

*THE  
GENERAL  
SIR WILLIAM OTTER  
PAPERS*

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**A BUSINESSMAN'S  
OPINION OF THE  
CANADIAN ARMED  
FORCES**

By Fred P. Mannix CD



## THE GEN SIR WILLIAM OTTER PAPERS

Commissioned as a Military Officer in Toronto in the Queen's Own Rifles of Canada, Lieutenant Colonel William Otter was the founding President of the Royal Canadian Military Institute.

His distinguished career included operational experience in the Battle of Ridgeway during the Fenian Raids, command of the Battleford Column in the North West campaign, and command of the 2nd (Special Service) Battalion The Royal Canadian Regiment during the South African Campaign. He finished his career as General Sir William Otter KCB CMG CVO, Inspector-General of Militia of Canada.

*The Gen Sir William Otter Papers* are specially selected from those presented at events organized by the Defence Studies Committee of the Institute as best representing Otter's objective for the Institute, of "the promotion and Fostering of Military Art, Science and Literature in Canada."

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# A BUSINESSMAN'S OPINION OF THE CANADIAN ARMED FORCES

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## A New Beginning

At the outset I want to thank the RCMI for giving a Western Canadian an opportunity to visit with you this evening, to enjoy your hospitality, and to provide some thoughts on Canada's opportunity for improving our nation's defence, foreign affairs, and international aid policies. In the world of Ottawa-speak, I guess this is called the 3Ds – Diplomacy, Defence, and Development.

For the first time in quite some time, we have a PM who is internationally focused, and with a business background. Although his Gagetown announcements are fodder for the election, there is at least a sense, at the highest level in government, that something has to be done to regain our position in the world.

## Why Does Canada Need Credible Military Forces?

First and foremost, Canada needs credible Canadian Forces to maintain its relationships with its major allies and trading partner countries, and to maintain its international influence. A country's international standing determines its trade position, and also its standard of living. The Canadian Forces provide a domestic emergency response and backup for civil preparedness, plus the ability for Canada to take our fair share of responsibility for international operations. Sovereignty issues are obvious.

A less obvious reason for strong Canadian Forces is their social policy role of providing a structured learning environment for young people who can earn an income through part-time reserve employment while picking up useful skills, including leadership skills. This also provides a cost effective delivery system to augment the civilian trades training system across Canada. For the first time in a while Canada is again talking about our national interests with respect to our new foreign, defence, and aid policies.

Canada's stated foreign policy objective of projecting Canadian values abroad must change, and be unabashedly based on serving Canadian national interests. Canadians need to understand that supporting multilateralism as an end in itself does not serve Canadian interests. Values will still be a large part of our policy, but values are reflected in how we pursue our interests and in how we act.

## What are Canada's interests?

First, and foremost, is our relationship with our closest neighbour, and our largest trading partner, the United States of America.

Second, is the continued evolution of a global society that is as free as possible for the movement of goods, services, and ideas.

Out of these two fundamental interests others flow—securing North America from attack with the assistance of the United States; and the need to add Canada's weight to the military effort to destroy international terrorism on its home ground.

Finally, is the desire of Canadians to help war-torn societies or those affected by natural disasters rebuild through the use of hard or soft power, and I am sure there are others.

## Some Thoughts On Public Accountability.

Our parliamentary system is weakened when there is too much centralization of power in the Prime Minister's office.

The concept of parliamentary oversight is lacking in all aspects of the Canadian Forces. We saw that when Major General Cam Ross recently quit over the PM/PMO selecting important CF missions without consultation with parliament, and, apparently, over the objections of the military. We need parliamentary committees that have greater powers, including appropriate resources, to investigate defence issues, and the freedom to shape legislation concerning the CF.

In turn, the CF must become more open and transparent on how they spend taxpayers' money. How long have we waited to know the cost of running the militia on an annual basis, and how often have the numbers changed? New offshore commitment costs must be paid out of government contingency funds, and not DND's capital or operating budgets. Parliamentary committees should also undertake regular reviews of Canadian foreign, security, and defence policy.

Within the Department, both the CDS and the MND need to have an ability to analyze and determine if the services are carrying out their mandates appropriately. Napoleon set the precedent used by other modern nations, e.g. Germany, by establishing the role of an Inspector General to report on operational

capabilities.

It is certainly not news to anyone in this room that Canada is involved in a new, and much more global and insecure world. Canada's trading based economy, and the international investment community's ability to transfer funds almost instantly, have made the concept of Canada developing international policies related to foreign affairs, defence, and international aid, without recourse to our closest trading and security partners, more absurd than ever before.

Canada must be very careful as we develop our new 3D policies. It is becoming obvious that the Americans are frustrated with our lack of investment in military assets, which we see, not only in the rhetoric from Ambassador Cellucci, but also in the trade issues that cannot seem to be resolved, of which two obvious examples are those of softwood lumber and BSE. To think that defence and commerce are unrelated is naive.

### **Thoughts For Inclusion In The Upcoming 3-D Policy Reviews:**

- Canada's future policies in the area of foreign affairs, defence, and international aid need to be based on a definition of what is in Canada's best interest. Support for our allies is important, but Canada is a nation that has its own national and international interests. Our policy makers must address Canada's vital interests, and downplay the idea of values. Values will show in our actions.
- Surely developing a strong Canada is important. The promotion of soft power concepts presupposes having sufficient hard power assets to capture other state's attention. Canada must have both a combat capable expeditionary capability, as well as a strong North American defence capability.
- Whatever the Canadian government determines to be the policies for each of the 3D areas, the government must provide appropriate long-range plans and stable funding to support those policies. Financial resources provided, relative to the size of Canada's GNP, must be at least at the median of the nations that we continue to relate to as trading partners and allies, in order to earn their respect.
- The concept of using the defence budget to support regional development must be eliminated until the bow wave of necessary capital investment is overcome. Thereafter, incremental costs must be made transparent for all to see, and must be provided by a different government department such as economic diversification, or

industry, trade and commerce. As a corollary to this, buying off the shelf is a better way to improve the use of taxpayer's dollars and improve the capacity of the CF.

- Lastly, there is now, more than ever, a need to rejuvenate Canada's Reserves – Army, Navy and Air Force. Canada's foreign affairs policy determines our defence policy, and, thus, the need to thoroughly review our current foreign policy is obvious to any observer whose life, fortune, and enterprise is impacted by Canada's complex interrelationship with the world beyond our borders. Today, the rise of international terrorism, combined with a growing "failed state" phenomenon, and the emergence of the United States as the only super power, has undermined long-held tenets of Canadian foreign policy. Europe and the US seem to differ fundamentally in their approach to solving international problems, while multilateral security institutions such as the UN and NATO have proved ineffective in ensuring world peace and stability. Canada can no longer use Europe, or NATO, or the UN as a "counter-balance" against American influence.

If Canada wants to regain an international stature, the government must increase resources for foreign affairs activities. I have it on good authority, from both British and American senior generals, who told me that international receptivity to Canadian initiatives, both diplomatic and commercial, is very much affected by the atmosphere surrounding Canada/US/UK defence relations. From British sources, I have learned that Canada was once openly used as a channel to present issues to the Americans and vice versa, but that this is no longer the case, because we are not considered part of the team anymore.

I believe it is also of vital importance for Canadians to understand that the only real imperative in Canadian foreign policy is Canada's relationship with the US. All other Canadian international interests are far behind the importance of maintaining friendly and workable relations with the Americans. This will provide Canada with an intermediary role vis-a-vis America and other nations.

In relation to the instruments of Canadian foreign policy the foreign affairs machinery of the government must be better organized. The department of Foreign Affairs and International Trade and the foreign service must be reinstated to their former relative level of funding and professionalism.

Finally, criteria for policy development should focus on the likely effectiveness of the initiative and the resources it will require; successful policies must be reinforced--failing ones must be terminated.

## Turning To Development Issues

A large part of foreign aid has had nothing to do with the needs of the nation where the goods or services were delivered, but rather on supporting certain interests at home. One of my own examples was the provision of a satellite receiving station and generator to run it, for purposes of downloading educational programs in Africa. When I saw the facility, it had a barbed wire fence around it and the generator had never been used, which could be noted by the paint still on the exhaust pipe. My reluctant guide explained that he could not understand what Canada was trying to do. Firstly, the natives did not have either TVs or electricity to watch the educational programs; second, the language of instruction on the TV system was not one that was understood locally; and, finally, there was no fuel to run the generator in the local area - it would have to be brought in 200 miles at significant cost. Relative to values and interests, what message does this send about Canada: pork barrelling and special interests???

Canada has been dishing out foreign aid in the most unusual places, and for the wrong reasons. Canada needs to focus its aid in those areas that have significant national interest for us. I am led to believe that we are starting to put our aid dollars into those regions where we are sending our troops. After the CF has restored peace, let us then put our aid dollars to work in amounts large enough to make a difference.

Secondly, we must ensure that Canadian dollars being invested are appropriate to the needs of the local situation, and not some payback for political favours, or a subsidy at home.

Lastly, we must invest in people and the tools for them to develop their own needs and economies, and not seek merely to build replicas of our own culture and economy. Let us teach people to fish, and not merely give them fish. A great book, *The Elusive Quest For Growth*, by William Easterly, an IMF expert, indicates that most foreign aid from all donor nations is wasted. Economic incentives need to be established along with aid in order for the receiving nation to actually have a chance to develop.

Clear criteria should be identified for establishing country and program priorities. Canada's criteria should include indicators that measure the absence of corruption, the degree of democracy, the level of transparency and accountability, and the degree of respect for human rights and the rule of law. These should be publicly advertised. Canada should develop a list of those countries which meet these criteria for aid. Where these criteria are absent, the aid focus should be on NGOs that support these objectives.

## The North American Imperative

Many studies, including the RCMI's, point out that any loss of confidence in Canada's continued access to the much larger US market will have serious economic consequences. To prevent such a loss of confidence Canada must make it clear that it is both willing and able to defend its sovereign territory from external threats. The deterioration of Canada's military capability over the past several decades has been relentless, and there now appears to be a consensus, within Canada and among our allies, that what we have left is insufficient to make a meaningful and sustained contribution to North American and global security.

With the international threat of terrorism, Canada's security needs cannot be limited to its military alone. Within the North American context, all organizations with security responsibilities must be able to work together efficiently as well as with their counterparts beyond the continent. It appears that the PM has recognized this, but we will have to wait for the outcome of the national security strategy and the imprint that the new Department of Public Safety and Emergency Preparedness places on the issues.

### Defence Issues For The Upcoming Policy Review.

The Cold War One was one of only a very few wars, in the history of mankind, which ended without there being a major battle. I maintain that one of the reasons it ended as it did was that the allies always maintained an appropriate deterrence capability. Having said that, it behooves the Canadian government in this upcoming defence review to ensure that deterrence capabilities, that may not be required to fight today's high priority threats, are not eliminated, but rather are moved from the Regular Force to the Reserves. Defence policy must address the maintenance of these deterrence capabilities.

In line with maintaining such capabilities, because the threat may change, is the concept of mobilization planning, which was mandated by the 1994 White Paper, but never implemented by the Department. Such a planning requirement defines roles and taskings, and provides the rationale for spending priorities within any given spending envelope. Some have argued that entrenched interests within and outside DND have derailed such required mobilization planning.

The Regular Force is the ready reaction force, and the Reserves are the augmentation, reinforcement, and depth forces within the nation. Canada must continue to redevelop this age old military planning maxim.

The removal of the Main Battle Tanks from the Regular Force, to be replaced by the Mobile Gun System platform, is an issue that needs attention. The tanks should be transferred to the

Reserve, and most could be mothballed to reduce their ongoing costs. The deterrence message that this sends to potential adversaries, that skill sets are being maintained, provides Canada with a much cheaper insurance policy than having to start from scratch someday in the future, if we need tanks to respond to some other threat. The Leopard tank is still useful, and we remember the notable importance of Main Battle Tanks in the Second Iraq War.

The Regular Force should, and must, be re-equipped and transformed into a lighter, more lethal, and more quickly deployable army for service both outside of Canada and at home, should the need arise. This Force needs to be state of the art equipped and interoperable with our allies, especially the United States. In my estimation, Canada needs another Regular brigade with three infantry battalions in each of the then four brigades.

The new defence policy also needs to spell out that Canada must have the capacity to deploy a divisional headquarters for up to a year to command a multi-national division in peacekeeping and peacemaking operations.

Canada must be able to deploy a brigade and sustain it for up to 18 months, and deploy and sustain two independent battle groups indefinitely.

In my vision of the next defence policy there is also a significant role for the Army Reserve.

I believe that there is a need to place greater emphasis on the Army and its assets. I do not subscribe to downsizing either the Navy or the Air Force. What are Canada's priorities and where should our forces be at the leading edge? It goes without saying, but I will say it anyway – transformation needs to be pursued, but not at the cost of minimizing deterrence capacity, eliminating capabilities, or reducing the range of skills available inside the army.

The current major threats facing Canada are terrorism, asymmetric warfare, weapons of mass destruction of the CBRN (chemical, biological, radiological and nuclear) variety, and mass movements of civilian populations for various reasons, including Mother Nature and tyrannical rule. Prior to this it was the threat from the Soviet Union and before that aggression from North Korea, Germany, Italy and Japan. What will the next threat be? Remember that threat assessments are normally wrong!

### **Defence Procurement**

As I indicated earlier, I believe that the whole procurement process in Canada needs revamping. I believe that with a proper functioning procurement system Canada would be able to regain military capacity in a much shorter time frame, and for far less dollars, than others may be thinking. Regrettably, there are too many entrenched interests embedded in the system. Not only are

there regional political issues, there are also civil service interpretations of those issues, and their own entrenched interests; what I refer to as the acronym JACI – Jobs, Asses, Careers, and Influence.

Here are five short term fixes that would permit the capital investment in the CF to go much further than is currently the case.

### **Homeland Defence and the Reserves**

- First, prioritize the capital requirements for the CF, and determine the most cost effective method of acquiring a satisfactory piece of equipment. Note, I did not say the best equipment. If this means buying off the shelf, then so be it.
- Second, having decided the equipment required, determine if any of our close allies are developing a similar piece of equipment, and tag along for the acquisition, keeping in mind that the equipment has to be interoperable with the Americans. Buying Canadian only makes sense if there are future opportunities to make sales to friendly foreign governments, and to recoup upfront investment costs. Paying upfront for research and development, or patent rights, to manufacture for the needs of a relatively small CF just does not make economic sense. It is better to subsidize international commercial trade prospects, rather than dead-end defence production.
- Third, determine if there is an opportunity to acquire secondhand equipment from an ally, most likely the US.
- Fourth, because of the relative speed at which military hardware becomes obsolete (which is sometimes referred to as the Revolution in Military Affairs, or RMA) government procurement cycles must be shortened, but the acquisition cycle spread out over a longer period of time in order that a whole fleet does not become obsolete overnight. This would save the significant "one time replacement costs" associated with one fleet single purchase. The federal government must change its long term procurement patterns and, using the example of the navy, commit to building one new ship per year, thus keeping up with the RMA and avoiding fleet obsolescence. If the government is only going to build a one-off program in Canada every decade or so, it is not worth the upfront capital to develop the skills, acquire the manufacturing capacity, and then let it all disappear after the program is complete.

- Lastly, the PM should appoint a cabinet level minister; how about a Minister of Defence Production, to review and implement the whole streamlined CF procurement process and to ensure it is working appropriately, starting with removing it from the present system until the current equipment deficit is eliminated.

There is universal understanding that there has to be more investment in the CF to be applied specifically to Homeland Defence. The Army Reserve provides the only federal presence in most of the country. The greatest opportunity for improving Canada's defence posture can, thus, be economically provided through expansion of the Reserves. It has been estimated that a Reservist costs one sixth of a Regular Soldier. This will take an investment by government, as well as a reorientation in thinking by the regular force. Think of the exponentially expanded capacity that can be provided to Canada by investing one billion dollars in the Army Reserve.

By increasing the size of the Army Reserve, Canada will also have a mobilization capacity that is not currently available in the Canadian Army. and it will demonstrate a deterrence capacity that is necessary if the war on terrorism is to be won.

With the over commitment of the Regular Force, it is little wonder that the Reserves have to be looked upon for assistance. The system is now taking individual augmentees, and composite sub-units, on operational tours.

If I were the MND, the first thing I would do would be to double the size of the Reserves within 3 years, and thereafter quickly increase the strength up to 45,000. To do that the CF will need an investment in recruiting assets, training assets, and equipment. The biggest obstacle to increasing the size of the reserve is in the training system. How many times have we all discussed this? Centralized training is great for the schoolhouses that provide the training, but it is a disincentive to today's youth, and a cost that is no longer necessary to maintain proper standards with the advent of computerized training.

To solve the retention, military career development, and deployment problems facing Canada, the government must start to acquire sophisticated trainers that can be left at or brought to the armouries to permit Reservists to pick up the skills necessary to operate Regular Force kit. Reserve Army units in Homeland Defence will need equipment that permits mobility and provides professional capabilities. In other words, local Reserve units need local, bought off the shelf, transportation assets, as well as things like command posts and radios which they can use locally.

The Militia also needs a separate chain of command and budget, so that their part-time military and civilian culture can be leveraged, and not suffocated, by the Regular bureaucracy.

## Some Conclusions

Canada has some very serious issues to wrestle with in developing new policies for foreign affairs, defence, and international assistance. The need for "properly funded policies" has never been greater. The PMO or Prime Minister can no longer permit willy-nilly management of any, or all, of these three important areas alone – the threats to Canada and the world are too important to overlook. Canadian forces doctrine, force structure, and equipment should be re-oriented to serve the requirements of national and continental defence, and operations in support of Canadian foreign policy, stressing

- comsat capability,
- deployability,
- inter-operability with US forces, and
- jointness among the different commands of the Canadian forces.

The Reserve Army's time has come, and it requires appropriate support from Parliament and NDHQ. Canada's foreign policy must follow Canada's interests and our actions must demonstrate our values.

As we draw near to the opportunity to have input into the various policy reviews, I want to remind everyone that democracy depends on an informed public, and that it is up to those of us, who are passionate and knowledgeable about these issues, to provide comment and education to those who are in a position to make change.

We owe it to our country and to our children.

Thank you. ■

*The views expressed are those of the author, and do not necessarily reflect the views of the Institute or its members.*

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*Colonel Mannix has been a director of many organizations, including Siemens Canada, Investors Group, Micralyne, The Fraser Institute, Calgary Research and Development Authority, Strathcona-Tweedsmuir & St. Hilda's Schools, The World Wildlife Fund and Ridley College.*

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