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The Cost of NATO Expansion for Canada

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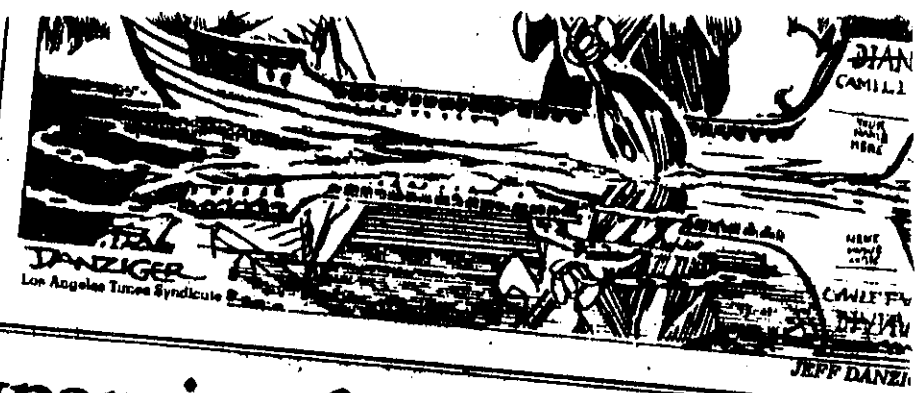
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...the seizure of fish boats and the
blockading of an Alaskan ferry have only
provoked threats of retaliation," notes the
Times Colonist. But it adds that Premier
Clark has the moral high ground.
"It would be easy to fault Premier Glen
Clark for not easing up on his threat to can-
cel Nanoose if the federal government was

...that looks like an omen for the fu-
ture direction of the party."

Attempts by Alberta police to thwart the
Hells Angels' arrival in Alberta have back-
fired like an old Harley. Neil Waugh, the polit-
ical columnist at The Edmonton Sun, says
scenes of police busting up a biker keg party
and seizing helmets because they don't have



The cost of NATO expansion for Canada

BY ERIKA SIMPSON
London, Ont.

FOREIGN POLICY / Is that cost worth paying?

NOW that the North Atlantic Treaty Organization has invited Poland, Hungary and the Czech Republic into the club, and Russian President Boris Yeltsin has ostensibly agreed to NATO enlargement, what should Canada contribute to the cost of rearming Central Europe?
At the recent NATO summit in Madrid, U.S. Defence Secretary William Cohen said expansion will cost between \$27-billion and \$35-billion (U.S.) over the next 13 years. This estimate stems from a Congressional report released by the State Department on behalf of President Bill Clinton and the Defence Department in February. The report assumes that new members will 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). But current members, such as Canada, will also be expected to contribute to direct enlargement (\$6-billion to \$7.5-billion) and a fair share of those NATO "regional reinforcement capabilities" that are commonly funded (\$6-billion to \$10-billion).
Those estimates may be deliberately low. We need to recognize that would-be NATO allies such as Slovakia, Slovenia, Romania, Bulgaria, Estonia, Lithuania and Latvia will also spend a great deal to upgrade their defence systems. Who will pay for their modernization programs?
One Rand Corp. study estimates that the

combined spending of Poland, the Czech Republic, Hungary, Slovakia, Romania, Bulgaria and Ukraine on new weapons systems could rise to \$130-billion over the next decade. Could they afford purchases of that magnitude? Rand says that if funds are lacking, the difference might be bridged by loans and grants provided by "friendly" governments.
Predictably, American officials are playing down the direct costs of enlargement, at least until expansion is ratified by Congress. But in the long term 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.

WILL Canada's defence costs jump with NATO expansion? Federal officials are working on the details, but some ballpark figures are available.
The government already contributes considerable money to NATO. In 1997-98 the Departments of Defence and Foreign Affairs are contributing \$157-million (Canadian) to NATO's Security Investment Program, NATO headquarters and infrastructure, the Airborne Early Warning system and the civil budget. That doesn't include the costs of training and equipping the Canadian Forces

for possible combat under NATO auspices.
Based on a recent confidential NATO study, the Defence Department's director of NATO policy calculates that Canada may need to send only an extra \$7-million a year to NATO headquarters to cover the costs of enlargement — for a total of about \$164-million in direct infrastructure costs. 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 (possible). The cumulative costs from 1997 to 2009 inclusive could be about \$2.1-billion to \$2.7-billion.
Compared with Canada's \$10-billion yearly defence budget, a figure of roughly \$200-million is financially sustainable. But does it make sense for Canada to continue contributing billions to NATO when the Cold War is over? Even high-level officials within the federal government told me recently that spending \$900-million a year rather than the current \$157-million would be "unaffordable" and "unpalatable" within current budgets, though it would be "plausible." In the context of a debt-ridden government, overburdened taxpayers, an eroding social fabric and widespread public resentment of defence spending, spending billions to enhance NATO's infra-

structure may not seem worthwhile or even necessary. Expect a number of guns-or-butter arguments.

WE have already heard arguments — compelling ones — that \$200-million could be better spent to help clean up the environment, eliminate child poverty in Canada or establish a national day-care program.
We may also hear protests — far less compelling ones — that the government should redirect some of the money spent on European defence to other military needs. The army wants more personnel. The air force bemoans the reduction in Canada's number of operational CF-18 aircraft and in the spending on fighter forces and support. The navy wants new helicopters and British Upholder submarines. Each service wants a larger slice of a defence budget that isn't going to get any bigger.
Particularly given Canada's need for more social spending, it may be difficult for Jean Chrétien's cabinet to justify spending billions for the next 13 years on NATO. Rather than contribute to remilitarizing Europe, it's time we considered alternative, less costly ways to fulfill our NATO commitments.

Erika Simpson, an assistant professor at the University of Western Ontario, teaches international security and Canadian defence policy. She is a former NATO Fellow.

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