Archived Content

Information identified as archived on the Web is for reference, research or record-keeping purposes. It has not been altered or updated after the date of archiving. Web pages that are archived on the Web are not subject to the Government of Canada Web Standards.

As per the Communications Policy of the Government of Canada, you can request alternate formats on the "Contact Us" page.

Information archivée dans le Web

Information archivée dans le Web à des fins de consultation, de recherche ou de tenue de documents. Cette dernière n’a aucunement été modifiée ni mise à jour depuis sa date de mise en archive. Les pages archivées dans le Web ne sont pas assujetties aux normes qui s’appliquent aux sites Web du gouvernement du Canada.

Conformément à la Politique de communication du gouvernement du Canada, vous pouvez demander de recevoir cette information dans tout autre format de rechange à la page « Contactez-nous ».

CANADIAN FORCES COLLEGE/COLLEGE DES FORCES CANADIENNES

NSSC 6/CSEM 6

CANADA'S MILITARY AS A FACTOR IN NATIONAL PROSPERITY: A MATTER OF FUNGIBILITY

By/Par Colonel Robert Drummond

This paper was written by a student attending the Canadian Forces College in fulfillment of one of the requirements of the Course of Studies. The paper is a scholastic document, and thus contains facts and opinions that the author alone considered appropriate and correct for the subject. It does not necessarily reflect the policy or the opinion of any agency, including the Government of Canada and the Canadian Department of National Defence. This paper may not be released, quoted or copied except with the express permission of the Canadian Department of National Defence.

La présente étude a été rédigée par un stagiaire du Collège des Forces canadiennes pour satisfaire à l'une des exigences du cours. L'étude est un document qui se rapporte au cours et contient donc des faits et des opinions que sel l'auteur considère appropriés et convenables au sujet. Elle ne reflète pas nécessairement la politique ou l'opinion d'un organisme quelconque, y compris le gouvernement du Canada et le ministère de la Defense nationale du Canada. Il est défendu de diffuser, de citer ou de reproduire cette étude sans la permission expresse du ministère de la Défense nationale.

ABSTRACT

This paper reviews the fungibility or convertibility of Canada's military forces with respect to the generation of national economic prosperity, which supports Canadians' quality of life. The paper examines the principles of national power and of fungibility, as well as some aspects of the policy making process at the federal government level. The origins and development of the international order that was created during and after World War II are reviewed with a particular focus on those initiatives that affected Canada's ability to prosper economically through foreign trade, including the leveraging of Canada's defence capacity and alliances. Several defence policy actions or espoused plans of Canadian governments will then be examined where these resulted in an indirect or direct impact on Canada's long-term economic development. It is proposed that the fungibility of Canada's military contribution to collective security with respect to national economic development should inform the current review of Canadian foreign and defence policies.

ACKNOWLEDGEMENTS

The author wishes to acknowledge the assistance of Dr. Christopher Spearin and Major Craig Stone of the Canadian Forces College, and the Senior Directing Staff and members of the National Security Studies Course 6, for their advice and assistance with the preparation of this paper.

INTRODUCTION

In the Speech from the Throne that opened the Third Session of the Thirty-Seventh Parliament of Canada, under the heading of "Canada's Role in the World", the government observed that diplomacy, development, defence and international trade had become "profoundly interdependent and are increasingly touching Canadians in their daily lives."[1] The government also remarked that it had "launched an integrated review of its international policies – the first such review in a decade of change."[2] While it is intended that this review be completed by the autumn of 2004, such initiatives invariably lead to speculation regarding possible increases to Canadian defence spending, particularly in view of concerns regarding deficiencies in the defence budget.[3]

Traditionally, in the absence of a perceived direct threat to our sovereignty or national well-being, and while trusting in the United States' capability and will to defend North America should such a threat arise, Canadian popular support for increased defence spending has traditionally lagged behind support for investments in other public programs such as health care and education.[4] Although this preference appears to have

---

[1] Speech from the Throne to Open the Third Session of the Thirty-Seventh Parliament of Canada: February 2, 2004, National Library of Canada, available from http://pm.gc.ca/eng/sft-ddt.asp, Internet; accessed 25 May 2004, 20.

[2] Speech from the Throne…21.

[3] Andrew Cohen, *While Canada Slept: How We Lost Our Place in the World* (Toronto: McClelland & Stewart Ltd., 2003), 1.

[4] J.L. Granatstein, *Who Killed the Canadian Military?* (Toronto: HarperCollins Publishers Ltd., 2004), 202.

changed somewhat since the 11 September 2001 attacks,[5] Desmond Morton was moved to observe that, "Canadians have suffered so little from military neglect that promoters of [military] preparedness are suspect."[6]

The federal government has developed and maintained the popular social programs with tax revenues that are based upon the generation of national wealth through economic growth. As the recent Speech from the Throne observes, "A nation's social and economic goals are inseparable…if we want to build a fairer, more equitable society, we need a stronger economy."[7] Much of Canada's prosperity is founded upon foreign trade, so enhancing Canada's trade opportunities has been a constant foreign policy theme since the latter part of the Great Depression.[8] In fact, some have seen trade as so important that they have determined that Canada's foreign and trade policies are inseparable.[9] Presently, some 45 percent of Canada's gross domestic product (GDP) is generated from foreign trade, and over 85 percent of that is with the United States.[10]

However, it would appear that the Canadian public, as well as government policymakers, have connected expenditures on defence neither with a need to defend the country nor with the development or sustainment of Canada's economic well-being and the resulting capacity to fund the favoured social programs. As one element of foreign policy, the federal government has, at times, attempted to leverage Canada's defence capacity, needs and alliance partnerships to develop or sustain a favourable environment

---

[5] Robert Fife, "Most Want Surplus Spent on Medicare, Defence," *National Post* (January 3, 2003); available from http:www.pollara.ca/new/LIBRARY/SURVEYS/spending.htm; Internet; accessed 05 March 2004.

[6] Desmond Morton, quoted by Kim Richard Nossal, "Rationality and Non-rationality in Canadian Defence Policy," in *Canada's International Security Policy*, ed. David B. Dewitt and David Leyton-Brown (Scarborough: Prentice-Hall Canada Inc., 1995), 361.

[7] Speech from the Throne…13.

[8] Cohen, *While Canada Slept*…, 13, 14, 104-117.

[9] *Ibid*, 116

[10] *Ibid*, 13, 110, 111.

for Canadian trade and economic development. That is to say, there have been periods when the federal government has seen Canada's defence resources as potentially fungible or convertible with respect to the nation's economic development. On the other hand, there have been other occasions when the government has shifted resources away from defence either to support other policy priorities or because investments in defence were not perceived to be fungible to supporting national objectives.

This paper will demonstrate that, as a vital component of foreign policy, Canada's military forces have made a significant indirect and, at times, direct contribution to the country's economic prosperity through the influence and good will accruing via Canada's contribution to collective defence. In other words, Canada's defence investments have been fungible, or convertible, with respect to her economic prosperity. The paper will describe the commonly accepted elements of national power, which includes military forces, and will examine some of the principles of the fungibility of these national power elements, to achieving desired national outcomes. The federal government's attempts to leverage Canadian defence capacity and relationships to enhance Canada's post-World War II economic growth will then be examined, as will cases where the government chose to reduce or avoid investments in defence. It should be noted that the specific economic contributions of the Canadian defence industry is not part of the scope of this paper. Finally, the paper will advocate that an appreciation of the fungibility of Canada's military should inform the present international policy review.

THE ELEMENTS AND PRINCIPLES OF NATIONAL POWER

The concepts and principles of national power are fundamental to understanding the relations between states but they are also complex. As provided by David Jablonsky, the United States Department of Defence has defined national power as "the art and science of developing and using the political, economic, and psychological powers of a nation-state, together with its armed forces during peace and war, to serve national

objectives."[11] He then lists the following as the elements of national power: geography, population, natural resources, economic capacity, military, political, psychological and informational.[12]

To some, the development of power can become a goal in itself but for most governments, power, and the influence that attends it, is used "primarily for achieving or defending other goals, which could include prestige, territory, raw material, or alliances."[13] Thus, the employment of power invariably involves the relations between nation-states, with nation-state A attempting to influence or cause another actor, B, to act in A's interest by doing x, by continuing to do x, or by not doing x.[14] Jablonsky further allows that the manifestations of the employment of national power can vary along a range from that of non-coercive persuasion to the offering of rewards, to threats and sanctions to the actual use of force.[15]

Kim Richard Nossal, on the other hand, following the perspectives on power of Steven Lukes, only allows that power is applied in coercive, win-lose situations. To Nossal, power "is the ability to prevail over others in a conflict of interests – to get what you want when others want something else harmful to your interests…what characterizes power is the degree to which there is a conflict of interests between the actors."[16] Nossal provides that only when the object of an application of power is caused to act in a manner that is contrary to its interests can power be said to have been exercised. In all other cases, what has been wielded is influence, not power.[17] However, Nossal also provides

---

[11] David Jablonsky, "National Power", *Parameters* 27, no.1 (Spring 1997): 34.

[12] Jablonsky, *National Power*, 38-48.

[13] *Ibid*, 34, 35.

[14] *Ibid*, 34.

[15] *Ibid*, 35.

[16] Kim Richard Nossal, *Power and World Politics* (Scarborough: Prentice Hall Allyn and Bacon Canada, 1998), 89, 90.

[17] Nossal, *Power and World Politics*, 90.

that the exercise of power elements can occur across a spectrum, which he describes in more detail as: influence, which includes persuasion and inducement; influence and power, where somewhat "softer" aspects of coercion begin to emerge through the process of manipulation; and power, which includes techniques such as outright coercion, compellence and deterrence. Nossal further subdivides coercion into non-forceful sanctions, and force and violence.[18] Nossal is firm that, "Just as persuasion and inducement can never be considered tools of power, so too can coercion, terror, non-violent sanctions, and the use of force never be considered tools of influence."[19]

In his article on "Soft Power", Joseph Nye examines some of the more subtle aspects of the application of power and influence between states.[20] As part of this work, Nye examines some of the issues arising where a state of interdependence exists between countries. He allows that what often exists in such relationships is an unevenly balanced mutual dependence rather than a full or balanced interdependence due to one of the states possessing more national power than the other. In such cases, "interdependence is often balanced differently in different spheres such as security, trade, and finance. Thus, creating and resisting linkages between issues when a state is either less or more vulnerable than another becomes the art of the power game."[21] As part of this game, Nye provides that "Political leaders use international institutions to discourage or promote such linkages; they shop for the forum that defines the scope of an issue in the manner best suiting their interests."[22]

As will be shown in this paper, Canada has used its national power elements, and in particular, its military capacity, in several of the ways described by Jablonsky, Nossal

---

[18] *Ibid*, 90-93.

[19] *Ibid*, 92-93.

[20] Joseph S. Nye, Jr., "Soft Power", *Foreign Policy*, no. 80 (Fall 1990): 153-171.

[21] Nye, *Soft Power*, 155.

[22] *Ibid*, 155.

and Nye. With respect to enhancing the opportunities for its economic prosperity, Canada has been more inclined to attempt techniques of influence rather than of coercion. On such occasions, the influence provided by Canada's military capacity was most often used to gain economic opportunities indirectly but, in some instances, this influence was used directly as part of a specific plan. At other times, Canada's government took actions with respect to its military capacity without regard to its influence in the economic domain; once with a positive effect for Canada, once with a negative outcome. Canada has also attempted to leverage the North Atlantic Charter as an international mechanism to promote a linkage between collective defence and economic development. One of the lessons arising from a review of all of these instances is that the influence of Canada's military capacity with respect to other states in the realm of economic relations should not be overlooked by the current international policy review.

THE CONCEPT OF FUNGIBILITY

The term, "fungibility" is used in political science to convey a sense of the changeability, convertibility, exchangeability[23] or transferability[24] of a resource into action, results or outcomes. To illustrate the concept, money or currency is considered to be highly fungible in that it provides an effective means for exchange of wealth into goods, services and influence under many circumstances. In this paper, fungibility will be most closely equated with convertibility but the other synonyms would equally well apply in most cases. One of the considerations that will be featured later in this paper is, following Nye's soft power precepts, how Canada found various mechanisms to convert or exchange its military capacity, indirectly or directly, into influence with other states that would result in positive economic results.

[23] Nossal, *Power and World Politics*, 97.

[24] Nye, *Soft Power*, 156.

In his 1979 paper, David A. Baldwin explores aspects of national power and their fungibility or convertibility into outcomes desired by nations. [25] In other words, he refers to the treatment of power as "causation" with respect to desired outcomes and views the term "power" in the sense that it is interchangeable with terms such as "influence" and "control".[26] In particular, Baldwin asserts that the fungibility of national power must be considered in the context of specific applications, circumstances and desired outcomes. That is, the fungibility of national power cannot be assessed without specifying "the scope or domain of its application."[27] Put more simply, with respect to fungibility, "it is *essential* to specify or at least imply who is influencing whom with respect to what."[28]

One reason put forward by Baldwin for the need to specify the circumstances and desired outcomes when examining the utility of national power resources is his assessment of their relatively low fungibility.[29] However, as summarized above, he ascribes a relatively high fungibility to another element of national power, money or financial wealth, due to its ability to bring about desired effects in a wider variety of circumstances.[30] To illustrate this, some analysts have posited that a government's defence budget is, in fact, its defence policy[31] and that every defence policy decision entails economic constraints and budgetary implications. [32] Thus, Baldwin values the flexibility or the frequency of the utility of national power resources more highly than the

---

[25] David A. Baldwin, "Power Analysis and World Politics: New Trends versus Old Tendencies," *World Politics*, Princeton University Press (1979): 161 – 194.

[26] Baldwin, *Power Analysis and World Politics*…, 162.

[27] *Ibid*, 163.

[28] *Ibid*, 163, 181.

[29] *Ibid*, 166, 168, 169.

[30] *Ibid*, 166, 174.

[31] John M. Treddenick, "The Defence Budget," in *Canada's International Security Policy*, ed. David B. Dewitt and David Leyton-Brown (Scarborough: Prentice-Hall Canada Inc., 1995), 413.

[32] Philippe Lagassé, "Short-term Gain, Long-term Pain: The Canadian Defence Budget Dilemma," *The Canadian Institute of Strategic Studies*, Strategic Datalink #118, March 2004, 1.

magnitude of their potential impact in a given scope or domain. This is consistent with the views of Nossal and Nye.[33, 34] In fact, Baldwin finds that one attribute of the relatively low fungibility power resources is that, in certain circumstances, more power in these kinds of resources may actually mean less power or influence in others.[35] For example, during the Cold War, the United States' and former Soviet Union's very potent nuclear arsenals were effective in deterring each from attacking the other but this form of power could not be converted to effectively resolve other international issues in their favour.[36]

Therefore, according to Baldwin, the fungibility of many national power elements, and in particular military or defence power, is low since their use to produce desired outcomes is limited to specific situations. In fact, he maintains that the strategy of "maximizing the military might" of a nation does not make much sense unless military power resources are somewhat fungible.[37] Thoughts along that line have been echoed by Desmond Morton, who opined, "Ideally, of course, all defence spending is wasteful since, hopefully, what it buys will never be used."[38] Baldwin laments that, despite evidence of the relatively low fungibility of military resources, "the propensity to treat military capacity as the "ultimate" power base, and the related propensity to overestimate the effectiveness of military force, have not disappeared."[39]

One might ask, then, when or in what circumstances is military or defence power fungible? The obvious circumstance is when a state's territorial sovereignty, vital

---

[33] Nossal, *Power and World Politics*, 97.

[34] Nye, *Soft Power*, 156.

[35] Baldwin, *Power Analysis and World Politics*…, 175.

[36] *Ibid*, 163, 164 –168, 174.

[37] *Ibid*, 183.

[38] Desmond Morton, *Understanding Canadian Defence* (Toronto: Penguin Books, 2003), 82.

[39] Baldwin, *Power Analysis and World Politics*…, 192.

interests or well-being are at risk from the actions of another state's military forces or, in the contemporary context, from non-state actors that may be aided or abetted by other nation states. In other words, military power is most directly fungible when a state's vital interests need to be defended against attack. In this context, Canada responded with military power during World Wars I and II, in Korea in 1950 and in Afghanistan in 2002. Canada also made a significant investment in deploying substantial military forces to Western Europe in the early 1950s due to the perceived threat from the Soviet Union after that state had exploded its first atomic bomb in 1949 and in response to the tensions accompanying the Korean War.[40, 41] Particularly during World Wars I and II and in its deployment of forces to Europe in the early 1950s, Canada made a very meaningful and direct contribution to the security of Europe and North America. In the latter two cases, Canada's contribution to defence and collective security was important due to the weakened state of the Western European allies. In these cases, Canada's investment in military forces was highly fungible in the defence and security domain.

One interesting question posed by Baldwin is, given his analysis of national power in general and military power specifically is, "how is it that "weak powers" influence the "strong"" and how do we explain the "cruel and ridiculous paradox" of the "big influence of small allies"?"[42] Similar to Nye's analysis of soft power as exercised between unevenly balanced states, Baldwin allows that variations exist in the "scope, weight and domain of power"[43] and that "so-called "weak powers" influence so-called "strong powers" because of … the possibility that a country may be weak in one situation but strong in another."[44] Thus, a weaker country's power can be deftly leveraged by

[40] Granatstein, *Who Killed the Canadian Military*, 15.

[41] Paul Buteux, "NATO and the Evolution of Canadian Defence and Foreign Policy," in *Canada's International Security Policy*, ed. David B. Dewitt and David Leyton-Brown (Scarborough: Prentice-Hall Canada Inc., 1995), 153.

[42] Baldwin, *Power Analysis and World Politics*…, 163.

[43] *Ibid*, 164.

[44] *Ibid*, 164.

perceiving the strong country's areas of relative weakness or at least where it is constrained in applying its power, and then being active in that area. In other words, a relatively weaker country can enhance the fungibility of its national power by employing it in scopes and domains where the fungibility of another country's greater potential national power is relatively lower.

A complementary tactic for a relatively weaker country is to understand and work with a more powerful country's value system, causing the more powerful country to react in ways that reduce its ability to effectively apply its national power or, conversely, making it more willing to take action in areas that contribute to achieving a weaker country's goals. As Baldwin puts it, "A relational concept of power assumes that actual or potential power is never inherent in properties of (country) A, but rather inheres in the actual or potential relationship between A's properties and (country) B's value system."[45] From this argument, one might be tempted to amend an old aphorism and observe that fungibility is in the eye of the beholder.

A modern example of the application of these principles that resulted in a weaker power prevailing against a much stronger one in a coercive situation is the defeat of the United States in Vietnam. Any comparison of the economic and military power capacities between the U.S. and the North Vietnam-Vietcong combination would have indicated a clear superiority for the Americans in both areas and the expectation of a U.S. victory.[46] In this case, the tactics employed by the Vietcong insurgents and the North Vietnamese army combined with American domestic opposition to the war resulted in the United States' unwillingness or inability to apply the full measure of its military power.

---

[45] *Ibid*, 171, brackets added by this author.

[46] Jablonsky, *National Power*, 46.

RATIONAL AND NON-RATIONAL DEFENCE POLICY

For Canada, aside from the examples cited earlier, there have been periods during the last sixty years when the need for a relatively strong national military capability has not been clearly evident due to the absence of a threat and the assurance of United States protection. Does this mean that Canada has no need for military forces? As Nossal describes, it is reasonable to evaluate the need for resources to be applied to defence against the need for such capabilities to ensure national sovereignty and defence. He terms this linear, means-to-ends approach to considering defence requirements strictly in terms of defence needs as the rational approach to formulating defence policy.[47] Due to the fundamental importance of defence to national security and the magnitude of resources that are typically expended to generate, sustain and employ military forces, it is entirely reasonable to expect that policy-making and public debate regarding defence requirements would follow a means/end form of analysis. Following a purely rational analysis would lead to questions about Canada's needs for defence since, as Nossal observed nearly ten years ago, "With the end of the Cold War and the transformation of the international system, appeals to rationality in Canadian defence policy-making will become more, not less, problematic."[48]

However, Nossal also observes that another form of analysis has had a strong influence in the formulation of Canadian defence policy, one that he describes as a non-rational perspective. This form of policy development, which Nossal calls the "bureaucratic politics model", takes a more process-oriented view of policy development and recognizes that defence policy will be influenced by numerous individuals, existing within and outside of government, who fulfill different roles and capacities within the

[47] Kim Richard Nossal, "Rationality and Non-Rationality in Canadian Defence Policy" in *Canada's International Security Policy*, ed. David B. Dewitt and David Leyton-Brown (Scarborough: Prentice-Hall Canada Inc., 1995), 351.

[48] Nossal, *Rationality and Non-Rationality in Canadian Defence Policy*…, 361.

process and who may each be possessed of differing agendas and varying degrees of influence.[49]

Nossal points out that the participants in the bureaucratic policy process will each bring three dimensions of interest to policy development: views on what goals are in the national interest and how to achieve them; advancement of the agency or unit which they represent; and, their own personal motivations and interests.[50] He maintains that the complex interaction of multiple participants can produce policy outcomes "that are not necessarily as rational as we would like to assume"[51] and that, specifically with respect to defence policy, "the assumptions of the rational model . . . are largely incorrect, and that in fact Canadian defence policy serves purposes other than the strategic purpose of "defending the nation.""[52] Therefore, Nossal was led to conclude in 1995 that the anticipated reallocation of defence spending into other policy areas at the end of the Cold War due to the disappearance of the primary threat, the so-called peace-dividend concept, was born of a rational perspective of defence policy and was not likely to be realized.[53]

POLICY STREAMS

Brian W. Tomlin presents a complementary view of the public policy development process that was developed by John Kingdon.[54] This model uses the metaphor of three separate streams that usually flow independently through and around government. These streams of problems, policies and politics, can converge "when

---

[49] *Ibid*, 354.

[50] *Ibid*, 354, 355.

[51] *Ibid*, 355.

[52] *Ibid*, 355.

[53] *Ibid*, 362.

[54] Brian W. Tomlin, "Leaving the Past Behind: The Free Trade Initiative Assessed", in *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), 45 – 58.

policy windows – defined as opportunities to advocate particular proposals - are opened, either by the appearance of compelling problems or by events occurring in the political stream."[55] In other words, policy windows represent compelling opportunities to advance policies that might not be feasible in other circumstances. To paraphrase another old maxim, this model advocates that there is nothing so powerful as a policy whose time has come.

As proposed by Kingdon and described by Tomlin, problems are always available to be solved by governments but, at any one time, only certain problems seize a government's attention sufficiently to be placed on the agenda for resolution. Independent of the problem identification process, ideas about policy options are constantly being developed and specific policy alternatives are championed by advocates who could be regarded as policy entrepreneurs. These individuals may exist within the government bureaucracy, they may be political figures or they may exist outside of either the government or the opposition political parties.[56] However, according to Tomlin, Kingdon's model ascribes the greatest influence on the policy development process to the political stream. The political stream comprises politicians and the "electoral, partisan and pressure group considerations" to which they respond.[57] Another important element of the political stream is referred to as "the national mood" which comprises inputs from sources such as the media, polling data and lobbyists, as well as direct input from constituents.[58] The alignment of some or all of these sources can provide powerful incentive for governments to move on policy issues.

This model provides that the streams of problems, policies and politics normally co-exist independently of each other. However, critical events or circumstances can arise

---

[55] Tomlin, *Leaving the Past Behind…*, 46.

[56] *Ibid*, 46.

[57] *Ibid*, 47.

[58] *Ibid*, 47.

that makes the linkage of an identified problem and a recognized solution politically possible or necessary. When such a policy window opens, it is often the policy entrepreneurs who play a critical role causing a convergence or "coupling of the streams."[59] Thus, this model is helpful to understanding how government initiatives, which might be based upon rational or non-rational analysis, can come to pass in such an inherently unpredictable and process-dominated environment as the democratic governance system. Timlin provides that the model is highly probabilistic, "one that explicitly leaves room for a residual randomness…the direction of change depends heavily on initial conditions, and events may develop in different ways depending on how they happen to start."[60] While the unpredictability implied by this model might be uncomfortable to some, empirically, it contributes to understanding the reality of public policy development.

As the next section will illustrate, during the World War II and the following years, Canada sought ways to leverage its relatively modest national power by applying many of the principles described above in a manner that contributed to the security and stability of its defence partnerships while indirectly enhancing the potential for its economy to grow through foreign trade. In other words, Canada has attempted to enhance the fungibility of its national power by selecting circumstances or, in Baldwin's terms, the scope and domain where its relatively modest military capacity and contribution to defence alliances could affect the security environment in ways that have been valued by other nations.

While the linkage between defence investment and economic development have usually been indirect, there were specific circumstances where the development and employment of Canada's defence power generated international good will that directly enhanced her trade interests and the potential to increase national wealth. These occasions are contrasted with others when Canada's national leadership did not

[59] *Ibid*, 47.

[60] *Ibid*, 47.

appreciate the fungibility of its military power nor the relationship between its contributions to collective security and the values of its allies. In these circumstances, Canada took actions that created a negative environment with respect to foreign trade opportunities. Sometimes, these actions had specific negative consequences for Canada's economic potential.

Canada's geo-political place in the world and its dependence upon trade for economic prosperity has required that the national government be creative in seeking ways to increase the fungibility of its limited national power, including its military power, to exercise influence upon much more powerful countries, such as the United States or blocks of countries, such as the European Union. We shall see that, since World War II, Canada's federal government has at times apparently understood and applied the precepts of national power fungibility as described by Baldwin and his contemporaries, and at times it has not. Although not always successful, and subject to the vicissitudes of both domestic and international policy development processes, Canada has skillfully identified the timing, methods and locations for the development and application of its military power in attempts to create conditions favourable to its success as a trading nation. In general, Canada's foreign policy and approach to defence investments have contributed significantly to its economic prosperity and the concomitant ability to develop the social programs that Canadians value so highly.

WORLD WAR II & POST-WAR YEARS

As the ultimate application of the military component of national power, war inevitably and at times substantially affects the economic well being of the combatant states as well as, potentially, that of non-combatant states. In fact, increasing or protecting economic power can be an important or even a primary objective for states choosing to initiate or participate in wars. Thus, based upon the foregoing analysis of power, war can be one of those circumstances of "scope and domain" where military power can be said to be strongly fungible with respect to international influence and national economic wealth depending, of course, on the outcome.

Canada's decision to enter World War II was not motivated by aspirations of economic gain. However, in addition to its own security concerns and a residual affinity for Great Britain, it is likely that the Canadian government recognized the potentially negative economic impact of a substantially changed world situation should the Axis powers have prevailed. Thus, from a rational analysis perspective, Canada chose to defend its clear national interest by making a substantial contribution to the allied war effort, emerging from the conflict with the fourth largest military force in the world.[61]

However, the experience of the Great Depression, combined with the sacrifices of two great wars fought by consecutive generations, caused the Canadian government to reconsider its fundamental world-view and realize that Canada would need to be more internationally engaged to contribute to its national security and economic prosperity. On this point, Kim Richard Nossal has classified the major themes of three distinct phases of Canadian foreign policy during the twentieth century: imperialism prior to World War I, isolationism during the inter-war years and internationalism, which had its beginnings just before World War II and was the dominant theme during the Cold War years.[62]

Prior to World War II, the Canadian government had realized that foreign trade was essential to lift the country from the depths of the Great Depression as well as understanding that a significant source of such trade should be with the United States. In his 1992 book, B.W. Muirhead relates how, during the 1930s, the governments of R.B. Bennett and W.L. Mackenzie King attempted to increase trade with the United States and the United Kingdom in an era dominated by strongly entrenched isolationism, trade protectionism and currency inconvertibility.[63] Despite these challenges, Canada was able

---

[61] Cohen, *While Canada Slept…*, 27.

[62] Kim Richard Nossal, *The Politics of Canadian Foreign Policy* (Scarborough: Prentice-Hall Canada Inc., Third Edition: 1997), 138 – 170.

[63] B.W. Muirhead, *The Development of Postwar Canadian Trade Policy: The Failure of the Anglo-European Option* (Montreal: McGill-Queen's University Press, 1992), 5-11.

to establish bi-lateral trade agreements with these two countries and, as World War II approached, trade did increase. Due to the difficult, time consuming and, at times, risky nature of negotiating pairs of bi-lateral trade agreements, by the close of the 1930s the Canadian government was attracted to an American plan promoting more open, multilateral trade negotiations. However, the onset of wartime imperatives was required to create “the necessary will to experiment with new methods of international economic organization.”[64]

Canada’s decision to enter World War II was not motivated by aspirations of economic gain. However, in addition to its own security concerns and a residual affinity for Great Britain, it is likely that the Canadian government recognized the potentially negative economic impact of a substantially changed world situation should the Axis powers have prevailed. Thus, from a rational analysis perspective, Canada chose to defend its clear national interest by making a substantial contribution to the allied war effort, emerging from the conflict with the fourth largest military force in the world.[65]

The 1941 Hyde Park Declaration dedicated Canada and the United States to more effective economic integration while easing Canada’s trade balance and currency exchange problems with the United States that had arisen early in the war.[66] However, recognizing the need for trade diversification the government committed itself “to a policy of multilateralism and non-discrimination and pursue it single-mindedly during numerous wartime meetings among the Allied powers.”[67] This multilateralist trend gathered steam as Canada participated in conferences beginning in 1942 that culminated in 1944 at Bretton Woods, New Hampshire, with the creation of the International Monetary Fund and the International Bank for Reconstruction and Development (later the

[64] Muirhead, *The Development of Postwar Canadian Trade Policy*…, 11.

[65] Cohen, *While Canada Slept*…, 27.

[66] *Ibid*, 13.

[67] Muirhead, *The Development of Postwar Canadian Trade Policy*…, 15.

World Bank). Combined later with the General Agreement on Tariffs and Trade, the Canadian government had fully collaborated in the establishment of an international order that would feature multilateralism, non-discriminatory practices, currency convertibility and freer trade.[68, 69]

The impact of World War II on the economies of the combatants was, indeed, dramatic. As a result of the war, much of Europe and Japan were laid waste and the economies of these nations needed roughly a decade before being restored to the point where they could be considered to be reasonably recovered.[70] The impact of the war on Canada's economy was equally dramatic but in the opposite sense. The country entered the war still suffering from the effects of the Great Depression but by the conclusion of the conflict, Canada had achieved virtually full employment, possessed the world's fourth largest economy and the second highest income. [71, 72]

Canada's efforts to collaborate on a multilateral trade and finance framework continued apace in the immediate post-war years due to the government's realization that the country's prosperity continued to depend upon a delicate and vulnerable base of international trade. The pair of bilateral trade relationships that Canada had maintained through the war resulted in awkward trade imbalances, a surplus with Great Britain and a deficit with the United States, which could not be reconciled largely due to the inconvertibility of the British sterling currency. This motivated Prime Minister Mackenzie King to state in Parliament, in 1947, that "a bilateral approach to trade is not enough" and that the country had to develop "a high level of multilateral trade on the

---

[68] *Ibid*, 13, 14.

[69] *Ibid*, 48, 49.

[70] *Ibid*, 178.

[71] *Ibid*, 14, 15.

[72] Cohen, *While Canada Slept…*, 26.

broadest possible basis."[73] This realization was the motivation for the government "to commit itself to a policy of multilateralism and non-discrimination and pursue it single-mindedly during numerous wartime meetings among the Allied powers."[74]

So much was Canada's linkage between international collaboration, trade and prosperity that even those relationships that she would enter into primarily for defence and national security purposes were identified as opportunities to influence the international order in ways that could benefit her ability to trade and thus grow economically. Some of the circumstances surrounding the creation of the North Atlantic Treaty and the details regarding Canada's strong role in its creation are provided by authors like Escott Reid and Andrew Cohen.[75, 76] Reid describes that the idea for the creation of the Alliance was born out of the concern that, as a consequence of the fall of several Eastern European governments to communist regimes that were under Soviet influence or domination, Western European populations were coming to believe that "Russian communism was the wave of the future."[77] Thus, the Treaty needed to "rally not only the military and economic resources of Western Europe but also its spiritual resources in a dynamic, liberal and democratic counter-offensive against Russian totalitarianism."[78]

Canada's government fully recognized the security dimension of the nascent treaty. The country's leadership, in acknowledging the inevitability of Canada's

[73] W.L. Mackenzie King, quoted by Robert Spencer, "Restoring Multilateral Trade, 1948", in *Canadian Foreign Policy: Selected Cases*, ed. Don Munton and John Kirton (Scarborough: Prentice-Hall Inc., 1992), 19.

[74] Muirhead, *The Development of Postwar Canadian Trade Policy*…, 15.

[75] Escott Reid, "Forming the North Atlantic Alliance, 1949", in *Canadian Foreign Policy: Selected Cases*, ed. Don Munton and John Kirton (Scarborough: Prentice-Hall Inc., 1992), 27-42.

[76] Cohen, *While Canada Slept*…, 104-109.

[77] Reid, *Forming the North Atlantic Alliance, 1949*, 32.

[78] *Ibid*, 33.

involvement in a third world war, should it have occurred, believed that the first two great wars "would not have broken out if Germany had known that it would eventually face a coalition of the United States, Britain and France."[79] However, while recognizing and promoting the fundamental security nature and the broader context of the economic measures to be expressed by the treaty, the Canadian government also saw the opportunity presented by the latter to support the country's direct trade and prosperity interests.[80, 81] In fact, Canada's leadership "gradually came to realize that their emphasis on the non-military aspects was one of the reasons for the widespread support for the treaty in Canada"[82] and that, "the realities of domestic party politics in Canada made it essential…to have substantial non-military provisions in the treaty."[83]

Thus, Canada pressed for the inclusion of Article 2 to the North Atlantic Treaty, which came into force on 24 August 1949, and for its specific provision that the Parties "will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."[84, 85, 86] In fact, Escott Reid provides that without the diligent efforts of Secretary of State for External Affairs, and later Prime Minister, Louis St. Laurent, as well as Lester Pearson, Norman Robertson Hume Wrong and others from External Affairs, "there would have been no Article 2 in the North Atlantic Treaty."[87]

---

[79] *Ibid*, 31.

[80] *Ibid*, 38.

[81] Cohen, *While Canada Slept…*, 108.

[82] Reid, *Forming the North Atlantic Alliance, 1949*, 38.

[83] *Ibid*, 39.

[84] Muirhead, *The Development of Postwar Canadian Trade Policy…*, 167.

[85] Reid, *Forming the North Atlantic Alliance, 1949*, 38.

[86] *The North Atlantic Treaty* PolicyIb

Thus, Canada attempted to make a primarily defensive alliance fungible with respect to its economic development by promoting multilateral economic cooperation. That the North Atlantic Treaty did not actually generate significant trans-Atlantic trade in the following years was attributed by Reid to Canada's failure to "make sufficient use of the fact that the members of the Alliance had entered into solemn treaty obligations embodied in Article 2."[88] Muirhead, on the other hand, suggests that post-war European trade protectionism had much to do with the imperatives of reconstruction than a lack of Canadian application.[89] However, this would not be the only occasion where Canada attempted to leverage the North Atlantic alliance to enhance its economic prosperity. At any rate, the stimulating economic effects of World War II combined with the new international trade, finance and security order affected Canada's economic prosperity such that the proportion of the Canadian population that could be defined as "poor" had dropped from the majority in 1941 to one-third by 1951.[90]

HELPFUL FIXING

Soon after the conclusion of World War II, world tensions shifted to the Cold War confrontation between the United States with its NATO allies, and the Soviet Union and the states of the Warsaw Pact. Although Canada had demobilized soon after the end of World War II, in response to the newly perceived threat Canada enlarged its armed forces from a post-war level of some 50,000 personnel to a force of 104,500 by 1952 and 120,000 by 1957,[91] and made a contribution as part of the United Nations sponsored force during the Korean War. Further, in 1958, Canada teamed with the United States to form

[88] *Ibid*, 40.

[89] Muirhead, *The Development of Postwar Canadian Trade Policy*…, 15.

[90] Morton, *Understanding Canadian Defence*, 65,66.

[91] Treddenick, *The Defence Budget*..., 429.

the North American Air Defence Command (NORAD) to detect and defend against aerospace threats to North America.[92]

The Cold War developed into a static confrontation, largely centered on avoiding hostilities from breaking out between the United States and the Soviet Union that could involve the use of their nuclear arsenals. This confrontation focused the attention and resources of the so-called "Super Powers" and there were concerns that political frictions or other actions by their proxies could inadvertently increase the possibility of war between them. Therefore, there arose the need and opportunity for other countries with the requisite resources, skills and credibility to play a role in providing stability in regional conflicts to permit parties in conflict with the time to resolve their differences without engaging the Super Powers with the attendant risks to global peace and security.

One of the early opportunities for this form of intervention was the 1956 Suez crisis when Britain and France used the pretence of an Israeli attack on Egypt to invade the latter country and seize control of the canal. This action surprised, and was opposed by, the United States, and the Anglo-French action threatened to cause a rift in the relatively young western alliance. Lester B. Pearson, Canada's ambassador to the United Nations (U.N.), developed the concept that troops under U.N. auspices could be positioned between the belligerents, keeping the peace to permit an orderly disengagement and a subsequent resolution of the situation.

Canada went on to participate in every U.N. sponsored peacekeeping mission through to 1989.[93] Peacekeeping became a manifestation of Canadian internationalism in which the country took great pride. During the Cold War, to avoid confrontation, the Super Powers could not participate in such missions, nor were the forces of Britain,

---

[92] *Ibid*, 431.

[93] David B. Dewitt, "Future Directions in Canadian Security Policy: From a Marginal Actor at the Centre to a Central Actor at the Margins, in *Canadian and the New World Order: Facing the New Millennium*, ed. Michael J. Tucker, Raymond B. Blake and P.E. Bryden (Toronto: Irwin Publishers, 2000), 90.

France or some other European nations usually welcome in regions where they had colonial histories. In addition, such missions did not require the investment in expensive weaponry and invariably eased human suffering.[94] In summary, during the Cold War, peacekeeping was relatively cheap, effective at reducing conflict and helping people, valued by the world and was something that the Americans couldn't do. It was a role that naturally held great appeal to Canadians.

While participating in these missions undoubtedly allowed Canada to help support humanitarian causes in the conflict areas, as with the Suez in 1956, in many of these instances the cessation of conflict also contributed in very practical ways to supporting alliance partnerships and assisting NATO member nations. Indeed, from a military impact perspective, while Canada was a "marginal player at the centre" within NATO and NORAD, she made a very significant contribution in those regions known as "out-of-area".[95] In this regard, Prime Minister Trudeau referred to Canada's international role from the end of the Second World War through to the end of Lester Pearson's term as Prime Minister in 1968 as "helpful fixing".[96] Thus, Canada's national power and, since peacekeeping missions invariably involved the Canadian Forces, its military power, had considerable fungibility regarding international stability and NATO cohesion. In at least one instance, some have credited Canada's military intervention through peacekeeping with directly creating the environment for a treaty that significantly benefited Canada's economy, the Canada – United States Automotive Agreement or Auto Pact.

However, in the early part of the decade of the 1960s, relations between Canada and the United States were not always smooth. In accordance with an earlier NATO decision that Canada had supported, the conservative Diefenbaker government decided to accept several weapon systems but then refused to accept the nuclear warheads that were

---

[94] Granatstein, *Who Killed Canada's Military*, 23, 24.

[95] Dewitt, *Future Directions in Canadian Security Policy*…, 90, 91.

[96] Nossal, *The Politics of Canadian Foreign Policy*, 180.

needed to make them operationally effective. The Diefenbaker government ultimately fell over issue of the nuclear warheads, a situation aggravated by a statement by the Kennedy administration that was critical of the Canadian government's handling of the matter.[97, 98] Further, despite Canada's defence partnership with the United States in the forms of NATO and NORAD, the Diefenbaker government did not declare support for the American naval blockade of Cuba to force the removal of the Soviet Union's offensive ballistic missiles. In response to Canada's ambivalence despite the clearly desperate situation presented by the Cuban missile crisis, Robert Kennedy derisively commented that the Canadian government had offered only "all aid short of help."[99]

Despite these rough patches in the Canada-United States relationship, with two new leaders in Ottawa and Washington, Canada's internationalism was again able to come to the fore. In 1964, Turkey and Greece, two NATO members, were on the verge of war over the island of Cyprus. The Canadian government under Lester Pearson arranged for the deployment of a United Nations – sponsored peacekeeping force of Canadian soldiers, thus averting a war that could have had a serious effect on NATO's southern flank and might have also involved British interests. United States President Lyndon Johnson expressed his gratitude for the Canadian initiative during a phone call to Pearson and asked what he could do for the Prime Minister. Although Pearson replied, "nothing at the moment", J.L. Granatstein has offered that "Johnson's willingness to agree to the Auto Pact the next year, an agreement that hugely benefited Canada's auto sector, may well have been Pearson's reward for Cyprus."[100]

Today, the North American auto industry is the region's largest industry and is becoming "a fully integrated production network" that crosses the two nations'

---

[97] Treddenick, *The Defence Budget*, 433.

[98] Nossal, *The Politics of Canadian Foreign Policy*, 210.

[99] Cohen, *While Canada Slept*, 75.

[100] Granatstein, *Who Killed the Canadian Military*, 19.

borders.[101] In this instance, Canada's foreign and defence policies and initiatives, which included employing military forces in an out-of-area peacekeeping mission, helped to prevent conflict, prevented human suffering, sustained the integrity of NATO's southern flank and contributed to an environment of good will between Canada and the United States. The deployment of Canadian military forces to Cyprus created the environment within which a trade initiative of significant importance to Canada's economic prosperity could be accomplished. In this instance, the convergence of Kingdon's policy streams proved the investment in Canada's military to be highly fungible to the enhancement of her economic development and of great benefit to multiple stakeholders, including the Canadian public.

THE TRUDEAU YEARS

Canada's deployment of troops to Cyprus in 1964 perhaps represented the zenith of the relationship between the Canada and the United States during that era. Stresses between the two countries materialized as the United States became more involved in Vietnam and Canada's citizens and politicians felt compelled to make their contrary views known. As one example, Prime Minister Pearson chose a speaking engagement in Philadelphia to sharply criticize the American bombing campaign against North Vietnam, for which he received a sharp rebuke from President Johnson.[102]

As the decade progressed, other domestic concerns became discernable. The United States' overwhelming economic power and the pervasiveness of American media caused concerns regarding Canadian cultural and economic sovereignty.[103] Also, one of the outcomes of the Quiet Revolution was a movement in francophone Quebec favouring

---

[101] Wendy Dobson, "Shaping the Future of the North American Economic Space: A Framework for Action", *Commentary*, C.D. Howe Institute, No. 162, April 2002, 20.

[102] Granatstein, *Who Killed the Canadian Military*, 158, 159.

[103] Hon. Mitchell Sharp, "Canada-U.S. Relations: Options for the Future", *International Perspectives* (Autumn 1972), 2.

political independence.[104] Onto this scene arrived Pierre Elliot Trudeau as Prime Minister Pearson's successor in 1968. Trudeau was a young, charismatic and bilingual native of Quebec who was also known for his high intellect and, when he chose to use it, persuasive charm.[105, 106] He was very concerned regarding these domestic issues, particularly the status and role of the government in Ottawa within the federation.[107]

As with his general approach to policy development, Prime Minister Trudeau applied his intellect to a very rational and analytical approach foreign and defence policies, proclaiming early in his mandate that Canada's internationalist focus would be subject to a severe reassessment.[108] In Trudeau's opinion, Canadian foreign policy had been overtaken by a defence policy emphasizing the two major alliances, which constrained force structure and freedom of action. In his view, Canadian foreign policy should be focused more on Canada's self-interest and less on helpful fixing while Canada's military should be primarily focused on the defence of Canada.[109] Thus, while the 1964 Defence White Paper had placed peacekeeping and contributions to alliances as the first two priorities with the defence of Canada in fourth place, Prime Minister Trudeau saw defence priorities in the opposite order.[110]

Trudeau also had low regard for the Department of External Affairs and he actively sought to change how Canada's foreign policy was developed, reducing the department's role. Through to the late 1960s, Canada, largely through the efforts of

---

[104] Granatstein, *Who Killed the Canadian Military*, 120.

[105] J.L. Granatstein and Robert Bothwell, *Pirouette: Pierre Trudeau and Canadian Foreign Policy* (Toronto: University of Toronto Press, 1990), xii, xiv.

[106] Adam Brooke and Kim Richard Nossal, "Trudeau rides the "Third Rail"", *International Perspectives*, May/June 1984, 3.

[107] Granatstein and Bothwell, *Pirouette*..., 8, 72

[108] Nossal, *The Politics of Canadian Foreign Policy*, 180.

[109] Cohen, *While Canada Slept*, 134.

[110] Morton, *Understanding Canadian Defence*, 79, 181.

External Affairs, was highly respected on the international stage. However, Dr. Henry Kissinger, who was the United States Secretary of State in the Nixon administration, was led to observe that the Department's prestige began to wane under Prime Minister Trudeau.[111] Trudeau also had a particularly low esteem for military personnel, [112] an attitude which he apparently carried with him to the end of his public life when, during a visit to Washington, D.C., he referred to the "third-rate pipsqueaks" in the Pentagon".[113]

It would have been Trudeau's preference to have entirely eliminated Canada's NATO commitments but, under pressure, he reduced the forces stationed in Europe only by 50 per cent as announced in May, 1969, with implementation to be effective the following year.[114] In addition, the next month, the government announced that the Canadian Forces' regular force strength would be reduced by approximately 20 per cent, to a range of 80,000 to 85,000 personnel.[115]

However, Canada's withdrawal from its internationalist focus was soon to reap an unexpected and undesired effect. In the early post-war years and again in the mid-1960s, Washington had exemWashington p222s

affairs, the administration decided not to extend an exemption this time to Canada. In the opinion of Donald Barry, "the Trudeau government's decision in 1969 to halve Canadian military forces in Europe doubtless made it easier for the Nixon administration to deny Canada its customary exemption".[118] J.L. Granatstein further allows that, "No one in Ottawa believed that the United States was acting harshly to Canada out of inadvertence."[119] In adding a sense of formality to the new relationship, President Nixon further declared in 1972, "that mature partners must have autonomous independent policies", [120] thereby indicating that the United States no longer considered it necessary to give Canada special treatment.

As could be well imagined, the new "Nixon Doctrine"[121] and the imposition of the duty surcharges set off a flurry of activity in Ottawa. It appeared that several policy streams had converged in Washington, a policy window had opened and action was taken, to Canada's detriment. In a manner that David A. Baldwin would have recognized, the Trudeau government had not recognized the value assigned by Washington to this Canada's contribution to collective security. So, when that contribution was significantly reduced, the special trade considerations that had attended the Canada – United States relationship for approximately thirty years were withdrawn. The fungibility of Canada's military contribution was again demonstrated but, this time, it was a negative impact on Canada's economy that attended a reduction to that contribution.

Concurrent with a diplomatic effort to reverse the application of the surcharge to Canada, the Trudeau government considered other options for trade in the light of Canada's exposure to United States' policies. Secretary of State for External Affairs

[118] Barry, *Managing Canada – U.S. Relations*..., 4.

[119] Granatstein and Bothwell, *Pirouette*..., 160.

[120] Roger F. Swanson as cited by Barry, *Managing Canada – U.S. Relations*…, 4.

[121] Sharp, *Canada – U.S. Relations*…, 10.

Mitchell Sharp's 1972 article in the Department's journal, *International Perspectives*, launched a concerted effort to achieve a contractual trade agreement with the European Community.[122] However, the government found in the Western European leaders a tendency for even more direct linkage between Canada's contribution to collective security and a willingness to further open European markets to Canadian goods. Reinvestment in Canada's NATO contribution, beginning with the purchase of German-made Leopard tanks, were to be the prerequisite for beginning talks on a preferential trade relationship between Canada and the western European nations.[123] Negotiations began in earnest in 1975 and, in July 1976, with key support from Germany along with pledges by Canada for increases to its alliance commitments,[124] Canada and the European Community signed a Framework Agreement on Commercial and Economic Cooperation.[125] Germany's Chancellor, Helmut Schmidt, also provided support for Canada's membership in the Group of Seven (G7) industrialized countries.[126]

It appears that Prime Minister Trudeau learned a hard lesson in the early 1970s about foreign relations and, indeed, about the fungibility of defence resources in the eyes of Canada's allies. But he did learn the lesson and generally applied it throughout the remainder of his public career. At the 1975 NATO Summit, Trudeau committed himself to "the concept of collective security, Canada's support for NATO, and Canada's pledge to maintain a NATO force level which is accepted by our allies as being adequate in size and effective in character."[127] Defence budget increases above inflation were approved,

---

[122] Sharp, *Canada – U.S. Relations*, 17, 18, 22-24.

[123] Granatstein, *Who Killed the Canadian Military*,

[124] Granatstein and Bothwell, *Pirouette*..., 166, 168

[125] *Ibid*, 158.

[126] Morton, *Understanding Canadian Defence*, 81.

[127] Norrin M. Ripsman, "Big Eyes and Empty Pockets: The Two Phases of Conservative Defence Policy", in *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001),

as was a force modernization effort.[128] As J.L. Granatstein summarizes, "Even the North Atlantic Treaty nations, initially so skeptical of Trudeau for his unilateral cuts in the Canadian forces at the beginning of his term, had by the end of his years in power come to appreciate the Canadian's support for NATO and his willingness to begin to bolster Canada's contributions to the alliance again."[129] Perhaps being a helpful fixer and acting in the national interest weren't contradictory principles, after all.

As with the economic potential provided by Article 2 of the North Atlantic Treaty, the Framework Agreement did not result in a substantial increase in trade between Canada and the European Committee nations. As Escott Reid had observed regarding the former initiative, the Trudeau trade diversity policy[130] failed because of the lack of will to make it work and a shift of the Prime Minister's focus and energy to other issues.[131] It had been observed that, "the link would fail if Canadian business, unused to operating in Europe, refused to try the market there…you can't force them to take advantage of it."[132] The United States market was more accessible, more culturally and linguistically similar to Canada's, and it could be satisfied by relatively small Canadian production runs.[133] As B.W. Muirhead observed, Canadian trade has been "multilateral by preference, bilateral by necessity, and manifestly continental by default."[134] Following Pierre Trudeau came a Prime Minister who fully understood this reality, appreciated the fungibility of Canada's defence policy and resources, perceived an open

---

[128] Granatstein and Bothwell, *Pirouette*..., 255-260.

[129] *Ibid*, 378.

[130] In 1976, Canada also signed a trade agreement with Japan that was similar to the Framework Agreement with the European Community. *Ibid*, 158.

[131] *Ibid*, 176.

[132] *Ibid*, 171.

[133] *Ibid*, 171.

[134] Muirhead, *The Development of Postwar Canadian Trade Policy*…, 15.

policy window, and caused the convergence of the problem, policy and politics streams, to Canada's economic benefit.

PRIME MINISTER MULRONEY AND FREE TRADE

While in Opposition, Conservative Party leader Brian Mulroney frequently called for improved relations with the United States as well as increased spending on defence.[135] When he assumed power in 1984, the Canadian economy was in poor shape and the federal government was labouring with an increasing debt. It was determined that a critical part of the remedy was for the economy to grow with sufficient vigour to generate the tax revenues needed to resolve the problem.[136]

Mulroney had understood that a closer relationship between Canada and the United States was crucial to future Canadian prosperity and he promised to change the nature of the relationship between the two states with Canada becoming "a better ally, a super ally".[137] He further emphasized that, "Good relations, super relations with the United States will be the cornerstone of our foreign policy."[138] Becoming a better ally and having super relations with the United States included increasing Canada's defence spending. In response to the 1986 report of a special joint committee of the Senate and the House of Commons, the Mulroney government highlighted that an expansion of Canada's role in NATO and in North American defences were required "to reaffirm and deepen Canada's political and military alignment with the United States, to increase Canadian influence within NATO, and to safeguard Canadian sovereignty."[139]

---

[135] Granatstein, *Who Killed the Canadian Military*, 127, 128.

[136] Tomlin, *Leaving the Past Behind*…, 49.

[137] Nelson Michaud and Kim Richard Nossal, "The Conservative Era in Canadian Foreign Policy, 1984 – 93", in *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), 9.

[138] Morton, *Understanding Canadian Defence*, 84.

[139] Ripsman, *Big Eyes and Empty Pockets*…, 101.

A White Paper on defence was developed and was issued on 05 June 1987[140, 141] The White Paper committed the government to substantial new investments in military capability, including a commitment to real growth in the defence budget of two percent a year above inflation for fifteen years and a quadrupling of the reserves with most of the increase to be invested in the militia. Canada's NATO commitment would be consolidated in Germany and brought up to division strength, including the stationing of new tanks, pre-positioned equipment and supplies, and additional airlift capability.[142]

The White Paper also committed the government to acquiring additional aircraft and frigates to enhance Canada's anti-submarine warfare capabilities and to exercise greater sovereignty over Canadian waters. The sovereignty theme also extended to the Arctic with the intended acquisition of nuclear-powered attack submarines.[143] Another initiative that had both strong alliance and sovereignty dimensions was an agreement that preceded the White Paper whereby Canada would participate in the North American Air Defence Modernization Program and would fund forty percent of a new North Warning System as part of that effort. In this way, Canada would continue to have an effective voice in the defence of its own territory along with that of North America, as a whole.[144]

While the Trudeau government had taken measures to reinvigourate Canada's defence commitments to NATO, the magnitude and tone of the Mulroney government's approach to the United States on defence matters was quantitatively and qualitatively

---

[140] Nelson Michaud, "The Making of the 1987 White Paper", in *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), 264.

[141] *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), Appendix A, Chronology of Events, 1984 – 93.

[142] Ripsman, *Big Eyes and Empty Pockets*…, 103.

[143] *Ibid*, 102.

[144] *Ibid*, 102, 106.

different. Prime Minister Mulroney sought a much more cooperative relationship with the American administration, instituting and articulating policies that provided tangible, moral and political support to President Reagan's strategic approach. Further, Mulroney's defence policy significantly contributed to Canada's sovereignty while proving the country's steadfastness as an American ally. Assuming responsibility for coastal surveillance and contributing substantially to NORAD revitalization meant that the Americans would neither feel it necessary nor reasonable to unilaterally assume Canada's defence roles.[145]

It should be noted that the government of Brian Mulroney did not agree with or support the American administration on all matters, including all defence issues. For example, Canada declined with a "polite no" when invited to participate in research for the American Strategic Defence Initiative. However, being mindful of the potential economic opportunities that this defence initiative might present, Mulroney did not prohibit Canadian industry from participating under contract to the United States government.[146]

Returning to Canada's need for economic growth, on 01 October 1985, Canada formally requested the initiation of free trade negotiations with the United States. After the negotiating teams had reached concurrence on the terms of the accord on 03 October 1987, some four months after presentation of the defence White Paper, the process concluded with the signing of the accord on 02 January 1988.[147] However, the death knell of the Cold War was sounded on 09 November 1989, when East Germany announced that its border was opened to the west.[148] With the Cold War over, the United

[145] *Ibid*, 104-106.

[146] Michaud and Nossal, *The Conservative Era in Canadian Foreign Policy*, 14.

[147] *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal (Vancouver: UBC Press, 2001), Appendix A, Chronology of Events, 1984 – 93

[148] Morton, *Understanding Canadian Defence*, 86.

States – Canada Free Trade Agreement in hand and an ever growing budget deficit and government debt, the requirement for the increased defence capacity prescribed in the 1987 White Paper evaporated and a long period of defence budget reductions was initiated. These reductions included the withdrawal of the remaining Canadian forces stationed in Europe that was announced in the February 1992 budget.[149]

In this case, Canada's defence policy proved to be fungible and was intended as an important mechanism for the development of an environment of goodwill and trust within which the initiation and completion of the Free Trade Agreement with the United States could be achieved. It is notable that, in this case, many of the increases to Canadian defence resources that had been promised did not actually materialize and, in fact, Mulroney's government eventually reduced the Canadian Forces. That these measures did not spoil the atmosphere sustaining the free trade negotiations could be attributed to timing, coming as they did subsequent to the signing of the agreement, and to the fact that the United States also had to deal with the same change in the strategic environment with the collapse of the Soviet Union as well as with its own national debt.

It is also notable that, in hindsight, several authors have observed that the 1987 White Paper might have anticipated that the kind of defence increases that it embodied were late to need, in view of the signals being given by Mikhail Gorbachev's domestic initiatives as well as his overtures to the United States on occasions such as the summit at Reykjavik.[150,151,152] The implied accusations of short-sightedness by the Canadian government might be warranted or they might be ignored as "Monday morning quarterbacking". On the other hand, it might have been that Prime Minister Mulroney saw both a strategic need and opportunity with respect to much greater integration of

---

[149] Granatstein, *Who Killed the Canadian Military?*, 136.

[150] *Ibid*, 135, 136.

[151] Ripsman, *Big Eyes and Empty Pockets…*, 101.

[152] Morton, *Understanding Canadian Defence*, 85, 86.

Canada's economy with that of the United States. If we take him at his words, he perceived that a greatly deepened Canada-United States defence partnership would be a key element of creating an environment of good will within which such an unprecedented trade agreement might be accomplished. It would appear that, at this point of history, Mulroney appreciated the high value that Washington would place on increased Canadian participation in collective defence and that such an initiative by his government might open a policy window. Not withstanding the rational view that a Cold War-oriented White Paper might quickly become anachronistic, perhaps the more immediate purpose of the White Paper was in line with Nossal's non-rationality and Nye's principles of unbalanced dependency, with the creation of positive environment for a bold new trade initiative being the real motive force.

PRIME MINISTER CHRÉTIEN

During most of the time that Jean Chrétien was Prime Minister, the biggest threat to the nation's well-being was from the massive annual budget deficit and the national debt that had accumulated. At its height, the debt was large enough to threaten Canada's credit rating and reductions to virtually all federal programs, including defence, were required to bring the country's fiscal situation under control.[153] In this case, fungibility in the defence budget meant converting the money spent on the military for other purposes.

Although acknowledging the imperative of resolving Canada's public sector debt situation, some analysts have claimed that the Chrétien governments substantially withdrew the country from the internationalism that had been the underpinnings of its foreign policy for much of the past half-century. While not a viewpoint shared by all, Douglas Ross has stated, "Never since the 1930s has Canada's international presence seemed so wan, so self-enfeebled, so marginal."[154] Nossal suggests that the most obvious

[153] Morton, *Understanding Canadian Defence*, 14, 17.

[154] Douglas Ross as quoted by Kim Richard Nossal, "Pinchpenny Diplomacy: The Decline of 'Good International Citizenship' in Canadian Foreign Policy", *International Journal*, (Winter 1998-9), 92.

evidence of this shift has been in the government's defence policy and its "…steadfast refusal to spend on new and much-needed military equipment; the willingness to turn the Canadian Forces into what some have called little more that a constabulary", as well as the incorrect appropriation of Nye's 'soft power' concept.[155] To Nossal, the Canadian government's embrace of 'soft power' seemed to simply be an excuse for not allocating more funding to 'hard power' resources such as the military, intelligence and a robust diplomatic service.[156]

Nossal concludes that the foreign policy that Canada had practiced during Prime Minister Chrétien's first term could be termed "pinchpenny diplomacy" to the extent that determination of how little Canada could spend on international affairs without forfeiting its position on influential forums like the G8 appeared to be the primary strategic goal.[157] He allows that such a policy illustrates a certain miserliness featuring "an overly frugal foreign policy conducted by a rich and secure community in a world that continues to be marked by poverty and insecurity"[158] and contrasts this approach with governmental gloating that Canada annually sits atop the U.N. Human Development Index.[159]

More recently, Andrew Cohen has dedicated an entire book to these same foreign and defence policy shortcomings that have largely continued until today. Although defence spending did increase in the last two years of Prime Minister Chrétien's final term, as of 2003 it still remained at only 1.1 percent of the gross domestic product, ranking 17th of the 19 NATO countries.[160] Cohen attributes Minister of Foreign Affairs and International Trade John Manley as observing shortly after the 11 September 2001 attacks, "You can't just sit at the G8 table and then, when the bill comes, go to the

---

[155] Nossal, *Pinchpenny Diplomacy…*, 92.

[156] *Ibid*, 93.

[157] *Ibid*, 104.

[158] *Ibid*, 104.

[159] *Ibid*, 104.

[160] Cohen, *While Canada Slept*, 27

washroom. If you want to play a role in the world, even as a small member of the G8, there's a cost to doing that."[161] Some have expressed concern, particularly after the government's decision not to support the 2003 American invasion of Iraq and the associated public remarks by members of Prime Minister Chrétien's staff, caucus and cabinet, that Canada might again receive a negative fungibility lesson from the United States through the country's greatest vulnerability: trade.[162]

After a series of federal budget surpluses and a time period of steady economic growth, combined with a continuing requirement to deploy military forces to meet needs ranging from humanitarian crises, dealing with failed states and the war on terrorism, has the time come to consider reinvesting in Canada's military? What "return on investment" might the Canadian public expect for increasing its defence funding?

OBSERVATIONS AND SUMMARY

From the above discussion, it be concluded that Canada's defence resources are fungible, that is, convertible in ways that enhance the nation's well-being, particularly its wealth. As Donald Barry observes, explicit linkages between defence investments or, in the case of Prime Minister Mulroney, at least a commitment to defence investments, and specific economic outcomes are rare.[163] He maintains that what he refers to as the "Partnership Paradigm" between the United States and Canada more often "took the form of contextual linkages wherein each side attempted to accommodate the other's priorities when it was in a position to do so in the interest of maintaining the partnership."[164] While such indirect linkages are valuable and necessary over the long term, this paper has

---

[161] *Ibid*, 1.

[162] National Post, "No Apologies for Anti-U.S. Talk from MPs", available from http://www.globeandmail.com/servlet/story/RTGAM.20030404.uamer0404/BNStory/Front, Internet; accessed 26 May 2004.

[163] Barry, *Managing Canada – U.S. Relations…*, 2.

[164] *Ibid*, 2.

shown that direct linkages do occur from time to time when policy streams converge and a policy window opens, with both positive and negative outcomes being possible.

Since just before World War II, notwithstanding current trade irritants like softwood lumber, the United States has given Canada favourable treatment and concessions regarding trade, often excluding Canada from import restrictions that were applicable to other allies' goods. In return, Canada contributed to continental defence and to the North Atlantic alliance, and was generally willing to maintain an open investment environment.[165] From time to time, Canada has tried to diversify its trade patterns, approaching Europe and Asia, in particular. Despite these initiatives, since the late 1930s, Canada's predominant trading partner has been the United States, a relationship that was formalized by the Canada-U.S. Free Trade Agreement. Canada has been both prosperous and secure within that relationship.

So, what would an appropriate investment in Canadian defence be and how should it be determined? An attempt to answer this question is beyond the scope of this paper. However, Philippe Lagassé offers that, notwithstanding several years of budget surpluses and reasonably strong economic growth, the federal debt is still dangerously high at about one-half trillion dollars and remains a risk to the nation's fiscal well-being in view of the pending retirement of the "baby boom" generation with the attendant increasing health costs and shrinking tax base.[166] Other social program demands and the need to address Canada's urban infrastructure problems are also requirements competing for attention and resources. Certainly, the identification of fiscal priorities presents difficult choices.

Notwithstanding that caution, it must be observed that Canada has prospered within the international order that it contributed so much to create and upon which it depends for its ability to generate wealth through trade. In particular, the health of the

---

[165] *Ibid*, 2, 3.

[166] Lagassé, *Short-term Gain, Long-term Pain…*, 2, 3.

United States economy, and Canada's unfettered access to it, is one of our greatest national interests. Without this, the economic growth upon which the funding for all of Canada's domestic needs and desires is placed in jeopardy. The Nixon Doctrine of the early 1970s and the brief Canada/United States border closure following the 11 September 2001 attacks vividly brought this home. As Desmond Morton reports, the American Ambassador to Canada, Paul Cellucci, has offered that when American feels threatened, Canada should feel threatened too.[167]

In fact, rarely, if ever, has Canada's southern neighbour so clearly and consistently articulated its appreciation of Canada's military contribution to collective security nor has it been so critical of our current level of effort. Even before the 11 September 2001 attacks, the United States government, speaking through its ambassador to Ottawa, urged Canada to increase its defence spending.[168] Since those attacks, Mr. Cellucci has allowed that the United States, even with all of the national power at its disposal, cannot solely carry the all of military and foreign aid burdens brought by the war against terror, the reconstruction of failed states and the meeting of humanitarian crises, as they occur.[169] The United States has clearly expressed that it requires Canada's practical, tangible help in this regard; it would seem appropriate that this country take heed of the call.

In light of the above, why haven't Canadians been more supportive of defence expenditures as compared to investments in social programs. It might be that they quite reasonably see expenditures on health, education, welfare, pensions and infrastructure as the sorts of outcomes that add value to the quality of life within this country and of which they would want to see more. In the absence of an overt threat to the nation, a rational

---

[167] Morton, *Understanding Canadian Defence*…, 24

[168] *Ibid*, 1, 2.

[169] Paul Cellucci, "New Directions: Managing the Canada/United States Relationship", Remarks by U.S. Ambassador to Canada, Chateau Laurier, Ottawa, 4 December 2003, available from http://www.usembassycanada.gov/content/content.asp?section=embconsul&document=cellucci_120403; Internet; accessed 5 May 2004.

perspective, the role of defence is more of a non-rational enabler that, while perhaps being necessary, doesn't contribute much to the quality of life in Canada. Or does it?

It is timely for a national discussion on Canada's place in the world, how it came to be in its present situation and what are the implications for the future. Individuals such as Desmond Morton have criticized the senior Canadian Forces leadership for being ineffective in communicating with the Canadian public on defence issues.[170] But the discussion that currently needs to take place is more regarding what foreign policy is needed for Canada and what defence policy is required to support and complement it, rather than issues of a strictly military nature. This is, inherently, a function of government. As Elizabeth Cull has observed, "the ways in which policy has been developed and decisions made in any particular period (of government) has depended, to an extraordinary degree, on who was the head of government."[171] The new Prime Minister has directed that an International Policy Review be undertaken, to include a defence policy review. It is hoped that this review will provide Canadians with sufficiently full insights so that they can support foreign and defence policy decisions based upon Canada's non-rational, as well as rational, interests.

CONCLUSION

Canada's economic prosperity is dependent upon international trade. That makes Canada inherently interested in and affected by world events. In particular, as Muirhead observes, Canadians are fundamentally dependent upon the goodwill of other states for their economic well-being.[172] Does that mean that Canada should respond to the encouragement of the United States and increase its defence spending with the expectation of an even more favourable trade relationship directly in return? As

---

[170] *Ibid*, 2, 145, 146.

[171] Elizabeth Cull, "The Delicate Interface of Political and Public Service Decision-Making", in *Change Delivered Leadership Through Public Service*, ed. Michael Picard (Victoria: Royal Roads University, 1999), 134.

[172] Muirhead, *The Development of Postwar Canadian Trade Policy*…, 177.

Desmond Morton asks, are we "so mercenary to expect softwood lumber sales as a reward?"[173]

Through the internationalist policies that characterized most of the post-World War II era, Canada has played an important role on the international stage resulting in the resolution of conflicts, relief of human suffering and contribution to regional and global security. These are honourable outcomes in their own rights that have resonated with Canadians' values. They also happen to resonate with the values and needs of Canada's allies, and in particular with those of the Unites States at this time. That such a role aligned with Canada's own national security and economic interests did not appear to be a source of conflict for the great Canadians who initiated and guided this country's transition to internationalism during and after the Second World War.

Making an international contribution to security and humanitarian assistance in accordance with our national means is a value that stands on its own merits. What can't be predicted is when a policy window might open to converge the problem, policy and politics streams, and present an economic opportunity because our trading partners appreciated that we were pulling our weight. Conversely, predicting a negative economic experience arising from what our allies perceive as a refusal to assume a proportional share of the international burden is equally difficult.

In view of the benefits that have accrued through foreign trade, identifying what portion of the national wealth ought to be expended to support Canada's international obligations will be a highly anticipated issue following the completion of the International Policy Review. In this regard, the states upon which we have the greatest dependence and who seem to value our contribution to collective defence and global security more than our own citizens will be anticipating the results of the review and resolution of the defence funding issue. Therefore, the review should not overlook the

[173] Morton, *Understanding Canadian Defence*…, 211.

fungibility of Canada's defence investments, whether indirect or direct, with respect to her economic well-being.

BIBLIOGRAPHY

Baldwin, David A. “Power Analysis and World Politics: New Trends versus Old Tendencies.” *World Politics*, Princeton University Press (1978): 161-194.

Barry, Donald. *Managing Canada – U.S. Relations in the Post – 9/11 Era: Do We Need a Big Idea?* Center for Strategic and International Studies, Volume XIV, Study 11, 2003.

Brooke, Adam and Kim Richard Nossal. “Trudeau rides the “Third Rail.”” *International Perspectives* (May/June 1984): 3-6.

Buteux, Paul. “NATO and the Evolution of Canadian Defence and Foreign Policy.” In *Canada’s International Security Policy*, ed. David B. Dewitt and David Leyton-Brown, 153-170. Scarborough: Prentice-Hall Canada Inc., 1995.

Cellucci, Paul. “New Directions: Managing the Canada/United States Relationship”, Remarks by U.S. Ambassador to Canada, Chateau Laurier, Ottawa, 4 December 2003, available from http://www.usembassycanada.gov/content/content.asp?section=embconsul&document=cellucci_120403; Internet; accessed 5 May 2004.

Clark, The Right Honourable Joe. *Comptetiveness and Security: Directions for Canada’s International Relations*. Ottawa: Supply and Services Canada, 1985.

Cohen, Andrew. *While Canada Slept: How We Lost Our Place in the World.* Toronto: McClelland & Stewart Ltd., 2003.

Cull, Elizabeth. “The Delicate Interface of Political and Public Service Decision-Making.” In *Change Delivered Leadership Through Public Service*, ed. Michael Picard, 129-140. Victoria: Royal Roads University, 1999.

Dewitt, David B. “Future Directions in Canadian Security Policy: From a Marginal Actor at the Centre to a Central Actor at the Margins.” In *Canada and the New World Order: Facing the New Millennium*, ed. Michael J. Tucker, Raymond B. Blake and P.E. Bryden, 85-99. Toronto: Irwin Publishers, 2000.

Dobson, Wendy. “Shaping the Future of the North American Economic Space: A Framework for Action.” *Commentary*, C.D. Howe Institute, No. 162 (April 200).

Fife, Robert. “Most Want Surplus Spent on Medicare, Defence.” *National Post* (January 3, 2003). Available from http:www.pollara.ca/new/LIBRARY/SURVEYS/ spending.htm; Internet; accessed 05 March 2004.

Granatstein, J.L. *Who Killed the Canadian Military?* Toronto: HarperCollins Publishers Ltd., 2004.

Granatstein, J.L. and Robert Bothwell. *Pirouette: Pierre Trudeau and Canadian Foreign Policy.* Toronto: University of Toronto Press, 1990.

Jablonsky, David. “National Power.” *Parameters* 27, no.1 (Spring 1997): 34-54.

Lagasse, Philippe. “Short-term Gain, Long-term Pain: The Canadian Defence Budget Dilemma.” *The Canadian Institute of Strategic Studies*, Strategic Datalink #118, March 2004.

Michaud, Nelson and Kim Richard Nossal. “The Conservative Era in Canadian Foreign Policy, 1984 – 93.” In *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal, 3-24. Vancouver: UBC Press, 2001.

Michaud, Nelson. “Bureaucratic Politics and The Making of the 1987 White Paper.” In *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984-93*, ed. Nelson Michaud and Kim Richard Nossal, 260-275. Vancouver: UBC Press, 2001.

Muirhead, B.W. *The Development of Postwar Canadian Trade Policy: The Failure of the Anglo-European Option.* Montreal: McGill-Queen’s University Press, 1992.

National Post, “No Apologies for Anti-U.S. Talk from MPs”. Available from http://www.globeandmail.com/servlet/story/RTGAM.20030404.uamer0404/BNStory/Front. Internet; accessed 26 May 2004.

Nossal, Kim Richard. “Rationality and Non-rationality in Canadian Defence Policy.” In *Canada’s International Security Policy*, ed. David B. Dewitt and David Leyton-Brown, 351-364. Scarborough: Prentice-Hall Canada Inc., 1995.

Nossal, Kim Richard. *The Politics of Canadian Foreign Policy*. Scarborough: Prentice-Hall Canada Inc., Third Edition: 1997.

Nossal, Kim Richard. *Power and World Politics.* Scarborough: Prentice Hall Allyn and Bacon Canada, 1998.

Nossal, Kim Richard. “Pinchpenny Diplomacy: The Decline of ‘Good International Citizenship’ in Canadian Foreign Policy”. *International Journal* (Winter 1998-9): 98-105.

Reid, Escott. “Forming the North Atlantic Alliance, 1949.” In *Canadian Foreign Policy: Selected Case,* ed. Don Munton and John Kirton, 27-42. Scarborough: Prentice-Hall Inc., 1992.

Ripsman, Norrin M. "Big Eyes and Empty Pockets: The Two Phases of Conservative Defence Policy." In *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984-93*, ed. Nelson Michaud and Kim Richard Nossal, 100-112. Vancouver: UBC Press, 2001.

Sharp, Hon. Mitchell. "Canada-U.S. Relations: Options for the Future." *International Perspectives* (Autumn 1972).

Speech from the Throne to Open the Third Session of the Thirty-Seventh Parliament of Canada: February 2, 2004. National Library of Canada, accessed from http://pm.gc.ca/eng/sft-ddt.asp, 25 May 2004.

Spencer, Robert. "Restoring Multilateral Trade, 1948". In *Canadian Foreign Policy: Selected Cases*, ed. Don Munton and John Kirton, 19-25. Scarborough: Prentice-Hall Inc., 1992.

The North Atlantic Treaty, available from http://www.nato.int/docu/basictxt/treaty.htm; Internet; accessed 30 March 2004.

Tomlin, Brian W. "Leaving the Past Behind: The Free Trade Initiative Assessed." In *Diplomatic Departures: The Conservative Era in Canadian Foreign Policy, 1984 – 93*, ed. Nelson Michaud and Kim Richard Nossal, 45-58. Vancouver: UBC Press, 2001.

Treddenick, John M. "The Defence Budget." in *Canada's International Security Policy*, ed. David B. Dewitt and David Leyton-Brown, 413-454. Scarborough: Prentice-Hall Canada Inc., 1995.