

# THE FEDERAL BUDGET: DEFENCE AND FOREIGN POLICY

## A MEDIA ROUNDTABLE

*On 2 May 1989 CIIPS sponsored a roundtable discussion on the implications for foreign and defence policy of the sharp reductions in federal spending announced in the 27 April budget. Members of a panel of experts assembled by CIIPS made short presentations; these were followed by questions from representatives of the print and electronic media. Interested journalists from across Canada participated by means of an audio hook-up. The following is excerpted from the discussion.*

### BERNARD WOOD

WHEN WE PLANNED this roundtable on the topic of the Budget – Defence and Foreign Policy, we had no idea just how much impact the budget would have in this area of national policy. We asked the question: what does the budget tell us about the Government's priorities in the coming years? We see, in fact, that foreign aid and defence, which together account for fourteen percent of federal spending, have taken sixty percent of the cut-backs in planned spending next year and nearly fifty percent the year after.

I mentioned foreign aid first because proportionately it has been cut back by far the most harshly. It will be cut by twelve percent. Defence spending will still grow slightly in absolute dollars although the pledge to stay two percent ahead of inflation is obviously gone.

Foreign aid's constituents will not be heard from in the same way as Canadians affected by the Budget. The half million people in Bangladesh who lost their homes in the [tornado] last week don't, I regret to say, see your reporting and will have no vote in Canada. But they will surely feel the impact of the cuts in ways that most of us cannot imagine.

On the defence side, nobody has won in the cut-backs. It seems to me quite clear that it was the deficit that won, but we will all be the losers if this dramatic change is not taken as the opportunity for solid, serious re-thinking of our defence commitments and capabilities, and our whole security policy in today's dynamic international environment. In Canada, much of the political debate will certainly centre around the closure of bases. While assisting the communities and workers affected is a legitimate priority for all of us, it is not, in the 1990s, going to be able to determine our defence policies.

Internationally, what is the impact? Our cuts will certainly not go unnoticed, but even after these reductions, by our Institute's count, Canada will still be the sixth largest military spender in NATO and the sixth largest aid donor in the world. For a country in our position we have nothing to be ashamed of around the table in NATO. Apart from the US, which is after all a global power, we are the only NATO country to keep thousands of our troops stationed thousands of miles from our shores. We have pledged to keep them there while arms negotiations proceed.... Because of our record in peacekeeping, which is second to none, and because of our highly respected aid programme, which is now larger than that of Britain, Canadian peacekeepers and peacemakers are going to be more and more in demand in many parts of the world where new moves to peace may now be possible.

### THE PANELISTS

#### KENNETH CALDER

*Director General for Policy Planning,  
Department of National Defence*

#### FEN OSLER HAMPSON

*CIIPS research associate;  
Associate Professor at Carleton University*

#### HAROLD KLEPAK

*Professor of Strategic Studies,  
Collège militaire royal de Saint-Jean*

#### DOUGLAS ROSS

*Professor of International  
Relations at Simon Fraser University*

#### LOIS WILSON

*President of the World Council of Churches;  
former member of the board of directors of CIIPS*

#### BERNARD WOOD

*Chief Executive Officer of CIIPS*

This, it seems to me, is the context for our security policy and foreign policy now: how do we make the absolutely best use of the resources we will have, for the objectives Canadians support?

### KENNETH CALDER

I THOUGHT I SHOULD take a few moments to make sure that we all have basically all of the information that we can put out on the table, so that we have covered the full spectrum of implications as we have been able to identify them so far.

As a result of the Budget the Department of National Defence will receive, over the next five years, \$2.74 billion less than we had anticipated. Even with that cut there will be real growth in the defence budget over that period of time. That real growth, however, will not be sufficient to allow us to implement the White Paper as fully or as quickly as we had anticipated. The achievement of some defence policy goals will be delayed, some programmes will be cancelled, others will be reduced in size, others will be put on hold....

We all know, of course, the government does not intend to proceed with the nuclear-propelled submarine. In addition to that our projects for additional long-range patrol aircraft, for additional night observation devices, for additional CF-18 aircraft and for the unmanned airborne surveillance and target acquisition system, will be cancelled. Projects for northern terrain vehicles, for equipment outfit electronic countermeasure training aircraft, land force radios and CF-5 avionics will be reduced in size. The acquisition of light armoured vehicles for the militia will be delayed and our project for the main battle tank will be put on hold. Nevertheless, we will continue in Canada with the implementation of the North American air defence modernization programme as currently planned and funded.

The two phases of the frigate replacement programme and the modernization of the Tribal class destroyers will continue. We will also acquire new helicopters for the navy ... and mine-sweepers for the Naval Reserve.... the government will not proceed with nuclear-propelled submarines. In the immediate future, however, the department will examine alternatives for the continued rebuilding of an effective navy.

Canadian forces will stay in Europe and the current level of stationed forces will be maintained. We will not, however, build up our military strength in Europe as had been envisaged in the White Paper. Our pol-