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## **BROKEN DEFENCE POLICY BROKEN PROCUREMENT PROCESS**

Maj D.M. Juillet

**JCSP 43**

***Exercise Solo Flight***

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## Introduction

In only a year and a half in power the new Liberal government has sole sourced new Super Hornets delaying a decision on the joint strike fighter. It suspended DND's second highest in command related to the purchase of an interim supply ship and they have deferred over \$8 billion in capital funding to future years.<sup>1,2,3</sup> This is business as usual in Canadian defence procurement and nothing has really changed from previous governments. Moreover the Liberal government is still very much in the wake of a recessed resource economy while also trying to balance major infrastructure stimulus and a massive growing deficit. Wholesale change in the acquisition system given today's context is highly unlikely. Although reform has been extensively studied and acted upon around the world little work has been done in Canada to improve its own system. Canadian procurement policies often carry substantial political risk but despite that little to no changes are ever affected. Successive governments continue to attract media attention over scandals in contracting and the constant 'bending of the rules' to fast track purchases and all have been hurt from a lack of procurement legitimacy within the public sphere. DND spending on capital acquisition constitutes one of the largest discretionary slices of money and it is not well always understood by the public and usually taken advantage of by policymakers during times of austerity.<sup>4</sup> Canada stands alone amongst its closest allies in terms of how it delivers on procurement policy development and institutional structure, countries such as the US, UK and Australia are achieving efficiencies through sweeping changes in their systems and

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<sup>1</sup> Scotti, Monique, "Federal budget 2017: Lack of defence spending draws fire", global news, 23 Mar 2017.

<sup>2</sup> Pugliese, David, "RCMP probe that led to Vice-Admiral Mark Norman's removal is focused on \$700 million supply ship", National Post, 3 April 2017.

<sup>3</sup> Brewster, Murray, "Billions in defence equipment purchases postponed until 2030s in Liberal budget", CBC, 22 Mar 2017.

<sup>4</sup> Fetterly, Ross. *Defence Procurement Reform in Other Nations*. The Claxton Papers 10. Kingston: School of Policy Studies Queen's University, 2009, 3.

policy.<sup>5</sup> Many experts such as Williams, Nossal, Byers, Perry, Davies and Stone have published extensive works with numerous recommendations all to no avail. Defence simply does not carry real priority to Canadians as compared to other policy issues. Canada is constrained in its foreign and defence policy development options being a small power in a fireproof house, there simply is no need to change much beyond the status quo during most times.

This paper examines how defence policy, evolving government power and governance structures have affected procurement policy and tries to answer the central question of why successive governments since the end of the Cold War continue to resist a comprehensive transformation of the acquisition system. It is argued that the potential benefits to major changes to defence policy development and the centralization of defence procurement under one department do not outweigh the political benefits of program maneuverability and diffusion of accountability. Hence, there is no incentive to change beyond the status quo unless absolutely necessary. The paper investigates the Chretien, Harper and Trudeau government's use of defence policy development and how that has affected the acquisition process with the resulting political advantages. This is followed up with a review of government power and governance structure above and below the fault line as it related to the policy development process. Inside and outside stakeholders and in the procurement process and how they link to defence procurement policy are also looked at. Lastly information discussed regarding defence policy and government structure are applied to Howlett's two stage risk aversion model to view policy innovation and political risk aversion from another angle.<sup>6</sup>

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<sup>5</sup> Defence procurement a small country perspective

<sup>6</sup> Howlett, Michael. "Why are Policy Innovations Rare and so often Negative? Blame Avoidance and Problem Denial in Climate Change Policy-Making." *Global Environmental Change* 29, (2014): 395-403.

## Policy review

Typically a country's defence equipment needs are carefully analyzed and intricately connected to defence & foreign policy, depending on threats, geopolitics and national interests. However, in an era of foreign policy dissensus (1993-present) between major parties Canadian defence policy has not followed this rationale. New governments have simply issued token policy at the start of their mandates as a colonial political exercise in order to ensure political maneuvering space. Canada's policy historically has been quite predictable, defence of Canada, North America and makes a contribution to international security. No real national strategy is ever articulated, published policy simply announces that security is a priority and that it will be accomplished much differently than the previous administration.<sup>7</sup> In reality tracking the real policy is in defence spending it is a much better indicator of a government's true intention, as quoted by Perry from Middlemiss, 'dollars are policy'.<sup>8</sup> What transpires is a very well-crafted policy that achieves enhanced flexibility in defence spending to the lowest acceptable level to keep the most minimum combat capable force.<sup>9</sup> This has enabled governments to mitigate risk and to maximize total program manipulability for other higher priority public issues like national unity, the economy and intergovernmental affairs. This has normally been weighed against allies expectations especially the US who have long since stated our spending is inadequate. Canadian politicians have been very adept at this practice through various techniques. The real policy could never be publically articulated to the Canadian public or to our allies. Canada is unmatched amongst its peers in its money saving abilities through delays whilst preserving some semblance of foreign policy clout.

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<sup>7</sup> Nossal, Kim Richard. *Charlie Foxtrot: Fixing Defence Procurement in Canada*. Toronto: A.J. Patrick Boyer Book, 2016. P.150

<sup>8</sup> Perry, David. "A Return to Realism: Canadian Defence Policy After the Great Recession." *Defence Studies* 13, no. 3 (2013): 338-360.

<sup>9</sup> CDA institute, Vimy paper 34, "Strategic Outlook for Canada 2017", Conference of Defence Associations Institute, 2017.

The Liberal government release of the 1994 defence white paper simply continued a longstanding tradition of incoherent policy in order to ensure political capital was maximized at the expense of defence equipment capital. Most experts argue that the period in between the launch of Chretien's 1994 defence white paper and Martin's 2005 policy represented an era of institutional crisis. Budget cuts no doubt was the primary factor but also the lack of policy direction was also cited as significant issue for the Canadian forces during this period leading to erosion of the capital equipment programs.<sup>10</sup> Policy detailed that the forces would do less but would still maintain a combat capable force. The opposite in fact occurred; the surge in operational tempo during this time was unprecedented as compared to the cold war years and Canada was seen internationally as major contributor to the UN. Had policy been tighter regarding capital costs, a number of high profile operations such Rwanda, Somalia and Bosnia may not have been undertaken. The relaxed policy allowed the PM considerable discretion in decision making and as a result government could re-profile money for numerous operations. The tradeoff was a tightening of capital investment in equipment and consequently many projects were delayed or cut. Morton asserted this resulted in a major rust out of equipment was at an unprecedented scale that would affect defence procurement well into the next couple of decades.<sup>11</sup> In reality the situation was not as dire as many pundits claim, despite defence spending being reduced by some thirty percent with an added reduction in personnel by 25,000, DND emerged as a much more credible and strengthened organization as a result.<sup>12</sup> The lack of prescriptive policy promoted creativity and innovation with the department and it found many new efficiencies. Many innovative strategic initiative such as capability based planning and new

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<sup>10</sup> Morton, Desmond. 2003. *Understanding Canadian Defence*. Toronto: Penguin Canada.

<sup>11</sup> Hartfiel, Robert Michael. "Planning without Guidance: Canadian Defence Policy and Planning, 1993-2004: CANADIAN DEFENCE POLICY AND PLANNING." *Canadian Public Administration* 53, no. 3 (2010): 323-349.

<sup>12</sup> Rigby, Vincent. 2002. "The Canadian Forces and human security: A redundant or relevant military?" In *Canada among Nations 2001: The Axworthy Legacy*, edited by Fen Hampson, Norman Hillmer, and Maureen Appel Molot. Oxford: Oxford University Press.

force development initiatives evolved the CF into more relevant and credible organization. Needs and requirements were better substantiated through better stewardship of resources. There was some light during the so-called decade of darkness.

Canada First Defence Strategy (CFDS) was a moderate departure to the previous liberal policies in terms of strategy for capital equipment but at face value it significantly reduced political maneuvering room and thus increased partisan risk given the heavy price tag. But like all Canadian policy before, it made for an extravagant announcement to never be followed by the government. There was a relatively small renaissance in spending early to support the whole of government effort in Afghanistan but expenditures quickly returned to realism. From the very start it was unachievable, Harper had put too much stock into Hillier's defence capability plan developed while under the Martin government, it had never been correctly costed. The new conservatives worked to limit Hillier's power in their early years but they were a new and naïve government and although they narrowed Hillier's involvement during the formulation of the CFDS, the policy was very similar to the Martin plan.<sup>13</sup> The policy lost substantial political legitimacy right out of the gates as the government had noticeably deviated from the strategy almost immediately delaying plans for the navy and air forces fixed wing SAR aircraft project. With the looming election and the financial crisis there had been no built in flexibility and the government had no choice but to U-turn on the policy and procurement fell back on the existing process. The sole source easy button had been pushed one to many times with the C-17, C-130J and Chinook projects. The F-35 was a step too far and political roadblocks were re-instated to ensure delays as an eventual cost saving measure. There were certainly some early procurement victories by the administration during the first years before the economic recession. Their sole

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<sup>13</sup> Lagassé, Philippe. "A Mixed Legacy: General Rick Hillier and Canadian Defence, 2005-08." *International Journal* 64, no. 3 (2009): 605-623.

option had new equipment in some cases out to the forces in Afghanistan in less than a year in some cases a number mine resistant vehicles such as the RG-31 were ushered quickly. CFDS was unrealistic given the procurement system constraints and an economy recovering from shock in the financial and resource sectors.

Why was the CFDS not updated and reevaluated? Given the fiscal realities, like previous governments the conservatives did not publish deviations to the strategy as a face saving maneuver. Nearly bi-annually the department of finance reported on a military procurement system that could never spend on budget due largely to the new fiscal realities the conservatives faced, in 2009/10 they were already confronting an annual deficit of almost \$54 billion.<sup>14</sup> These new fiscal truths were also a contributing factor to the pressure of stalling the F-35. All told the conservatives during their last few years in office re-profiled nearly \$10 billion in capital acquisition funds to future years. The introduction of the Defence Procurement Strategy (DPS) development and implementation was very timely and had dual purpose. Firstly, of immediately stalling most programs while the new rules were implemented saving short term cash and, secondly it also demonstrated good governing stewardship and due regard to try and improve a so-called broken system in the view of the media and public.<sup>15</sup> The updates to the policy were best presented in the yearly budgets without much fanfare.

Will the 2017 Liberal defence policy will be any different in effectively guiding a new strategy in defence procurement? Will it be unlike any other than political policy showpieces of the past? Probably not, bearing witness to the sheer number Liberal government strategic actions before its publication suggest this new policy will only continue the time honoured tradition of

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<sup>14</sup> Perry, David. "A Return to Realism: Canadian Defence Policy After the Great Recession." *Defence Studies* 13, no. 3 (2013): 338-360. 344

<sup>15</sup> I personally witnessed working with the FWSAR, the RFP was re-written to include the new ITB policy and new approvals with the new procurement secretariat were also required.



announcing many new great ideas to never be implemented, evaluated or updated.<sup>16</sup> The recently tabled 2017 budget announced a re-profiling of \$8.48 billion dollars in defence capital expenditures; this effectively represented the single largest and longest deferral in history.<sup>17</sup> This follows \$10 billion that the harper government also re-profiled. It also signified the second Liberal party budget since being elected without the release of the much touted new defence policy. The Trudeau government is continuing the conservative trick of re-profiling money and it is not a surprise to the public who elected the liberal policy platform that included big spending on infrastructure and austere budgetary spending on the military. The Canadian government introduced the will continue to seek efficiencies in all areas of public improvement. Public continues to push for increased accountability and oversight of public accounts after recent procurement scandals regarding shipbuilding and the fighter replacement.<sup>18</sup> If the government goes through with the interim fighter purchase there will be on-going pressure to explain why running a multi-fighter fleet in the near term is any cheaper than simply running a full open competition now.

## **Government Structure, Policy Process & Accountability**

Canadian government structure will continue to ensure an ineffective defence policy development process. Over the last forty years the Prime ministers of Canada have substantially changed how power is distributed over the government structure and have fundamentally altered the balance of an effective policy process.<sup>19</sup> Prescribed institutional defence policy and planning processes have been vague at best, matters are decided on by the PM and a small group of

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<sup>16</sup> CDA institute, Vimy paper 2017

<sup>17</sup> Scotti, Monique. Global News Federal budget 2017 find link when able mar 23 2017

<sup>18</sup> Brewster, Murray, "Billions in defence equipment purchases postponed until 2030s in Liberal budget", CBC, 22 Mar 2017.

<sup>19</sup> Savoie, Donald J. *What is Government Good at?: A Canadian Answer*. Montreal; Kingston: McGill-Queen's University Press, 2015. p. 73

advisors, it has become what the PM wants.<sup>20</sup> Public servants and high ranking military officers at one time in respective departments met regularly with cabinet and the PM and had substantial influence in policy development and formulation, certainly under Chretien and Harper this was not the case.<sup>21</sup> Structure changes have included increasing the size of the Prime minister's office (PMO) staff that covered all facets of government. PMO staffs have safeguarded all policy matters towards the center, strictly controlling and ministerial public servants through chief of staff networks were created to limit senior public servant influence in policy design. PMO in recent years have ballooned to over 200 advisors, half of whom are public affairs and communications staff, this structure has been common since the Mulroney era and continued in successive governments.<sup>22</sup> The effect of power concentration has created extremely powerful central agencies which include the treasury board, the Privy Council office (PCO) and the department of finance that serve the PM and PMO directly. This small group effectively controls the policy agenda and the priority of issues for the government of the day. "Cabinet is more of a focus group for the prime minister than a decision-making body and individual ministers have less latitude in shaping policies than they once had."<sup>23</sup> If this is the new norm for cabinet, what does that say about members of parliament, deputy ministers and other high ranking officials, they have simply become Power was so centralized and the process so broken under Chretien that he basically decided policy 'on the fly' often completely without due regard for his own

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<sup>20</sup> Hartfiel, Robert Michael. "Planning without Guidance: Canadian Defence Policy and Planning, 1993-2004: CANADIAN DEFENCE POLICY AND PLANNING." *Canadian Public Administration* 53, no. 3, (2010), p.333

<sup>21</sup> *Ibid*, p.333

<sup>22</sup> Savoie, Donald J. *What is Government Good at?: A Canadian Answer*. (Montreal; Kingston: McGill-Queen's University Press, 2015): 116

<sup>23</sup> *Ibid.*, 73

previous policy decisions. This created the commitment-capability gap in the nineties.<sup>24</sup>

However, without a rigid policy process this was the ultimate in political flexibility.

Given this structure a larger divide has evolved between the defence department's senior public servants including the CDS and the PM is having adverse effects defence policy. PMO's policy entrepreneurs have much more flexibility to seek out policies of opportunity that enhance the government's political capital and address a particular social issue.<sup>25</sup> Otherwise known as Kingdon's standard model of agenda setting and defence policy normally is not seen as a high priority or a policy opportunity. Hence the cycle of the minimized defence policy development persists, contributing to unstable capital budgets and procurement. Another side effect from this structure has been an increased influence that interest groups, think tanks, the media and lobbyists have had on defining policy problems as well agenda setting that counter a pro-military agenda. Just after the release of CFDS prior to the election in 2008 numerous anti-military interest groups protested and lobbied government. The center for policy alternative and Rideau institute released a report contending that defence spending had climbed to an all-time high (this was later disproven when inflation was taken into account) hard to say what effect this had on defence policy post-election, spending did not increase during those minority government years.<sup>26</sup> This was certainly a disproportionate amount of influence exerted as compared to many other policy stakeholders. The influence the media has had on the on-going fighter replacement issue goes without saying. The gap in policy development process shortfalls can be attributed to

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<sup>24</sup> Rudd, David, Deborah Bayley, and Karen Everett. 2005. *Implementing Canada's Defence Policy Statement*. (Toronto: Canadian Institute of Strategic Studies. 2005): 3

<sup>25</sup> Howlett, Michael. *Canadian Public Policy: Selected Studies in Process and Style*. London; Toronto; Buffalo: University of Toronto Press, 2013; 2000.

<sup>26</sup> Richter, Andrew. "A Defense Renaissance? the Canadian Conservative Government and the Military." *American Review of (Canadian Studies)* 43, no. 3, 2013): 424-450

an increasingly centralized government, the widening gap between those responsible for developing policies and those tasked with their implementation and evaluation.

In addition to power and decision making by the center the current multi-departmental governance structure for defence retains an organization that can manipulate accountability as required in order to optimally avoid blame. The current system dates back to the 1962 Glassco Commission Report on government waste and over-regulation as one of its main findings was to centralize government purchasing for all departments into one common department. It had remarked that purchasing was so dispersed that often individuals did not have the knowledge or background in procurement and that potential savings economies of scale could be possible when purchasing common items with a centralized system. In 1969 the Government Organization Act was passed and ultimately disbanded the department of defence production (DPP) along with DND reunification the three services and the co-location of civilian organization life cycle management and procurement technical authority. Also as DND had specialized procurement needs, all would be housed under civilian authority within the ADM (Mat). Apart from small changes and the addition of some new stakeholders such as Industry Canada, the organization as it is known today is quite similar to the original.

The current system's lack of parliamentary oversight blurred the ministerial responsibilities and unbalanced civil-military relations continues to delay and deprive Canada's soldiers of the best possible equipment at the right time, cost and place.<sup>27</sup> The flipside to such a system is that it provides a tremendous control lever to government defence spending. When politicians require it, the system can be remarkably slow and with accountability thinned through the various departments and agencies, blame can be easily avoided by elected officials. As seen in

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<sup>27</sup> Williams, Alan S., Breakout Educational Network, and Queen's University (Kingston, Ont.). School of Policy Studies. *Reinventing Canadian Defence Procurement: A View from the Inside*. Montreal: Published for Breakout Educational Network in association with School of Policy Studies, Queen's University and McGill-Queen's University Press, 2006.

the case of the MHP project Chretien was able to delay the decision by engaging in multi-departmental reviews on every step of the process with the added benefit of party reviews with guise to ensure fairness. The current system can also be quite efficient when political will at the very top demands it and aligns priorities for all stakeholders as we've seen through the sole source acquisition of the C-17 by the conservatives during the Afghanistan years took less than 2 years. This is a testament to the flexibility and resiliency of the current structure why would politicians ever demand for a more consolidated system when the current one meets their needs?

Proponents for defence procurement independence such as Williams a previous ADM of material within DND suggest much improved efficiencies and accountability would save taxpayers in the long run. He suggests that a new department solely responsible for defence procurement should be created. While enhanced accountability could be created and anew department is created he says nothing of all the other departments and agencies, watchdogs that continue to influence the process, treasury board, Industry Canada, Department of Finance, PCO, PMO, OAG, PBO the list goes on. The proposed new department would still need to deal all the other players. Amalgamating only two departments will not provide the needed cost benefit required for politicians to want to take this on as new a policy innovation it involves too much political risk and no guaranteed benefit. Stone argues that some efficiency will be achieved by possibly being able to retain a more experienced cadre of procurement experts but many underlying problems will likely remain such as cost overruns, equipment delays and products not meeting contracts requirements.<sup>28</sup> The government has continues to resist major changes to the current construct. Prior to the release of the DPS there had been a vigorous debate over whether to create this was a contest that many at DND lost just prior to the release of the DPS.

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<sup>28</sup> Stone, J.C., "A Separate Defence Procurement Agency: Will it actually make a difference?", Canadian Defence & Foreign Affairs Institute and Canadian International Council, 2012.

The new defence procurement strategy (DPS) represents some the biggest changes to procurement policy in recent years. DPS does not represent a complete restructure in the system like Australia and the UK but it strives to seek balance between process efficiency and preserving the political flexibility. Decisions are taken in a unified fashion through various multi-departmental secretariats. IRB policy has been further strengthened to consider IP and technology transfer through the new ITB policy and now constitutes a rated requirement during competitive bids. DND will now release an annual defence acquisition guides to better aligns its priorities with the Canadian defence industries.<sup>29</sup>

## **Application of Howlett two-level risk aversion model**

The last two sections examined how defence policy, power and government structure affected changes in defence procurement and related political motivation and implications. This last section demonstrates through Howlett's model that any real future large scale response to create new and innovative policy in defence procurement will depend on the seriousness of the issue and the ability of the current systems ability to avoid blame.<sup>30</sup> There have been various studies regarding various types of policy issues, problem or complete failures all of which have been characterized by numerous experts in the field of policy development. Howlett has devised a model that combines several works to provide insight into a government's motivations to develop policy as it related to risk aversion. In order to understand the results below a short explanation is offered (for the full details see Howlett's paper). There are two key areas of blame avoidance with two variables each, the first is the contextual dimension of blame which

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<sup>29</sup> Auger, Martin, "The Evolution of Defence Procurement in Canada", Library of Parliament Publication, 2016.

<sup>30</sup> Howlett, Michael. "Why are Policy Innovations Rare and so often Negative? Blame Avoidance and Problem Denial in Climate Change Policy-Making." *Global Environmental Change* 29, (2014): 395-403.

includes scope (or extent of the problem) and visibility (how public or obvious to voters) and both can be assessed as high or low. The second key area is the political dimension of blame avoidance, the first variable being intentionality basically how voters will perceive what the elected official should of could have done to solve the issue, it helps to determine the attribution level of the possible blame. The second political variable to blame avoidance is the intensity, as an example when a large portion of the population has widely recognized a problem.<sup>31</sup>

As we have looked exclusively at both Chretien and Harper governments policy and structure it is fitting to apply the model the in the context of both the maritime helicopter project (MHP) and the next generation fighter capability (NGFC) both of which have been perceived as recent procurement program failures:

*How severe was the procurement problem: (visibility & scope):* Using the model effectively depends on how one frames the key problem(s) as with the MHP project this case has so many angles. This analysis simply looked at the issue from two perspectives the legitimacy of military requirements and the Mulroney case for sole source. Looking at visibility is first looked at there was significant variation with time but because it has taken over 30 years it has received notoriety among the public. The Chretien cancellation incurred significant penalties and costs over court proceedings. There was also on-going political interference to ensure no decision was made until a Martin took over.<sup>32</sup> Given those factor the classification is seen as high visibility but had limited scope being only one project among many. The model suggest short term or symbolic action to policy and that in fact that is what materialized, rules were added to ensure

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<sup>31</sup> *Ibid.*, 395-403.

<sup>32</sup> Plamondon, Aaron. "Amnesia in Acquisition: The Parallels of the F-35 Procurement and the Sea King Replacement Projects." *Canadian Foreign Policy Journal* 17, no. 3 (2011)

political interference could only occur prior RFP release and the agreement of internal trade was also signed during this time period so it was solidified in regulations.<sup>33</sup>

NGFC a comparatively younger project entered the spotlight when the government mishandled the announcement of a sole source purchase when in fact the project procurement strategy had been international collaboration in 2010. Although CFDS called for 5<sup>th</sup> generation fighters the rationale was not well explained.<sup>34</sup> Only a year later the parliamentary budget office audited the program claiming the project had significantly underestimated costs. With media getting hold of the costing and a tightening budget, pre-election, post-recession and a very determined opposition visibility was quite high. With no purchase contract actually signed the scope was low. Like MHP only symbolic short term action is applied in this case and history confirms this with the conservatives symbolically reset the program and all other programs are put on pause until the new DPS is enacted.

*How avoidable was blame for these two projects (intensity & intentionality):* With respect to the MHP project political interference in the cancellation post contract award blame and failure attribution could be mostly shifted to the previous conservative government in being complacent in review the DND's requirements were too restrictive to allow for a fair competition. However the follow on interference in delaying an eventual decision was seen by the public as intentional failure that could have been avoided. Focusing earlier in the program intentionality is low and intensity is also low and thus the model calls for negative procedural tools to deny the problem or denigrate opponents. The results align quite well to the Chretien

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<sup>33</sup> Williams, Alan S., Breakout Educational Network, and Queen's University (Kingston, Ont.). School of Policy Studies. *Reinventing Canadian Defence Procurement: A View from the Inside, 2006*

<sup>34</sup> Nossal, Kim Richard. *Charlie Foxtrot: Fixing Defence Procurement in Canada*. Toronto: A.J. Patrick Boyer Book, 2016.



government actions taken in terms of the political avoidance as the plan had already been pre-loaded in the government's election platform.

NGFC in terms of political blame avoidance ranks slightly different as compared to MHP but the case is similar, like MHP there was public outrage that Canada's largest over procurement would be sole sourced without a competition and there was no solid substantiation as to why this decision had been taken. Moreover, a large portion of the public felt misled by the government with respect to total cost of the program. Although the Chretien Liberal government had originally signed up to the program as an international collaboration primarily to allow Canada industry to compete for contract procurement strategy was never confirmed. That decision and the costing issue lay squarely on the conservative government it was clearly their issue. In this case blame avoidance was much more difficult than MHP and this intentionality and intensity are ranked high. As observed back in 2012 the fighter program was reset and many projects were delayed to ensure compliance to the new procurement policy that was put into place in 2014.

An overview of the results suggest a good correlation with the review of the previous two sections that looked at the affects that defence policy and governance structure has had on defence procurement. Governments have and will not make major changes to existing procurement policy as that might contains its own risk of failure. Governments that are risk averse are normally happy to not take action rather than open themselves up to additional blame. As depicted from two the worst procurement cases in recent history only necessitated small action changes.

## Conclusion

The pattern Canadians have observed with regard to the procurement of equipment for the men and women of the armed forces will continue well into the future unless the context of defence fundamentally changes within the public interest. Without crisis Canadian defence procurement policy will continue to be delivered in an ineffective manner and will carry on to be manipulated for political interest and not for national interest. Defence procurement projects as policy instruments for other government policy goals will endure as this has provided essential whole of government flexibility to governments to manage uncertainty and risk. This paper examined how defence policy and the evolving government power structures have affected procurement policy and answered the central question of why successive governments since the end of the cold war continue to resist wholesale improvement in the acquisition system. It was argued that the potential paybacks to major changes to defence policy development, power structure and the centralization of defence procurement under one department do not outweigh the political benefits of program maneuverability and diffusion of accountability.

Typically a country's defence equipment needs are carefully analyzed and intricately connected to defence & foreign policy depending on threats, geopolitics and national interests. However, in an era of foreign policy dissensus between major parties Canadian defence policy has not followed this rationale and thus procurement suffered. The Liberal government release of the 1994 defence white paper simply upheld this longstanding tradition of incoherent policy in order to ensure political capital was exploited at the expense of defence equipment investment. Canada First Defence Strategy was a moderate departure to the previous liberal policies in terms of strategy for capital equipment at face value it significantly reduced political maneuvering room and thus increasing partisan risk as it was also unattainable.

Over the last forty years Prime Ministers of Canada have substantially changed how power is distributed over the government structure fundamentally altering the balance of an effective policy process. Given this structure a larger divide has evolved between the defence department's senior public servants including the CDS and the PM this having adverse effects on defence policy. The current system's lack of parliamentary oversight has blurred the minister's responsibilities as well as upset the balance of civil-military relations all while increasing delays and depriving Canada's soldiers of the best possible equipment who are putting their own lives at risk in the interest of the country.<sup>35</sup> The flipside to such a system is that it provides a tremendous control lever to government defence spending. This last section demonstrates through Howlett's model that any real future large scale response to create new and innovative policy in defence procurement will depend on the seriousness of the issue, the ability of the current systems to avoid blame. An overview of the results suggests a good correlation with the review of the previous two sections that looked at the effects that defence policy and governance structure has had on defence procurement.

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<sup>35</sup> Williams, Alan S., Breakout Educational Network, and Queen's University (Kingston, Ont.). School of Policy Studies. *Reinventing Canadian Defence Procurement: A View from the Inside*. Montreal: Published for Breakout Educational Network in association with School of Policy Studies, Queen's University and McGill-Queen's University Press, 2006.

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