

icy, in the short term, will be to pause in the development of our forces in Europe. In addition to putting the main battle tank on hold that also means that other major items of equipment, for both land and air forces in Europe, will be put on hold. With respect to the NATO Northern Region we will maintain our commitment to an infantry battalion in North Norway.

As for peacekeeping, we will ensure that we have the resources to respond to appropriate requests for peacekeeping forces whenever they arise and wherever they may be needed. With respect to the strength of the primary reserve in Canada, we will fall short of achieving the White Paper target of 65,000. We will construct fewer militia training centres and we will cancel some planned acquisition of new equipment for the reserves. We will, however, continue to develop and implement the total force concept and we do anticipate that in spite of all of this the reserves will expand.

In the face of fiscal restraint – our contribution to the reduction of the deficit – we will have to find, out of our personnel costs in the department, money to pay our other bills and to generate enough money to continue with some of our re-equipment programmes. We will, therefore, abandon the plans outlined in the White Paper to expand the regular force to 90,000 and we will move toward a somewhat smaller force than that of today.

We will, and this of course is an issue which is getting great public attention, close a number of Canadian forces bases and stations in Canada and we will re-organize the functions of some others.... The government however remains committed to an improved rate of real growth in defence expenditures over the longer term which should enable the department to move in the direction of fulfilling the objectives of the White Paper.

LOIS WILSON

THE FIRST THING I would like to say is that Canadian foreign aid has declined annually since 1984. Not in great numbers – we have had a relatively good record – but in 1984 it was 0.5 [percent] of the GNP, in 1988 0.46 [percent], and the budget calls for 0.43 [percent]. Our prime minister has promised that by 1995 it will be 0.6 percent of the GNP and [it] remains to be seen whether the government is able to stand by that pledge.

Canada is the only country, besides the US, to have decreased aid in that way over those years. The more troublesome thing is that most of the reduction in foreign aid will be reduction of food aid. For example, \$66 million will be cut from food aid whereas \$67 million will be allocated to move the offices and personnel overseas to decentralize CIDA, which is an administrative matter.

Secondly, I would like to say that, of all these seven departments where cuts were made, I understand that only foreign aid will actually have less dollars.

Thirdly, ... there is a sense in which one could say that Canada can be seen to be abandoning the “two-thirds world” [the two-thirds of the world with the most people and the least resources] just as they are starting to deal with their own debt crisis and trying to repay the debts. With the increased interest rates I think it is going to be increasingly difficult. One has to ask what responsibility does Canada have toward that matter....

Fourthly ... I find the cuts in foreign aid morally offensive when set in the certainly comparative affluence of Canada but as has been mentioned by the Chair, unfortunately the victims are very distant. Indonesians don't get a vote and they will be the ones to feel the effect of those

cuts. So that I see the focus very much on the domestic scene and not in terms of the international context of Canada's responsibilities.

DOUGLAS ROSS

I THINK THAT THERE HAS BEEN FAR TOO much attention paid to the outcry about the impact of the tax increases. This rhetoric about a tax tidal wave and that we now have an accumulated mountain of debt which is turning us into, as Peter Newman said, a Zaire with polar bears, is really overblown. I think there has been in some respects a collapse of political vision in this country, certainly by all of our major federal parties, and this budget really reflects it.

... There are a lot of opportunities for closing the deficit gap which were not taken.... Generally profits have not been gone after, wealth has not been conscripted in the service of making a reasonable contribution to international order and maintaining our capacity to deploy an effective foreign and defence policy. I think these cuts are totally inappropriate, badly timed. Certainly I would echo Lois Wilson's comments that, on the aid side, I think they are a major mistake.

Now, in terms of aggregate capacity to pay and to contribute, when one looks at Canada's contribution over the past twenty years we see a steady decline in our contribution to both defence policy plus international development assistance. Back in the late 1960s we were well over 3.0 percent of GNP; we are now down towards 2.7 percent....

... If we compare our record with the Netherlands, with Norway or with Denmark we come off very, very badly. For example, the Netherlands, between 1967 and 1987, consistently spent an aggregate of about 4.4 percent and 4.3 percent of GNP on what you might call its contributions to international order. Now over those twenty years there was a re-allocation: as their defence spending decreased from 3.8 percent down to 3 percent, their international development assistance correspondingly rose. The same is true for Norway. Its defence spending declined from 3.5 percent to 3.1 percent, its development assistance went from .17 percent to 1.09 percent. Yes, there are even NATO members who spend more than 1 percent of GNP on development assistance.

What does the impact on defence mean? What I see in broad brush is the continued marginalization of Canadian defence policy and therefore foreign policy. We are not speaking on major international

issues and that is not coincidental. When you pay little, when you have marginalized yourself ... You don't take the kind of dynamic initiatives that a country with our incredibly positive and fortunate security situation should be taking.

Do we have a developing direct military threat? The 1987 White Paper has been criticized time and again for being too much of a Cold War document, ... The nuclear submarines created a huge target which has now been savaged. Is there no threat? I think this is an absolutely incorrect perception. Modern technology, the developing technology in strategic weapon systems, is such that there is a developing threat. The reason that we are going through NORAD modernization, the reason why we should be moving toward an extensive build-up of our coastal defence capabilities is precisely because of the advent of hard target kill-capable SLBMs [submarine launched ballistic missiles] and new advanced cruise missiles ...

We have quite rightly accepted an historical obligation to do our part in trying to stabilize deterrence. Are we doing that in this budget? No, we are turning away from it, we are simply saying to the US: sorry, you are going to have to do it for us ... ►

“... the half million people in Bangladesh who lost their homes in the [tornado] ... have no vote ... but will surely feel the impact of the cuts in ways most of us cannot imagine.”

“If we were in a position where the world had changed sufficiently since 1987 to justify a totally new strategic analysis we might think in terms of a new White Paper. We don't believe that has yet happened.”