

The Looming Costs of NATO Expansion in the Twenty-first Century: What Alternatives Does Canada Have?

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Now that the North Atlantic Treaty Organization (NATO) has formally invited Poland, Hungary, and the Czech Republic into the alliance—and the prospect of a second round of expansion is on the horizon—we may see that the cost of NATO enlargement becomes a heated security issue. Canadians need to consider how we might make a meaningful financial or organizational contribution to NATO, short of the massive new investments in kit and infrastructure posited by several studies of enlargement's costs. What share of the defence burden would we be willing to shoulder? And what are some alternative, and less costly, options with respect to fulfilling our NATO commitments?

THE COST OF NATO ENLARGEMENT

Estimates as to the cost of NATO enlargement have varied a great deal.¹ This is partly because they depend on a host of different assumptions, the most important of which pertain to the nature of the projected threat environment (*e.g.* most estimates assume the overall Russian

¹For previous studies, see Charles T. Kelley, Jr., *Admitting New Members: Can NATO Afford the Costs* (Santa Monica, California: RAND Corporation, 1996); Congressional Budget Office, *The Costs of Expanding the NATO Alliance* (Washington DC: March 1996); Ronald D. Asmus, Richard L. Kugler and F. Stephen Larrabee, 'What Will NATO Enlargement Cost?' *Survival*, 38, (autumn 1996); US Department of State, 'Report to the Congress on the Enlargement of the North Atlantic Treaty Organization: Rationale, Benefits, Costs and Implications,' 24 February 1997 at www.state.gov/www/regions/eur/9702nato_report.html#benefits; US State Department, 'The State Department on the Enlargement of NATO,' 11 February 1998 at www.usis.fi/current/nato3.htm; and North Atlantic Assembly Sub-Committee on East-

threat will remain low), the number of new members that should be admitted (*e.g.* 3-5, 5-7?), and the strategy that NATO adopts to carry out future Article 5 missions and their associated force requirements (*e.g.* the expected degree of interoperability and military preparedness). Estimates have also differed depending on the timeframes used for assessing cost estimates (*e.g.* 1-5, 10-13 years?) and the criteria used for allocating costs among the countries involved (*e.g.* could new members fund 40 per cent of their own enlargement costs and should 60 per cent be commonly-funded?).

Nevertheless, in 1997 many high-level American officials agreed that the cost of NATO expansion would be approximately \$27-billion to \$35-billion (US) over the next 13 years. Under the US scenario, nearly half of that would be paid by the new member states. The United States' share would be two billion dollars, leaving the rest, or some \$16 billion dollars (US) to other current NATO members.² These widely-quoted estimates stemmed from a Congressional report released by the State Department on behalf of President Clinton and the Defense Department in February 1997. The report assumed that new members would bear much of the cost of their own "modernization" and "restructuring" (\$10-billion to \$13-billion) and some of the costs of "direct enlargement" (\$3-billion to \$4.5 billion). Current members such as Canada would also be expected to contribute to direct enlargement (\$6-billion to \$7.5

West Economic Co-operation and Convergence, 'The Costs of NATO Enlargement,' Draft Special Report, International Secretariat, 23 September 1998 at <http://www.naa.be/docu/1998/ar281ecew-e.html>.

²NATO Press Conference transcript, 'Albright, Cohen, Berger Brief on Summit,' 8 July 1997 at www.nato.int/usa/specials/970708c/htm; Voice of America, US Assistant Secretary of Defense Franklin Kramer, October 8, 1997, at www.robust-east.net/Net/usa/voa41.html.

billion) and a fair share of those NATO “regional reinforcement capabilities” that are commonly funded (\$8-billion to \$10-billion).³

Then in the fall of 1997, NATO authorities examined the military requirements of the three invited states and the impact of enlargement on the commonly-funded budget of NATO. In the weeks prior to ratification of the enlargement decision in Congress, the US State Department concurred with NATO's revised assessment that enlargement could cost \$1.5 billion, down from \$27-35 billion. The State Department suggested, furthermore, that the American share of the costs of enlargement would be merely \$400 million over the coming decade.⁴

NATO's revised \$1.5 billion figure was significantly lower than those in the previously discussed studies because it covered only one category of the costs that analysts have frequently linked to enlargement. The NATO study addressed only those costs directly related to NATO enlargement and eligible for common funding. The costs of upgrading new members' military forces were not included because they were costs which national governments, and not NATO, would presumably have to bear. In addition, the guidance NATO used to identify what infrastructure improvements were needed was based on minimal military requirements to fulfill Article 5 commitments. For instance, NATO's study did not cover the cost component of endowing current NATO member forces with the capability and resources to extend Article 5 guarantees eastward.⁵

³US Department of State, 'Report to the Congress on the Enlargement of the North Atlantic Treaty Organization,' 2, 9, 13-14.

⁴US State Department, 'The State Department on the Enlargement of NATO,' 8.

⁵ For background, see North Atlantic Assembly Sub-Committee on East-West Economic Co-operation and Convergence, 'The Costs of NATO Enlargement,' 1-3.

These wide variations in estimates, among reputable analysts such as the US Congressional Budget Office, the Pentagon, the State Department, NATO headquarters, and NATO's North Atlantic Assembly, should concern us. If anything, the lesson is that economic statistics can be fudged, depending on the issue at hand, and the political interests at stake. Most importantly, all these estimates may prove to be too low. Other would-be NATO allies such as Slovenia, Romania, Estonia, Lithuania, Latvia, Slovakia, and Bulgaria will spend a great deal of money to upgrade their defence systems. As members of NATO's Partnership for Peace, they will strive to abide by official (and unofficial) interoperability and modernization guidelines in order to be invited into the NATO club. One RAND Corporation study estimates that the combined spending of Poland, Hungary, the Czech Republic, Romania, Slovakia, Bulgaria, and Ukraine on new weapons systems could rise to \$130 billion over the next decade. How could they afford purchases of that magnitude when their own economies are lagging? RAND says if funds are lacking, loans and grants could be provided by "friendly" governments.⁶

Predictably, American officials are playing down the costs of enlargement.⁷ But in the long-run, we may expect that the costs will be much higher, given greatly increased defence spending by the newer and would-be NATO allies, and given the cost to us of extending easy loans and cheap credit.

⁶Richard L. Kugler with Marianna V. Kozintseva, *Enlarging NATO: The Russia Factor* (RAND Corporation 1996), 246.

⁷For example, see Secretary of State Madeleine K. Albright, 'Prepared Statement before the Senate Armed Services Committee on NATO Enlargement,' Washington, D.C., 23 April 1997; 'Albright, Cohen, Berger Brief on Summit' and 'The State Department on the Enlargement of NATO,' 8.

THE COSTS TO CANADA OF NATO EXPANSION

Canada's defence costs could jump with NATO expansion. Federal officials are working on the details, but some ball-park figures are available.

The government already contributes a great deal of money to NATO. In 1997-98 the Departments of Defence [DND] and Foreign Affairs and International Trade [DFAIT] contributed \$157 million (Cdn.) to NATO's Security Investment Program, NATO and SHAPE headquarters and infrastructure, the Airborne Early Warning system, and the civil budget.⁸ That did not include the costs of training and equipping the Canadian Forces for possible combat under NATO auspices. Indeed, the total cost to Canada of NATO membership, not simply our annual spending on NATO infrastructure, is much higher (and inestimable) if we include calculations such as the cost of our capability to dispatch, if necessary, an infantry battalion group to NATO's Immediate Reaction Force or the cost of equipping and training our navy to serve in NATO's Standing Naval Force.

Based on a confidential NATO study and some extraordinarily low cost projections, the Defence Department's director of NATO policy calculated that Canada may need to send only an extra \$7 million dollars a year to cover the costs of enlargement—for a total of about \$164 million in direct infrastructure costs.⁹ Yet some federal officials admit that the extra figure might be more than \$30 million. Ottawa might be expected to send annual cheques to NATO headquarters for \$164 million (minimum), \$187 million (highly probable) or \$216 million a year

⁸Interview of Captain Eric Lehre, Director, NATO Policy, DND, July 1997.

⁹According to calculations by Eric Lehre in July 1997 and confirmed by his successor, Captain Drew Robertson, Director, NATO Policy, DND, August 1998.

(possible). The cumulative costs from 1997 to 2009 inclusive could be about \$2.1-billion to \$2.8-billion.¹⁰

Compared to Canada's \$9 billion annual defence budget, a ballpark figure of roughly \$200 million every year for the next 13 years is financially sustainable. But does it make sense for us to continue contributing millions in cash to NATO when the Cold War is over and the conventional 'threat,' if we can call it that, is in disarray? Even high-level officials within the departments of defence and foreign affairs told me recently that spending \$200 million a year, rather than the current \$157 million, would be "unaffordable" and "unmanageable" within current budgets— though it would be "plausible."¹¹ Given our \$750 billion debt, overburdened tax-payers, and general reluctance to increase the defence budget, spending hundreds of millions on Europe's defence infrastructure may become a contentious issue. We can expect a number of guns-*versus*-butter arguments.

EXPECT 'GUNS-*VERSUS*-BUTTER' ARGUMENTS

We have already heard arguments that \$200 million could be better spent to help clean up the environment, combat child poverty in Canada, or establish a national daycare program. For instance, the 1993 *Women's Budget* pointed out that \$200 million spent on the military could fund 285 sexual assault centres while a national day care program could cost between

¹⁰The author acknowledges the assistance of Eric Lehre, Drew Robertson, Claude LeBlanc, DND; Michael Pearson, DFAIT; and Graham Fraser & the *Globe and Mail* editorial staff in obtaining these figures. However, the final estimate provided is the responsibility of the author. As with any analysis of a new defence undertaking, estimating costs entails a degree of speculation. These estimates should be viewed as illustrative, not definitive. Further and more detailed studies will be required. If program requirements are defined in different ways, costs will rise or fall accordingly.

¹¹Confidential interviews with DND and DFAIT representatives.

\$1.5 and \$4-billion, but such a plan would itself generate around 70,000 full-time jobs as well as stimulate the economy.¹²

The government could alternatively redirect some of the money spent on European defence to Canada's military needs. The army wants better salaries and more personnel. The strength of the uniformed force will drop to 60,000 by 1999, despite rising peacekeeping commitments that, in 1993, saw more Canadian soldiers on UN service overseas than any time since the Korean War.¹³ The air force mourns the reduction in the number of operational CF-18 aircraft, and reduced spending on fighter forces.¹⁴ The navy wants new helicopters, and British Upholder submarines.¹⁵ Each service wants a larger slice of a defence budget that is not likely to get any bigger. Given the Canadian Forces' own defence needs, it may be difficult to justify sending hundreds of millions for the next 13 years to Europe. Once again, we can probably anticipate delay and vacillation. What might be some alternative, and less costly, options?

ALTERNATIVES

We could spend some money but not a lot. We could send NATO headquarters an extra \$7 million annually to a maximum of \$164 million a year, over the next five years (between

¹²For some analysis see: Women's International League for Peace and Freedom, *The Canadian Women's Budget* (Ottawa: WILPF 1993) and Canada 21 Council, *Canada and Common Security in the Twenty-First Century* (Toronto: Centre for International Studies 1994), 83.

¹³For recommendations to increase the number of land forces, see the Report of the Special Joint Committee on *Canada's Defence Policy Security in a Changing World* (Ottawa: Publications Service 1994), 39-40.

¹⁴DND, 'Streamlining the Delivery of Defence,' (February 1995), 7-8 and DND, *1994 Defence White Paper* (Ottawa: Minister of Supply and Services 1994), 48.

1999-2004). One problem with committing to spend less is that we may be accused of free-riding. As Kim Campbell, the former Minister of Defence once warned, we run the risk of being “the cheap date of NATO.”¹⁶ In 1997, the United States spent 3.6% of its Gross Domestic Product (GDP) on defence while Canada spent 1.3%—approximately the same percentage as Belgium, Denmark, Germany, Italy, and Spain.¹⁷ Canadian defence lobbyists bemoan our low level of spending but our European allies have similarly cut-back. American officials hope that the current (non-US) allies will foot a large portion of the commonly-funded costs of NATO enlargement, but we already pay a significant amount of our tax-dollars for defence. In 1997, each Canadian paid \$274 (US) for defence while each American paid \$838. But the United States is a superpower with world-wide defence interests. Our country, with a population of barely 30 million, spends more per capita on defence than Portugal, Spain, and Turkey, and approximately the same as Belgium, Germany, Luxembourg, and Italy.¹⁸ It would be entirely appropriate for Canada to contribute a few hundred million, rather than billions of dollars, to enhancing European defence.

There are some other less obvious alternatives. Rather than proffer more cash, we could argue we are prepared to contribute to European security under the auspices of NATO's peacekeeping responsibilities in the former Yugoslavia and, possibly, also in Kosovo.

Indications are that 1300 Canadian Forces will stay in NATO's 30,000-strong Stabilization

¹⁵Sharon Hobson, 'Canada's New Helicopter Program: Recognition of a Continuing Need,' *Canadian Defence Quarterly*, 25, (March 1996), 10; on the hidden costs of the submarine purchase, see H. Peter Langille and Erika Simpson, 'Should Canada Buy the UK Subs?' *Ottawa Citizen*, 4 March 1996.

¹⁶Campbell charms, but speech falls flat,' *Globe and Mail*, 19 March 1993.

¹⁷'Financial and Economic Data Relating to NATO Defence,' *NATO Press Release*, M-DPC-2(97)147, 2 December 1997, Table 3.

¹⁸*Ibid.*, Table 4.

Force in Bosnia (SFOR) for at least two more years, at a cost of approximately \$200 million (Cdn.) a year.¹⁹ A less ambiguous four-year commitment would be preferable because it would signal a North American ally's long-term commitment to peacebuilding in Bosnia, and it might deter those who are waiting for a gradual troop pullout and weakening of the Dayton agreement. If Canada were also to send ground troops to Kosovo as part of an international force that is being considered by the NATO allies, some of the cost of pulling together a larger contingent should be taken out of the funds earmarked for NATO's infrastructure budget. Canadian peace support operations in Bosnia, and possibly Kosovo, are tangible contributions to conflict management and prevention in Europe. Therefore they should count for much more in NATO circles.

Another alternative is that we contribute more peacekeeping expertise to a larger-scale Lester B. Pearson Canadian International Peacekeeping Training Centre. The *1994 Defence White Paper* points out that we contribute to NATO's security through the newly-established Pearson Peacekeeping Centre and the Military Training and Assistance Program.²⁰ Canada's peacekeeping training centre was originally conceived of as an ambitious undertaking designed to train the Canadian Forces and multinational units.²¹ But the scaled-down, privatized version is finding it difficult to compete with already-established peacekeeping training centres

¹⁹Canada Announces Contribution to Follow-On Force for Bosnia,' *DFAIT News Release*, No. 223, 4 December 1996; 'Canada to stay a few more years in Bosnia,' *Globe and Mail*, 19 May 1998.

²⁰DND, *1994 Defence White Paper*, 34, 36.

²¹Common Security Consultants, [H. Peter Langille and Erika Simpson], *A 1994 Blueprint for a Canadian and International Peacekeeping Training Centre at CFB Cornwallis*, (Halifax: Government of Nova Scotia 1994) reprinted in Minutes of Proceedings of the Special Joint Committee of the Senate and the House of Commons on Canada's Defence Policy, 21, 14 June 1994; Common Security Consultants and Stratman Consulting Inc. [Brigadier-General Clayton Beattie], *CFB Cornwallis: Canada's Peacekeeping Training Centre—A Blueprint for a Peacekeeping Training Centre of Excellence*, (Halifax: Government of Nova

geographically closer to the European allies in NATO, such as in the Scandinavian countries.²²

Furthermore, the argument that we have a competitive advantage in peacekeeping expertise may no longer hold true.²³ Given the mounting revelations of systemic problems preparing the Canadian Forces for peacekeeping operations,²⁴ the original proposal for converting this base into a large-scale peacekeeping training centre for multinational and Canadian military and civilian personnel appears even more compelling.²⁵ A serious commitment by the federal government to converting CFB Cornwallis into a peacekeeping training centre could be presented as a further contribution to NATO's longterm security.

As another alternative, the federal government could possibly contribute Canadian underwater or airspace for NATO purposes in lieu of cash. One alternative might be to proffer Nanoose Bay, the underwater training and torpedo testing area we have leased to the Americans since 1966. Over the last thirty years, the US Navy has saved over \$2 billion (US)

Scotia 1992), reprinted in Minutes of Proceedings of the Standing Committee on National Defence and Veterans Affairs, 45, 1 April 1993.

²²The problems with a privatized peacekeeping training centre have been widely noted. See, for example, Brigadier-General Clayton Beattie, 'Peacekeeping: Privatization Training for Canadian Troops a Retrograde Option,' *Ottawa Citizen*, 24 March 1994; Peter Langille and Erika Simpson, 'Cornwallis Plan Should Stand the Test of Time,' *Halifax Chronicle Herald*, 26 January 1993. Concerns about Scandinavian competition were expressed by Canada's Ambassador to NATO, Admiral John Anderson, Norman Paterson School of International Affairs, Carleton University, 6 March 1995.

²³H. Peter Langille, 'Focus on Combat Training Ignores Other Crucial Skills,' *Ottawa Citizen*, 12 February 1995; H. Peter Langille, 'Development of the PPC to be encouraged,' *Spectator*, 1 September 1998.

²⁴Special Peacekeeping Advisor to the Deputy Chief of the Defence Staff, 'Peacekeeping Review,' 1850-190, SPA/DSCS, 23 January 1991, 9-14; DND, 'Peacekeeping Training-Staff Paper,' 4500-1, DPKO 4, 8 July 1991, 2-3; Common Security Consultants, *A 1994 Blueprint for a Canadian and International Peacekeeping Training Centre at CFB Cornwallis*, 38-45; *Report of the Somalia Commission of Inquiry*, (Ottawa: Minister of Public Works and Government Services 1997).

²⁵Common Security Consultants, 'CFB Cornwallis: Canada's Peacekeeping Training Centre,' (Halifax: Government of Nova Scotia 1991), a proposal prepared for presentation by the Premier of Nova Scotia to the Prime Minister, August 1991.

by using the Canadian Forces Maritime Experimental and Test Range.²⁶ The United States values this range because it is relatively easy to retrieve torpedoes from its shallow waters and we allow nuclear-armed and nuclear-powered submarines to travel there. In 1997, British Columbia's Premier Clark threatened to cancel the American lease of this range, pending progress on the salmon talks, and despite federal jurisdiction over the base.²⁷ While the whole issue is presently before the courts—because the federal government is taking BC to court—no matter what happens with the court case and Premier Clark, the entire lease will end between Canada and the United States in September 1999. We can decide whether to re-lease Nanoose Bay to the Americans, and for what price. As a high-level diplomat from the Canadian Embassy in Washington explained to me recently, “Nanoose Bay is really a NATO commitment; it's just that we treat it like a separate Canada-US deal.”²⁸ In the final analysis, even if Ottawa is still inclined to offer the Americans use of Nanoose Bay well into the next century, the costs and benefits need more careful weighing. The presence of nuclear submarines is opposed in a vigorous way by many peace activists and environmentalists, such as Dr. David Suzuki, who are part of a well-organized Nanoose conversion campaign that is highly visible in BC and on the Internet.²⁹

As another alternative, the federal government could contribute Canadian airspace for NATO purposes instead of cash. This has been attempted before. Prime Minister Pierre Elliott

²⁶The Assistant US Secretary of the Navy, John Douglass made this claim in a letter forwarded by a California Senator, Dianne Feinstein to the Nanoose Conversion Campaign. See 'Canada Subsidizes US Navy by \$2 billion at CFMETR Nanoose,' at <http://nanaimo.ark.com/~convert/subsidy.html>.

²⁷'US State Department slams Clark,' *Victoria Times-Colonist*, 6 June 1997.

²⁸ Confidential interview, London, Ontario, 26 November 1998.

Trudeau once argued that testing Air-Launched Cruise Missiles (ALCMs) over Canada was part of our NATO commitment.³⁰ The Americans do not need to test their ALCMs over Soviet look-alike territory anymore, however, we could offer the NATO allies airspace around Moose Jaw and Cold Lake in Saskatchewan, or Goose Bay in Labrador, to test-fly their fighter aircraft. For some time, the Canadian government has been considering a Bombardier-led industry consortium proposal to establish a NATO Flying Training in Canada (NFTC) program over Prairie skies.³¹ The Belgians, British, Dutch, French, Germans, and Italians already make use at Goose Bay of a flying area larger than the area between Germany and Britain combined (259,000 square kilometres)³². They can fly only 30 metres (100 feet) above the treetops, over the indigenous territory of about 30,000 Innu, compared to millions of Europeans.³³ Another significant problem with offering NATO more airspace and improved facilities is that Canada already offered Goose Bay as a NATO Tactical Fighter Weapons Training Centre in 1985. The concept was eventually rejected because NATO headquarters maintained a larger fighter training centre was no longer needed given the end of the Cold War.³⁴ Even if we provide Bombardier with the existing infrastructure and military flying areas at Moose Jaw and Cold Lake—or substantially reduce the costs of Goose Bay’s Low Level Flight training program so

²⁹For example, see Peacewire, ‘Dr. David Suzuki Speaks on out Nuclear Submarine Testing in Georgia Strait,’ and ‘20,000 postcards urge the CBC to air an in-depth story on submarines in Georgia strait,’ December 1996 at www.randomlink.com/pw/suzuki.html.

³⁰Department of External Affairs, *Statements and Speeches*, no. 83/8, Prime Minister Trudeau, ‘Canada’s Position on Testing Cruise Missiles and Disarmament: An Open Letter to All Canadians,’ (9 May 1983).

³¹Roger Hill, ‘NATO Flying Training in Canada,’ *Canadian Defence Quarterly*, 26, (Spring 1997), 13-19; Bernard Simon, ‘Canada bids for NATO Deal,’ *Financial Times*, 28 June 1996.

³²‘Allies Sign New Agreement to Continue Training Activities in Goose Bay,’ *DND News Release*, 20 February 1996.

³³‘Military Flight Training in the Innu Homeland Nitassinan (Quebec-Labrador),’ *Military Training Factsheet*, 15 March 1995 at www.web.net/~innu/fact1.html.

that the Americans return³⁵—there could be insufficient demand. In the long-run, too, the Innu should become more organized, and link with other disaffected communities, to oppose approximately 15,000-18,000 sorties a year over their hunting grounds.³⁶

Accordingly, if Canadian Ministers decide to offer our allies the use of Nanoose Bay, Goose Bay, or Cold Lake and Moose Jaw, they should make certain that we receive much more substantial credit for such less-traditional NATO commitments. To argue, as some NATO defenders do, that these sorts of facilities are provided on a ‘cost-recovery basis’ neglects to calculate their real worth to the allies, and fails to acknowledge their significant cost to the environment, local populations, and Canada’s international profile.

Another alternative might be to sell, lease, or subsidize Canadian-made equipment to our newer allies. It is not yet clear how smoothly inter-operable the newer allies will be expected to become. But many American and European companies are already competing in a veritable Central European arms bazaar. Old Russian equipment is being discarded or sold in favour of ‘everything-Western.’³⁷ In our case, however, there is not a lot of Canadian-manufactured, off-the-shelf equipment that would probably interest the newer NATO allies. Since the cancellation of the Avro Arrow in 1959, Canada has essentially manufactured ‘the nose and tail’—the basic components of American-designed and American-manufactured equipment. Following the

³⁴Matthew Fisher, ‘Canada offers Goose Bay in NATO-base contest,’ *Globe and Mail*, 25 October 1985); ‘NATO likely to shelve base PM suggests,’ *Toronto Star*, 7 March 1990.

³⁵‘Ottawa lost Goose Bay deal,’ *Globe and Mail*, 9 July 1991.

³⁶For example, see Innu Nation web page, <http://www.innu.ca/index.html> and Alan H. Bloomgarden, ‘Low-flying and security posture: examining the historical and current contexts of NATO military low-flying and its future prospects,’ Research Associate Project on Defence Alternatives, Project Ploughshares Working Paper 94-2.

³⁷David Rocks, ‘Arms merchants more than eager to target new European market,’ *Globe and Mail*, 14 May 1997; Inter Press Service, ‘Arms Traders Launch Sales Blitz on New NATO Members,’ 18 June 1997;

example of the Defence Production Sharing Agreement (DPSA) and the North American Defence Industrial Base Organization (NADIBO), we might arrange barter and credit for the newer allies. However, this kind of balance sheet accounting tends to be symbolically invisible; historically such exchanges have not been considered as an alternative Canadian commitment to NATO.

As another alternative we could consider selling or leasing one of the newer allies some Canadian-made frigates or some surplus CF-5 fighter planes. The former Minister of National Defence David Collenette tried to sell frigates armed with anti-ship Harpoon missiles and anti-sub torpedoes to Saudia Arabia for \$670 million each in 1994. The Defence Department also attempted to sell some old CF-5s to Turkey, upgraded at a cost of \$79 million, but backed off after criticisms about their possible 'offensive' role against the Kurds. Most tellingly, the US Air Force and the Navy have already offered Hungary, the Czech Republic, and Poland five-year leases of F-16 and F-18 fighter jets, free of charge.³⁸ While the newer and would-be NATO allies might conceivably covet a few surplus Canadian fighter planes or subsidized Canadian-made frigates, we would also have to consider where the equipment would be deployed. Off the coast of Lithuania close to Kalingrad? Or in the Black Sea? Any such efforts, whether to sell or subsidize Canadian-manufactured weapons systems, might not reassure the Russians, could even contribute to a dangerous security dilemma and a renewed arms race.

and Jorgen Dragsdal, 'NATO Resists Pressures to Militarise Central Europe,' No. 28, July 1998, BASIC PAPERS, Occasional Papers on International Security Issues.

³⁸ Collenette tries to sell Saudis frigates, jets,' *Ottawa Citizen*, 26 September 1994; Chris Morris, 'Canada's sinking shipbuilding industry fights to stay afloat,' *Toronto Star*, 16 June 1997; 'Controversy may stall fighter sale,' *Jane's Defense Weekly*, 8 April 1995, 9; and 'NATO expansion opens huge market for arms dealers,' *New York Times*, 29 June 1997.

Arguably, other arrangements in the form of subsidies could be arranged with defence contractors, such as Spar Aerospace in Mississauga or Bombardier in Montreal. An attractive feature of such defence arrangements are their considerable scope for government patronage. But Canadian politicians would also need to consider the possibility of a Russian backlash if the government was to subsidize what might be perceived as ‘offensive,’ rather than ‘defensive’ weapons technology. As well, we would have to factor in the possibility of an adverse reaction from American and Western European arms suppliers, who are already well-situated to gain a large share of the upcoming weapons market in Eastern Europe. Key determinants may be whether the US provides ‘security-assistance loans’ to the Eastern European states and whether the American, British, German, and French defence industries provide strong incentives to buy their weapons systems.³⁹ The US Congress has already created a \$15 billion defence export loan guarantee fund, and the Pentagon has given Hungary, the Czech Republic, Poland, and Romania grants of \$53 million to help these countries buy reconnaissance planes and other American weapons. Congress has also appropriated \$242 million under the Central European Defense Loans program. These loans are expected to be repaid, but these countries have so far received a \$20 million subsidy from the US budget. Furthermore, the NATO Enlargement Facilitation Act of 1996 has designated NATO-membership candidates as priority destinations for weapons

³⁹For a brief overview of the principal buyers and potential sellers of fighter and transport aircraft, tanks, infantry fighting vehicles, frigates, submarines, *etc.*, see Kugler *Enlarging NATO*, 231-249; on Canadian companies’ contracts with Europe, see Jeff Shallot and Allan Freeman, ‘Chretien lengthens NATO list,’ *Globe and Mail*, 21 February 1997.

transferred through the Excess Defense (EDA) program. Under this program, weapons are sold at a deep discount or simply given away.⁴⁰

Taking into account all these factors, including the other allies' interest in selling weapons systems to the would-be NATO allies, we need to make certain that Canadian subsidies, leases, and loans respond to actual needs—not wish-lists suggested by military-industrial complexes in the United States, France, and Germany. One option might be that the Canadian government subsidize the sale of Armoured Personnel Carriers (APCs) produced by General Motors of Canada. Referred to as battlefield taxis, APCs contribute to the safety of military personnel in peacekeeping missions and could be used to transport troops in relative safety for a variety of peace-support operations. A longer production line might also create more jobs in Canada, and lower the \$800 million price-tag of the 240 APCs GM is presently manufacturing for the Canadian Forces.⁴¹

Another idea worth exploring is that we help the NATO allies by pioneering new methods to counter environmental, biological, and chemical weapons threats, as well as detect land mines. We could help provide our allies with Disaster Assistance Relief Teams (DARTs) that react quickly in case of environmental, biological or chemical threats. Such teams could be on call and ready to fly anywhere in the world when needed. If they were equipped with appropriate technology, such as verification technology, safety suits, and potable water; self-sufficient in terms of food and shelter; as well as mobile under all types of conditions, they could

⁴⁰Kathryn Schultz and Tomás Valásek, 'In Focus: The Hidden Costs of NATO Expansion,' *US Foreign Policy in Focus*, 2, (May 1997) at www.foreignpolicy-infocus.org/briefs/vol2/v2n35nat.html and 'NATO Expansion opens huge market for arms dealers,' *New York Times*.

⁴¹'Government to Acquire Armoured Personnel Carriers,' *DND News Release*, 16 August 1995.

save thousands of lives. Similarly, Canada could help enhance worldwide landmine detection capabilities by funding Smart Mine Assistance Relief Teams (SMARTs). Such teams could incorporate research and development from de-mining efforts, such as the Canadian contingent's de-mining responsibilities in northwestern Bosnia, as well as from the Defence Department's promising Improved Landmine Detection Project, and the newly-established Centre for Mine-Action Technologies at the Defence Research Establishment in Suffield, Alberta.⁴² Canada could work with other like-minded countries to set up SMART teams that would implement new solutions for detecting and destroying this global scourge.

To summarize, I have suggested that Canada send \$164 million annually over the next five years to NATO headquarters in Brussels; that we commit 1300 personnel to SFOR in Bosnia for at least four years, at a cost of approximately \$200 million a year; that the government further contribute to European security by possibly sending ground troops to Kosovo; that the Canadian Cabinet assess the level of allied demand, and possible levels of domestic dissension, before re-leasing Nanoose Bay to the Americans, subsidizing the establishment of a NATO Flying Training program over the prairies, or reducing the price of training at Goose Bay; that the federal government consider subsidizing the sale of Canadian-manufactured APCs to the newer allies; and, lastly, that Canada help establish DART and SMART teams, trained and equipped to handle many types of environmental, biological, chemical, and landmine threats.

⁴²Major A.R. Carruthers and Dr. J.E. McFee, 'Landmine Detection: An Old Problem Requiring New Solutions,' *Canadian Defence Quarterly*, 25, (Summer 1996), 16; 'Ministers announce Creation of Centre for Mine-Action Technology,' *DFAIT Press Release*, 25 August 1998.

Our NATO allies may view rather narrowly these sorts of more inventive substitutes for actual military or monetary commitments, a factor that has affected Canada-NATO relations for decades.⁴³ But these are relatively inexpensive alternatives that should be acceptable to the United States, the other NATO allies, and Canadian public opinion. The domestic debate over what Canada could and should contribute to NATO might conceivably end here, with some modest proposals that contribute to the common security of NATO, Russia, and the other non-NATO countries.

On the other hand, we can expect complaints from the United States Congress, the President's office, the State Department, and the Pentagon. High-level Americans, such as the US Ambassador to Canada, are already emphasizing the need to increase overall military spending.⁴⁴ Is there another commitment Canada could offer the NATO allies that would suffice, that might quell American criticisms without divesting Ottawa's coffers of funds more providently spent in Canada?

One unpalatable option—that the Americans might fasten upon as some kind of a *quid pro quo*—involves Canada providing the US, Russia, and other NATO allies with an underground nuclear waste burial site. The Canadian Crown Corporation Atomic Energy of Canada Limited (AECL) has proposed the construction of a large underground waste disposal site somewhere

⁴³See Erika Simpson, 'Canada's Contrasting Alliance Commitments and the Underlying Beliefs and Assumptions of NATO Defenders and NATO Critics,' (unpublished PhD dissertation submitted to the University of Toronto 1995).

⁴⁴Ambassador Gordon D. Giffin, 'The Challenges of Shared Security,' Remarks to the Canadian Club of Montréal, January 11, 1999; NATO Press Conference transcript, 'Albright, Cohen, Berger Brief on Summit'; 'Report to the Congress on the Enlargement of the North Atlantic Treaty Organization: Rationale, Benefits, Costs and Implications,' 2, 6, 14; 'The State Department on the Enlargement of the North Atlantic Treaty Organization,' 8.

in the vast Canadian shield.⁴⁵ Presumably Canadian nuclear fuel bundles, and possibly other forms of nuclear waste, could be transported there by truck; stored in containers, possibly vitrified glass logs; and some waste might also be burned beforehand in CANDU reactors located in Ontario.⁴⁶ The cost of site construction is estimated to be approximately \$13 billion; the long-term viability of the proposed disposal containers has not been precisely calculated; concerns have been expressed about the dangers of a terrorist attack and inadequate transport and storage security measures; moreover, there could be eventual leakage of radioactive waste into Canadian groundwater systems.⁴⁷ After extensive public hearings voicing all these sorts of concerns, the long-awaited report of the Nuclear Fuel Waste Management and Disposal Concept Environment Assessment Panel noted that the chances of finding an acceptable concept and site(s) will be remote unless there is early and thorough public participation in all aspects of managing nuclear fuel wastes. The panel recommended a number of future steps to encourage public acceptability of the proposal, including the establishment of a new arms-length agency “to launch, guide and/or participate in the Phase II measures of the plan for building and determining acceptability.”⁴⁸

Is it conceivable that Jean Chretien’s Cabinet would permit the construction and international use of such a burial site, possibly in exchange for the US and the other allies turning

⁴⁵AECL, ‘Summary of the Environmental Impact Statement on the Concept for Disposal of Canada’s Nuclear Fuel Waste,’ (AECL 1994).

⁴⁶Interview of Gary Leitch, Manager of Communications, Nuclear Fuel Waste Management Program, AECL, 2 July 1997; and Dr. Ken Dormuth, *et. al*, Canadian Environmental Assessment Agency, Nuclear Fuel Waste Management and Disposal Public Hearings, ‘Transcripts of Proceedings,’ 31 January 1996, at http://www.ceaa.gc.ca/panels/nuclear/transcripts/transcripts_e.htm

⁴⁷For these kinds of critiques, see for example, *Ibid.*, 27 March 1997.

⁴⁸Report of the Nuclear Fuel Waste Management and Disposal Concept Environmental Assessment Panel, Report, *Nuclear Fuel Waste Management and Disposal Concept*, Phase I: Set-up, available at http://www.acee.gc.ca/panels/nuclear/reports/report_e.htm.

a blind eye to reduced spending by Canada on defence, particularly on NATO? Canadian government representatives are understandably hesitant to acknowledge “horse-trading” takes place; they are reluctant to admit, for example, that Canada acquiesced on some issues, such as advanced cruise missile testing, so as to try to make headway on others, including the establishment of an Arctic Council.⁴⁹ However, it was evident from Prime Minister Chretien’s unguarded comments at the 1997 Madrid summit that with respect to the issue of NATO expansion, issue linkage and bargaining on other foreign, defence, and domestic policy issues had already taken place.⁵⁰ At this time, it is too early to determine whether federal officials would consider taking other countries’ nuclear waste, and whether this would be implicitly considered part of our Alliance commitment. But strong pressures may be exerted on us to do our part, despite the environmental and political ramifications. Owing in part to our highly-predictable reluctance to channel hundreds of millions of dollars toward NATO’s new infrastructure, we could end up with a long-term liability that would be with us for thousands of years, long after the institution of NATO had fallen out of favour or fallen by the wayside.

THE CHALLENGE: TO REMAIN CONSTRUCTIVELY ENGAGED

Can this country afford our NATO membership? We are not alone in having difficulty formulating coherent defence policy in a period of rapid change and uncertainty. The fragile

⁴⁹Interview of Michael Pearson, Senior Adviser to the Minister of Foreign Affairs, DFAIT, Ottawa, February 1994 and July 1997; see also Erika Simpson, *Canadian Leaders on NATO and the Bomb: Defenders battle Critics*, (forthcoming).

⁵⁰CBC television, ‘Chretien talks frankly at NATO,’ *The National Online Transcripts*, 9 July 1997, 1-2 at www.tv.cbc.ca/national/pgminfo/tran/current.html; Alan Freeman, ‘Chretien’s wisecracks overhead,’ *Globe and Mail*, 10 July 1997; William Thorsell, ‘Is Canada’s policy on NATO expansion just a favour for a friend?’ *Globe and Mail*, 12 July 1997.

economies of our potential new partners in Europe mean that actual modernization and standardization of forces could occur more on paper than in reality. Based on the tendency of defence costs to often exceed projected estimates, NATO expansion may force choices that even its proponents find unacceptable. In view of Canada's former, and rather long-standing record of shifting support for NATO initiatives, we should not rule out the prospect of our government delaying, and negotiating different terms or payment options. Given our current debt and the emphasis on fiscal restraint, we can anticipate bargaining and horsetrading. In short, we do not know whether we in Canada, or our new partners, can afford, or want, all that may be entailed. The federal government's official defence and security policy statements clearly indicate that we will remain committed to NATO and the UN, but on somewhat different terms than previously. The challenge, once again, is to remain constructively engaged with limited resources—something akin to the former concern over the so-called 'commitment-capability gap.'

There will continue to be those who argue that Canada must focus upon playing a 'big league' soldiering role within NATO—that the most important contribution is our 'hardware, not our software.' But there are many more who recognize the importance of serving the common security interests of all parties. By pursuing some alternative and less-costly options, the military capabilities and professional competence Canada contributes to NATO will strengthen our country's economic and domestic stability, as well as make a significant contribution to international peace and security.

Author's Note:

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