"debate over the peace dividend" during the early post-Cold War years saw the rise in the belief that there were few direct military threats to Canada, and as such there was less a need for investment in the Canadian defence estabilishment. Even Canada's main niche activity abroad, peacekeeping, was severely tested as a mainstay of Canadian foreign and defence policy by the 1994 Defence White Paper, which slashed military spending and force sizes across the board. Canada's commitment to European defence, symbolized by troop placement overseas and through commitments to NATO, were questions during the mid-to-late 1990s, as the image of Canada as a "free-rider" grew. The 1.1% of GDP that Canada invests in defence expenditures places it just ahead of Luxembourg among the 19 NATO member states.

How does a potential return to balance of power politics in both the international system and at the regional level impact Canada's defence responsibilities? First, with a defence community severely lacking resources, Canada does not have the military "power", in the traditional sense of the term, to balance. Regionally, this means that Canada cannot have an important influence in regions of conflict – South Asia, and the Middle East mainly, but also in dealing with the rising power of China in South East Asia and East Asia. While the great powers (Russia, China or the United States) continue to have core national interests in these regions, and as such use their power to influence outcomes, Canada is relegated to the sidelines. As was mentioned several times at the Montreal conference, it takes power to balance.

Two other regions that were dealt with in the conference could potentially offer Canada opportunities to remain active – Europe and Latin America. US interests in Latin America are extensive and deep, and at the same time this is not a region that is preoccupied with military balancing. As discussion on Latin America during the conference pointed out, identity, either democratic or authoritarian, preoccupies security concerns in the region. As such, Canada does not have military balancing concerns in this region. It may have less traditional security roles to play, such as through regional institutional building, but none in the full military sense of the term.

In Europe, Canada has been able to play a much more active role in maintaining security institutions. The recent pact signed between the EU and Canada on security cooperation in the context of the European Security and Defence Policy is first step towards Canada and Europe balancing the security interests of their main rival (threat<sup>4</sup>) – the United States. While the US is not a direct military threat to Canada nor the Europeans, Washington's policy goals do, in an ever more real way, clash with Canada's and the European's, and as such both need to balance their interests by looking to new security partners. Both Canada and Europe can potentially offer that opportunity to each other.

Canadian security interests lie with the US, whether Ottawa likes it or not. Post-September 11 has made that abundantly clear. NORTHCOM (U.S. Northern Command), perimeter security and other policy directions taken by the Washington give Canada little choice but to follow the American lead. But as evidenced with our overtures to the Europeans on security issues, we attempt, at least at the diplomatic level, to keep our