

have had the comforting feeling that the U.S. Navy was not far away. Actually, anyone who had some knowledge of the matter and gave it some thought could only marvel that our navy could be kept in such a high state of efficiency as it is, working under such adverse conditions.

● (1500)

Honourable senators, I think it was in 1974 that it was decided that over a period of years the navy would be given new ships and modern equipment. To pay for the modernization program, there would be an annual increase of three per cent in defence spending. Yet, as shown in the report, a much larger expenditure would be necessary if the navy were to be brought up to the standard the committee recommends. To bring the navy up to that standard, the committee made 32 recommendations. The first 12 of these could be accomplished with little, if any, extra cost. For example, the first recommendation is that work should begin immediately on a white paper which would clearly state Canada's defence policy and priorities and describe the tasks the government expects the armed forces to perform. However, honourable senators, other recommendations—the major recommendations—would be very costly and require a large annual sum of money regardless of how long the period was over which it was spread out. The committee set out what it considered a desirable naval force and estimated its cost. Accordingly, the committee felt the primary aim of Canadian maritime defence policy should be the creation of a renewed, balanced fleet within 12 years. The policy should take into account both the need for approximately twice as many major weapons platforms as MARCOM now possesses and the need to compensate as rapidly as possible for current deficiencies. The subcommittee suggested that an extra \$550 million a year for 12 years in constant 1983 dollars would be used to acquire capital equipment, and this would be in addition to the normal defence expenditures. There would also be at least an additional \$80 million a year required to man and operate the new fleet. In the government's reply to the report, as outlined in Senator Olson's address, printed as an appendix to Senate *Hansard* of April 12, many of the recommendations are accepted, but it is felt the committee's estimate of cost is low. Indeed, the government estimates the costs involved would be much higher, and I think that has been proven.

I also look at a reply given by the Minister of National Defence to a question asked in the House of Commons on May 24. The minister stated that in 1974-75 the government spent \$2.5 billion in defence expenditures, and of this about 8 per cent was for capital expenditures. This year the expenditure will be \$8.7 billion, and of this 26 per cent will be capital expenditure. It is estimated that in 1986-87 the sum of \$11.1 billion will be spent.

Honourable senators, the subcommittee realized that acceptance of their recommendations would be costly. Indeed, it mentioned it had already recommended in its first report the expenditure of an additional \$350 million a year, and in all probability there would be a substantial increase recommended in its third report. So, honourable senators, while the recom-

mendations of the subcommittee are worthy of the highest consideration and would need to be implemented if we are to have the balanced fleet which we would like to have, I agree with the statement in the address of Senator Olson that the recommendation for the creation of a maritime force by obtaining twice as many major weapons platforms is not realistic. Public opinion has to be taken into account in these matters, and to obtain that support, for example in announcing the frigate program, it was stressed that this would be of great benefit not only to the navy but to the shipbuilding industry and would create needed employment. In the report it is also mentioned that the building of the recommended force would produce important benefits to the economy. To my mind mentioning that the recommendations of the first two reports, if implemented, would see defence expenditures rise from about two per cent to 2.3 per cent of the gross national product means nothing to the average citizen; those to whom it does have meaning are probably already convinced of the need for such expenditure.

Honourable senators, the members of the subcommittee have performed a valuable service in their study of our maritime defence and they certainly deserve our thanks for a job well done. While it may appear that the recommendations in the report are not acceptable or, at least, not immediately acceptable, I think in general it is certainly fulfilling one of the purposes of the committee, which is set out in the final paragraph which I quote:

The sub-committee from its inception has seen its most effective potential contribution to be that of promoting informed, dispassionate discussion about defence—a subject some have termed the first responsibility of a state. It is the profound hope of all members that this, the subcommittee's second report, will aid in that objective. If in so doing the report also prompts needed action, the reward to its authors would be beyond measure.

Honourable senators, in my opinion the report has promoted and is promoting informed, dispassionate discussion on defence. And more than that, it is the basis of an informed public opinion which will lead to Canada obtaining a balanced, modern navy sooner than would otherwise have been the case.

I congratulate the subcommittee on its excellent work and on the high quality of the report and I look forward with great interest to the publication of the third report.

Thank you for your patience, honourable senators.

**Hon. Philippe Deane Gigantès:** Honourable senators, with profound apologies I must state that I disagree with many of the conclusions found in the report and much of the philosophy that went into it. It gives me the feeling that it is talking about World War II. During that war I served in the British navy, the Senior Service, the best navy in the world, as we liked to tell the Americans, but the Royal Canadian Navy was as good.

What would one want such a modern navy for? Would we attack Soviet submarines coming into our waters before those submarines fired their missiles? If we did so, we would be launching World War III; if we did so, it would mean we had