

than in most Warsaw Pact and NATO countries) Canada actually ranks about twelfth in the world in its total military expenditure and sixth in NATO – enough resources for very substantial military capabilities. In the size of our armed forces, on the other hand, we rank about 48th, and it is well-known that the Canadian forces consider much of their equipment to be inferior and dated. Even allowing for the fact that many larger military forces rely on conscripts, and that the size of Canada's territory imposes additional costs, there is a clear need to examine how Canada's defence capability can achieve the highest cost-effectiveness over the longer-term. For example, can and should Canada try to maintain a fully balanced (and full-time professional) force capability, and a full-fledged national military infrastructure? Alternatively, is it necessary and possible for a middle power to seek specialized "niches" of excellence in defence as we must in other areas? How do these questions relate to the particular defence roles that Canada already has in hand or in prospect?

■ For most kinds of potential strategic military threats, a number of which will be with us for a long time to come, Canadian territory and airspace are inseparably linked with those of the United States. This fact dictates the requirement for cooperation on many continental defence requirements, and a Canadian need to influence US policies where vital Canadian interests are different. Conversely, US vital interests will also need to be taken into account in Canadian policies – implying the continuing search for compromise in this distinctly asymmetrical relationship.

■ Even with major success in East-West arms reduction, confidence-building and normalization, the North Atlantic Alliance is likely to remain an important umbrella framework for Western European/North American political, security and defence cooperation. While to date this cooperation has mainly taken the form of North American contingents and reinforcement capabilities for Europe, and joint naval operations, it is possible that the Western Europeans will take a greater share of a reduced overall burden of European defence in future. This raises the possibility of a smaller direct North American contribution in Europe, but also conceivably a strengthened European naval and air participation in NATO's North American area.

■ The Canadian Arctic is taking on a much more central place in Canadian security and defence policy. From a broad security point of view the Arctic represents a major frontier region in East-West relations, with Canada and the Soviet Union having the largest territorial stake. The possibilities for confidence-building, constructive