional war would be of relatively short duration, it is now recognized that the deterrent effect of conventional forces is enhanced by the ability to maintain and increase their capability in the field over an extended period. This strategy yields two imperatives for Canada. First, there should be a plan and a structure within government to mobilize the country on short notice. Second, Canada needs the industrial capacity that can be mobilized to produce the necessary equipment required to keep armed forces in the field.

Although Canada's present mobilization capacity is deficient, modest progress is being made. At the level of government planning, in accordance with the 1981 Emergency Planning Order, National Emergency Agencies are being created in key sectors under the appropriate Ministers and with the co-ordinating assistance of Emergency Planning Canada. The Business Council views this step as prudent and useful.

However, we are concerned about the state of Canada's defence industrial base. Since the cancellation of the Avro Arrow Project in 1958 Canada has essentially opted out of the business of major weapons systems research and development. In addition, the reduction of military budgets in the sixties led to a drop-off in the acquisition of military equipment and a resulting reliance on the part of Canadian industries on foreign markets. With the establishment of the Defence Production-Sharing Agreement (DPSA) and the Defence Development-Sharing Arrangement (DDSA), a virtual free trade area in defence material was created with the United States. Over time, a limited modern defence industry has developed, geared largely to producing dual-military and civilian-use products, with expertise in areas such as communications, electronics and specialized aviation. But it is largely a build-to-print industry, lacking a significant independent research and development