

# Canadian Defence and Foreign Affairs Institute: Defence and diplomacy in an age of austerity

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To slay the deficit and at the same time create jobs and sustain growth is now the abiding leitmotif of western governments living in an age of austerity. It is a tall order, especially given globalization and the competition from India, China and Brazil, and, in most western nations, the challenges of an aging population.

Approaches vary. The British are applying a latter day version of Thatcheromics. In France, Sarkozy has rolled back benefits and the retirement age. The Greeks, Irish and Portuguese are enduring IMF-imposed restraint; they are likely to have more company in their misery. For now the grumbling German taxpayers keeps afloat the idea of Europe. A divided America is debating all options but eventually they'll have to settle for a combination of less services and more tax.

In this slough of western despair, the Canadian situation is comparatively better, but the Harper Government's deficit commitments means hard choices.

The only federal program with some immunity will be the First Nations, for whom most Canadians, including the prime minister, acknowledge an abiding obligation. The burden will be shared with the provinces and municipalities, but the effective counterweight lobby of teachers, nurses and the public on their local MPs will mitigate some of pain on the biggest spending programs.

Foreign and defence policy lack natural constituencies, although both the development assistance and, especially, defence procurement, spend billions in contracting for goods and services.

Yet surveys regularly tell us that Canadians care about the wider world. More so than most other countries we derive our sense of national identity from our internationalism. In part, this is a reflection of the fact we are increasingly a people with roots in every corner of the world.

Once the tide of settlers flowed across the Atlantic, since 1980 newcomers have crossed the Pacific and we now have a strong representation from the Indian and Chinese Diasporas. Our pluralism is a source of pride and envy – if the Canadian experiment in federalism and diversity can work so can others.

A strong defence and activist diplomacy should enjoy non-partisan interest and support. But the case has to be made. Joe Nye once lamented that while we had demonstrated an abundance of 'soft power' we had forgotten that its successful application first required sufficient 'hard power.' Comparatively, we do defence on the cheap, spending a little over one per cent of our GDP. The Americans, by contrast, spend about 5 per cent and the British about 2 per cent.

As Gen. Walt Natynczyk has observed, we have the best 'little' Navy, Army, Air and Special Forces in the world. The Canadian Forces have performed marvelously abroad – fighting on the ground in Afghanistan, providing relief in Haiti and now in the air and sea Libyan campaign – and at home, as demonstrated most recently in flood relief on the Richelieu and Assiniboine.

The creation of Canada Command and the correct priority we put on the home front also underlines the importance of our putting resources and attention toward our Reserves – Canada's 'citizen soldiers.'

Ours is the longest coastline in the world – enough to circle the equator six times. Always a sea-trading nation, we have become a nation of traders, with a record number of discussions underway to further trading opportunities with, for example, the European Union, China and India.

There have been more changes to the ocean's regulatory regime in the last 30 years as coastal states extend their jurisdiction than in the last three centuries. The oceans carry 90 per cent of global traffic including over half of Canadian trade. The maritime estate on which we claim jurisdiction is about 70 per cent of our land mass and the developments in the Arctic are a parable for what is taking place around the world.

We need to make the investments and break the keels on our promised icebreakers and the new destroyers that will put muscle into our eloquent words about how much the North means to Canadians.

The Government's re-election should mean a re-affirmation of the Canada First Defence Strategy, including meeting the new recruitment levels. These are good jobs that directly contribute to the national interest.

Building supply ships and new fighter jets is expensive but necessary because no one knows either the nature of the next threat but when it comes we need to be 'ready, aye, ready.'

We still need a sensible industrial defence policy to complement the Strategy and a first priority for both Peter MacKay and Julian Fantino must be to address the impenetrable and opaque procurement process because it is neither transparent nor cost-efficient.

And delay in defence puts lives at risk. In his elegant farewell remarks to the Department of Foreign Affairs and International Trade, former Foreign Minister Lawrence Cannon re-enunciated the Harper governments' foreign policy priorities: the United States, the Americas, global economic opportunities and Afghanistan with special attention to the Arctic.

The most important of these priorities is the United States. Mr. Harper recognizes the wisdom of Brian Mulroney's rule about good relations with the U.S. – it starts with a friendly and constructive relationship with the president. The Mulroney corollary is equally important: our influence in the world is measured to a significant degree by the extent to which we are perceived as having real influence in Washington.

The Harper-Obama initiative to re-create a continental security perimeter to unplug the border and to take a machete to the tyranny of small regulatory differences that hobble business, especially SMEs, must proceed.

The imposition of drones, guards and passports at the border has disrupted the benefits of the FTA and NAFTA. American tourism has fallen back to levels not since the 1970s. More dangerous to jobs and growth has been the disruption the flow of goods and services from the once rapidly developing North American supply chains.

If President Obama is to export his way out of recession, he must recognize that the place to start is with his two biggest trading partners, Canada and Mexico. The trade agenda remains the same: the Canada-EU Free Trade Agreement by 2012, and creating a formal framework with India by 2013.

We need a deal with China and, in the wake of the abortive BHP potash takeover, clarity around foreign ownership of resources and the role of the provinces and federal government.

The test for Ed Fast and the government will be their willingness to re-engage Canada as a leader, rather than a follower, in trade policy.

The Doha Round is on life support and its failure will have implications for us. We are a trading nation – nearly half of our GDP derives from what we buy and sell across our borders. Its time we put supply management on the table. It will cost us billions to pay off the favoured few but it is necessary.

During the lead up to the FTA I heard the same squawking from the wine industry. Today our wine industry is competitive and world class. Both the Australian and New Zealand dairy industries went through a similar exercise; today, both export their produce to the world.

The Harper commitment to re-engage with Latin America has been strong on rhetoric. Our relevance in the region will depend on our ability to participate in the broader social, political and economic agenda. Americas Minister Diane Ablonczy has made a good start with the promise in Vancouver (May 26) to help with training for police, justice and border management and to strengthen security cooperation.

Embracing the Americas should start with Mexico. Its growth rate, improving literacy and location make it a prime market that Canadian companies are embracing, notwithstanding the drug cartels. We need, as a recent study for the Department of Foreign Affairs reaffirmed, “more concrete evidence on the ground of Canada’s interest.”

Start with Mexico and move south. Aid to Latin America should become the new priority as we draw down in Afghanistan. The cabinet needs to revise our development assistance criteria to ensure that we can lend a helping hand to Mexico.

Unlike our Armed Forces, our Foreign Service has suffered from neglect and a management that has preferred process to policy. In its zeal for bean counting and ‘accountabilities’ it has forgotten that foreign policy is about ... foreign policy.

‘Whole-of-government’ should not mean a thousand miniature foreign services in every government department. The conduct of foreign policy requires coherence and consistency with the foreign ministry empowered as a central agency of government in the same fashion as the Department of Finance, Treasury Board and the Privy Council Office.

While a National Security Council may make sense for the United States with its checks and balances and separation of powers, for reasons of efficiency, economy as well as the exigencies of Westminster-style executive government argue against a similar experiment in Canada. But this does not mean a Fort Pearson with its back against the town reflecting on a golden age that has become more romantic than reality. Happily, there is considerable talent in the Foreign Service.

The challenge for Mr. Baird will be to cultivate it, encourage it and then lead it on those issues that matter for Canadians and on those initiatives where Canada can make a difference.

Getting our way in a difficult world requires a coherent foreign and defence policy. It means investment in our Forces and our Foreign Service. As a regional power we should play off our geography. This means first and constant attention to the United States. But we also need to invest and intervene in our other regions of interest – the Americas, in the Arctic and those on the other side of our Pacific and the Atlantic oceans.

In an age of austerity, everything becomes sharper in definition because the margins for error are too costly. It means looking through the right end of the telescope – that of the national interest. It requires recognition that foreign and defence policy is about power and the projection of power in the places that count.

Get this right and the rest will fall into place.