

WEBVTT

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<v SPEAKER_1>Hello again, and welcome to Global Exchange, part of the Canadian Global Affairs Institute's Podcast Network.

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<v SPEAKER_1>I'm your host Colin Robertson.

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<v SPEAKER_1>On this episode, recorded on July 11, we speak with the Honourable Perrin Beatty, Vice Admiral Retired Mark Norman, Vincent Rigby and Tim Sargent about the risks and opportunities of the recently announced Canada-European Union Security and Defence Partnership.

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<v SPEAKER_1>Perrin Beatty is a former Minister of Defence and Foreign, amongst other portfolios, who has also headed the CBC, Canadian Manufacturers and Exporters, and the Canadian Chamber of Commerce.

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<v SPEAKER_1>A career naval officer, Mark Norman served as commander of the Royal Canadian Navy and as Vice Chief of the Defence Staff.

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<v SPEAKER_1>A former National Security and Intelligence Advisor to the Prime Minister, Vincent is Slater Family Professor of Practice at McGill's Max Bell School of Public Policy.

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<v SPEAKER_1>A career public servant, Tim Sargent served as Deputy Minister to several portfolios, including Trade and Fisheries, and he is now Senior Fellow and Director of the Domestic Policy Program at the MacDonald-Laurier Institute.

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<v SPEAKER_1>For listeners, we are all members of the Norman Patterson School of International Affairs Expert Group on Canada-U.S.

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<v SPEAKER_1>Relations at Carleton University that has just published a white paper on the Canada-EU Security and Defence Partnership.

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<v SPEAKER_1>It argues that the new agreement with the European Union is designed to change the dynamic by opening up access to a much broader range of defence suppliers, technologies, and investment opportunities across the 27 EU members.

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<v SPEAKER_1>The partnership is not just about buying more military equipment, it is also about building a more resilient, innovative, and self-reliant Canadian economy that can weather global uncertainties.

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<v SPEAKER_1>And if we needed any reminder of those uncertainties, Thursday night, President Trump sent Prime Minister Carney a letter threatening 35% tariffs on US imports from Canada, with an exception for those that are CUSMA or Canada-U.S.-Mexico agreement compliant if we do not reach a deal by August 1st.

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<v SPEAKER_1>Prime Minister Carney responded that we have made progress in the negotiations and that we will work towards this new deadline.

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<v SPEAKER_1>So let's get started.

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<v SPEAKER_1>And Perrin, I'm going to put the first question to you as a former Defence Minister.

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<v SPEAKER_1>How important is this new Security and Defence partnership with the European Union?

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<v SPEAKER_1>We've had a strategic partnership for some time now.

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<v SPEAKER_1>What's the difference in this latest iteration?

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<v SPEAKER_2>I think it's very important, Colin, because it gives us the opportunity to start to diversify our relationships for security.

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<v SPEAKER_2>What we've learned since Donald Trump has come to office is that we simply have too many eggs in one basket, whether it's in terms of trade or in terms of security.

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<v SPEAKER_2>And as a result, then, we need a long-term strategy in Canada that enables us to spread our reliance and spread our partnerships.

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<v SPEAKER_2>And there's a great opportunity here if we're able to follow through on it, in my view.

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<v SPEAKER_1>And do you think we have the capacity to follow through?

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<v SPEAKER_2>I think we do.

00:03:20.060 --> 00:03:33.560

<v SPEAKER_2>And I think there's also a willingness on the part of the Europeans to look for new arrangements as well, because what Donald Trump has done is to royal all of the international relationships and security relationships.

00:03:33.560 --> 00:03:45.140

<v SPEAKER_2>And as a result, those countries that are not so large that they can simply order others to bend to their will need to find ways of working with each other to promote the rule of law, to promote security and sovereignty.

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<v SPEAKER_2>And it means that we have a common interest with the Europeans as well as with countries like Australia, New Zealand, the Nordic countries, South Korea and Japan.

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<v SPEAKER_1>Perrin, we talked about the 27 members of the European Union.

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<v SPEAKER_1>Well, there are arguably 13 members of the Canadian Federation.

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<v SPEAKER_1>The role of the provinces and territories is also important.

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<v SPEAKER_1>And while this is an agreement between our national government and the European Union, the provinces and territories are going to have to play into this, won't they?

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<v SPEAKER_2>They certainly do.

00:04:18.640 --> 00:04:33.520

<v SPEAKER_2>It is less complicated in some ways in Canada than in Europe, as we've seen with the ratification of our free trade agreement with Europe, where many of the countries there have, a

number of the countries have still not ratified the agreement.

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<v SPEAKER_2>I think it was Henry Kissinger who once asked the question, when I want to talk to Europe, who do I call?

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<v SPEAKER_2>And it's a challenge.

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<v SPEAKER_2>We've always been worried in Canada about how we ensure we speak with one voice and how we ensure coherence in our policies.

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<v SPEAKER_2>So we'll have to deliver on our end and ensure that provincial governments, where they have a constitutional stake in what we're doing, are in line and are moving ahead in the same direction as everybody else.

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<v SPEAKER_1>Because as I recall, when we negotiated the agreement, the European Union insisted that the provinces be part of the deal, and they used to joke that they would send a dash across and we would have to send an airbus with all the various members.

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<v SPEAKER_1>Tim, I think you might have been deputy at trade around this time, are you not?

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<v SPEAKER_3>Yes, that's absolutely right, and because there are things that the European Union was interested in, like for instance, access to provincial liquor stores, for instance, that are very much under provincial competence, that meant that the provinces needed to be at the table.

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<v SPEAKER_3>Procurement is another issue, but the EU, because it essentially has a federal structure, in some way understands this better than the Americans.

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<v SPEAKER_3>The Americans didn't want to have the provinces at the table during negotiations and just wanted to deal with the Canadian federal government, even though we couldn't necessarily deliver everything the Americans wanted without provincial agreement.

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<v SPEAKER_1>No, and now the paper itself that we have drafted is framed around the risks and opportunities in the renewed partnership.

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<v SPEAKER_1>And so, what are they?

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<v SPEAKER_1>And I'd like you to lead on this one, Vincent.

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<v SPEAKER_1>If you don't mind taking, just giving us a sense of both risks and opportunities.

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<v SPEAKER_1>I'm going to ask the others to come in as well.

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<v SPEAKER_1>So, feel free that you don't have to be comprehensive, but pick several that you think matter and that we should pay attention to.

00:06:27.820 --> 00:06:31.220

<v SPEAKER_4>I'll try not to repeat the report verbatim because there's a lot in there.

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<v SPEAKER_4>It's a very dense report and covers a lot of ground.

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<v SPEAKER_4>I certainly, first of all, Colin wanted to echo the sentiments expressed by Perrin.

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<v SPEAKER_4>I mean, some of the media coverage over the last week is being focused on the risks.

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<v SPEAKER_4>The risks are significant.

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<v SPEAKER_4>I don't want to downplay them, and we'll talk a little bit about them over the next little while.

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<v SPEAKER_4>But again, the opportunities are tremendous, and I think this is an important deal that Canada has embarked upon.

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<v SPEAKER_4>It wasn't just a deal that was nice to do, but it was a necessary deal.

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<v SPEAKER_4>As Perrin said, we've had all our eggs and the American security basket for so long, we need to take steps to diversify.

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<v SPEAKER_4>I hope this is the first step in terms of dealing with the Europeans.

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<v SPEAKER_4>I hope we looked at the Indo-Pacific region as well.

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<v SPEAKER_4>We've got lots of opportunities there with South Korea, Japan.

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<v SPEAKER_4>So this has to be very, very comprehensive.

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<v SPEAKER_4>But starting with the Europeans, especially in a NATO context and the recent commitment of all NATO Allies to reach the 5% defence target, spending as a percentage of GDP, I think it's logical that it started here.

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<v SPEAKER_4>So the opportunities are huge in terms of getting into European supply chains and getting the equipment that we need for the Canadian Armed Forces to function in the 21st century.

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<v SPEAKER_4>So there's a real upside here for defence procurement and what we can do for the Canadian Armed Forces.

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<v SPEAKER_4>But Tim, I think, can speak to this in more detail and Perrin as well.

00:07:53.660 --> 00:07:57.060

<v SPEAKER_4>But there's a tremendous opportunity here for defence industry in Canada.

00:07:57.060 --> 00:08:08.080

<v SPEAKER_4>So again, just in terms of contracts, being able to bid on deals, access to capital through Rearm Europe and other initiatives, this is really huge.

00:08:08.140 --> 00:08:09.580

<v SPEAKER_4>So it's a double-sided coin.

00:08:09.580 --> 00:08:17.480

<v SPEAKER_4>There are economic opportunities and there are

opportunities for Canadian defence to become more capable and get the equipment that they need.

00:08:17.480 --> 00:08:19.360

<v SPEAKER_4>So those are the opportunities in a nutshell.

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<v SPEAKER_4>I mean, there are risks without a doubt and they are a serious risk.

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<v SPEAKER_4>It's going to require a lot of political will, it's going to require a lot of fiscal restraints, it's going to require fiscal discipline.

00:08:29.580 --> 00:08:32.300

<v SPEAKER_4>It's going to require a lot of coordination to make this work.

00:08:32.300 --> 00:08:33.880

<v SPEAKER_4>So Perrin's already mentioned a couple of them.

00:08:33.880 --> 00:08:55.120

<v SPEAKER_4>You've mentioned them in terms of the provinces stepping up and having to work on things like critical minerals and processes in terms of regulations and environmental checks, what have you, trying to get minerals out of the ground as quickly as possible and play into European supply chains and what have you.

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<v SPEAKER_4>I think there's just that broader risk of political will, as I just mentioned in passing, that in order to make this work, both Europe and Canada are going to have to sustain defence spending at a very high level.

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<v SPEAKER_4>So we'll probably talk about the 5% in a little bit more detail later on.

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<v SPEAKER_4>But can we actually reach that target on the Canadian side?

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<v SPEAKER_4>This is going to be ramping up to 5% over the next 10 years and then sustaining it after that.

00:09:24.520 --> 00:09:26.180

<v SPEAKER_4>This is not going to be easy in Canada.

00:09:26.180 --> 00:09:27.540

<v SPEAKER_4>It's not going to be easy in Europe.

00:09:27.540 --> 00:09:30.940

<v SPEAKER_4>We're already seeing some fishers in the European context.

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<v SPEAKER_4>We've seen Spain saying that they're quite happy keeping defence at 2.1%.

00:09:36.840 --> 00:09:38.680

<v SPEAKER_4>Can we move that forward?

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<v SPEAKER_4>That political will to move this forward is going to be really, really critical.

00:09:45.880 --> 00:09:49.580

<v SPEAKER_4>What about the Americans and how are they going to react to this?

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<v SPEAKER_4>We can't assume the Americans are going to say we're perfectly fine with you going to the Europeans and procuring more of your defence equipment.

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<v SPEAKER_4>We have traditionally relied on the US for about 70 percent of our military procurement.

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<v SPEAKER_4>If we want to get that down to, let's say, 50-40 percent, that's a pretty high target.

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<v SPEAKER_4>But let's just say for the sake of argument, that's what the target is.

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<v SPEAKER_4>The Americans are not necessarily going to sit back with their hands behind their head and go, we're perfectly fine with that.

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<v SPEAKER_4>Go fill your boots.

00:10:18.880 --> 00:10:20.500

<v SPEAKER_4>Good luck.

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<v SPEAKER_4>You may get the Americans saying, oh, okay, well, if you're going to do that, then maybe we don't need so much from you anymore either.

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<v SPEAKER_4>I've given the example before, if we decide that we're not going to move ahead with the F-35, we're going to go with the grip in Europe in terms of fighter aircraft, the Americans could very well turn around to companies like Bombardier and say we don't need your help anymore.

00:10:43.880 --> 00:10:45.800

<v SPEAKER_4>We've got to watch that over time.

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<v SPEAKER_4>We've got things like ITARs, International Traffic and Arms Regulations, whereby it's not going to be easy for Canadian defense industry to work with European defense firms where there's US technology involved, because transfer of US technology to third parties is very, very strictly prescribed, and so that's not going to be easy.

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<v SPEAKER_4>There are challenges.

00:11:06.520 --> 00:11:12.040

<v SPEAKER_4>Those are just a few, and I know that Mark and Tim will have much, much more to put on the table.

00:11:12.040 --> 00:11:13.820

<v SPEAKER_4>But those are just a few.

00:11:13.820 --> 00:11:15.320

<v SPEAKER_4>They're not insurmountable.

00:11:15.520 --> 00:11:20.560

<v SPEAKER_4>It's not that the agreement is destined for failure, not at all.

00:11:20.560 --> 00:11:25.840

<v SPEAKER_4>I think all we wanted to do was highlight that this can't be fire and forget, which I think is what previous governments have done.

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<v SPEAKER_4>They've made political announcements and then just kind of moved on.

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<v SPEAKER_4>Box ticking, we've done that.

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<v SPEAKER_4>This is going to require a lot of attention, a lot of sustained political will.

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<v SPEAKER_4>We're going to have to keep at this and we're going to have to make sure it works at the end of the day.

00:11:38.560 --> 00:11:40.980

<v SPEAKER_4>A lot of blood, sweat and tears.

00:11:40.980 --> 00:11:57.440

<v SPEAKER_1>Mark, as Vincent's point out, there are opportunities in this and the key of course, is our defence industrial base, which, as Vincent's also point out, is so closely tied and we all know with the United States for good reasons, has been since the Second World War and has worked to our advantage.

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<v SPEAKER_1>But now we are looking to other opportunities.

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<v SPEAKER_1>So my question to you, Mark, is our defence industrial base up to the task?

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<v SPEAKER_5>Well, it is, absolutely.

00:12:08.580 --> 00:12:14.120

<v SPEAKER_5>And so I echo the optimistic framing of this conversation.

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<v SPEAKER_5>And I think it applies to the Canadian defence industrial sector.

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<v SPEAKER_5>Now, and it's not a naïve optimism.

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<v SPEAKER_5>There is incredible capacity and competency.

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<v SPEAKER_5>And I make the distinction because I think that's really important.

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<v SPEAKER_5>And when we talk about what we can or can't do, just to be clear, I am not naïve enough to think that we can do everything and

nor should we try.

00:12:43.400 --> 00:12:49.420

<v SPEAKER_5>I believe that our attempts should focus on two broad themes.

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<v SPEAKER_5>The first theme being things that are in our immediate national interest and should be patriated to Canada if we don't do them here already because we need to be able to do them.

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<v SPEAKER_5>And then the second category would be things that we are already very good at, that we have exhaustive Canadian intellectual property associated with, and that we should leverage those capabilities going forward, both in terms of satisfying our own national requirements and also potentially participating in European supply chain.

00:13:33.940 --> 00:13:38.200

<v SPEAKER_5>So to me, that kind of lays it out.

00:13:38.200 --> 00:13:48.460

<v SPEAKER_5>There's a lot more meat in that, and I think that's the essence of what we're all saying, which is, look, this is a really good idea.

00:13:48.980 --> 00:13:54.320

<v SPEAKER_5>There's a lot of opportunity here, but at the same time, there also be dragons in some respects.

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<v SPEAKER_1>Can you give some concrete examples so our listeners understand what we're talking about when you say that we've got expertise, intellectual property in certain areas?

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<v SPEAKER_1>And Perrin may want to come in on this from his time at the Chamber and the Canadian Manufacturers and Exporters, but I'm interested in how you see, again, some domains where we are really good.

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<v SPEAKER_5>Yeah.

00:14:16.220 --> 00:14:17.360

<v SPEAKER_5>Yeah, no, it's great.

00:14:18.140 --> 00:14:25.900

<v SPEAKER_5>And again, not to overcomplicate it, I'm going to answer

that in two segments if I can.

00:14:25.900 --> 00:14:39.020

<v SPEAKER_5>Those things they were already really good at, and those things that, and this will not require any retooling or recapitalizing other than if people need to expand what they're currently capable of doing.

00:14:39.020 --> 00:14:44.440

<v SPEAKER_5>Because there's a lot of things we do in Canada that aren't necessarily defence related that could easily be defence related.

00:14:45.740 --> 00:14:52.360

<v SPEAKER_5>So, in no particular order and with no bias based on the fact that I grew up in the Navy.

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<v SPEAKER_5>Let's start with things like advanced robotics, artificial intelligence.

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<v SPEAKER_5>Let's talk about precision manufacturing in a variety of different areas.

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<v SPEAKER_5>Let's talk about composite materials.

00:15:05.940 --> 00:15:07.740

<v SPEAKER_5>Let's talk about armoured vehicles.

00:15:07.740 --> 00:15:20.700

<v SPEAKER_5>Let's talk about satellite ground stations, software control systems, satellite payloads, satellite actual, flying and supporting constellations of satellites.

00:15:20.700 --> 00:15:24.440

<v SPEAKER_5>I said satellites way too many times, but you get the gist.

00:15:24.440 --> 00:15:34.300

<v SPEAKER_5>Let's talk about something which is often lost in the mix, which is the very complicated business of integrating other people's stuff.

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<v SPEAKER_5>This is a skill set that Canada has and has had for decades.

00:15:39.060 --> 00:15:47.220

<v SPEAKER_5>Primarily because we didn't build a lot of stuff ourselves, so we would buy things from other suppliers and then figure out how to make them all work together.

00:15:47.220 --> 00:15:52.880

<v SPEAKER_5>And that applies in all the domains of military capability.

00:15:52.880 --> 00:15:58.980

<v SPEAKER_5>Let's talk about special bespoke capabilities associated with the Arctic.

00:15:59.020 --> 00:16:03.520

<v SPEAKER_5>Let's talk about acoustic capabilities.

00:16:03.520 --> 00:16:12.120

<v SPEAKER_5>Obviously, you know, Navy-centric, but we have enormous competencies and capacities in that area, more competencies than capacities.

00:16:12.120 --> 00:16:16.560

<v SPEAKER_5>So that's kind of a sampling of many of the things that we could do.

00:16:16.700 --> 00:16:19.540

<v SPEAKER_5>And I'm just literally hitting the wave tops.

00:16:19.540 --> 00:16:23.340

<v SPEAKER_5>But I come back to the point that we can't do it all, we shouldn't try to do it all.

00:16:24.000 --> 00:16:35.260

<v SPEAKER_5>And this comes down to deciding where it's in our best interest nationally and picking the right partners through this new mechanism.

00:16:36.960 --> 00:16:48.220

<v SPEAKER_5>And that's both to satisfy our growing national need and also to participate in the European problem, because the Europeans are trying to solve a similar problem.

00:16:48.220 --> 00:16:48.880

<v SPEAKER_1>No, exactly.

00:16:48.880 --> 00:16:50.320

<v SPEAKER_1>Perrin, can you come in on this?

00:16:50.440 --> 00:17:12.260

<v SPEAKER_1>And from your experience over the last decades, identify some areas, complementing that which Mark has already identified,

where we really do have expertise and does offer opportunities, because we're often, as I think Vincent pointed out, very conscious on the risk side, but there is opportunities and there are things we really are good at.

00:17:12.260 --> 00:17:25.600

<v SPEAKER_1>And I think that's important that Canadians should hear where we think that we can make a difference that will require perhaps further investment in training and things, but where we already are world beaters.

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<v SPEAKER_2>The list that was given by Mark was very good in that he has seen firsthand the Canadian industrial and other capabilities that we have.

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<v SPEAKER_2>Bottom line, Colin, what we need to do is to look very carefully of what our needs are going to be.

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<v SPEAKER_2>Both Mark and Vince made the point that we can't do everything here, and it's going to be important for us to focus on areas where we have a competitive advantage, where we can build on that, and I would argue as well, where there are civilian spinoffs that come from what we're doing.

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<v SPEAKER_2>If you were to design an industrial strategy for Canada, you would say we should really focus on either areas where we already have an expertise, and Mark listed a number of those.

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<v SPEAKER_2>And in the past, things like telecommunications were an example.

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<v SPEAKER_2>Remote sensing was another example of that.

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<v SPEAKER_2>Or the other one is, what do you have to buy in if you don't build it yourself?

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<v SPEAKER_2>And of that, what do you have to have?

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<v SPEAKER_2>Because what we learned from COVID, when Donald Trump said he would not allow American companies to export N95 respirators to Canada, at the height of the pandemic, was you can't count on

others at a time of crunch, necessarily.

00:18:47.180 --> 00:18:51.620

<v SPEAKER_2>And so we have to ask ourselves, what is it essential that we provide here?

00:18:51.620 --> 00:18:55.840

<v SPEAKER_2>I would defer to others on it, but do we have ammunition?

00:18:55.840 --> 00:18:59.960

<v SPEAKER_2>Are we capable of supplying our own troops with the ammunition that they need?

00:18:59.960 --> 00:19:06.600

<v SPEAKER_2>But there are a range of other areas where it may make sense for us to produce it here, even if we aren't doing so substantially today.

00:19:08.500 --> 00:19:13.580

<v SPEAKER_5>And just to pile on, Colin, not to disrupt your choreography.

00:19:13.600 --> 00:19:15.000

<v SPEAKER_1>This is a conversation.

00:19:15.000 --> 00:19:15.980

<v SPEAKER_1>Please come in.

00:19:16.060 --> 00:19:18.400

<v SPEAKER_5>You know, parents made an excellent point.

00:19:20.240 --> 00:19:23.920

<v SPEAKER_5>And I think this is something that listeners can absolutely relate to.

00:19:23.920 --> 00:19:36.640

<v SPEAKER_5>So take all of their shared experience of the pandemic and apply it to either military capability or civil defence.

00:19:36.760 --> 00:19:43.560

<v SPEAKER_5>There's an underlying element of this, which, you know, I've picked up in other countries that we don't talk about a lot in Canada.

00:19:43.560 --> 00:19:52.600

<v SPEAKER_5>And it's basically societal resilience, which is a foundational requirement for defence and security.

00:19:52.600 --> 00:20:05.800

<v SPEAKER_5>You know, if your society can't really look after itself

in some form of crisis, then it's pretty hard to add the higher-value activities that we talk about.

00:20:06.540 --> 00:20:09.500

<v SPEAKER_5>So I think this is absolutely foundational.

00:20:09.500 --> 00:20:24.040

<v SPEAKER_5>And I think, you know, not to oversimplify it, I think sort of bifurcating the conversation along the lines of things that we absolutely must be able to do ourselves, because if we don't, then who?

00:20:24.040 --> 00:20:38.240

<v SPEAKER_5>And then the other area being those activities and sectors whereby, as Perrin and I have said, we could play a significant role both for our own needs and potentially with these new partners.

00:20:38.240 --> 00:20:39.000

<v SPEAKER_2>Thanks.

00:20:39.000 --> 00:20:42.760

<v SPEAKER_2>And Colin, maybe I can just drag us a little bit further off-topic here.

00:20:42.760 --> 00:20:43.740

<v SPEAKER_1>Please, Perrin.

00:20:43.740 --> 00:21:04.220

<v SPEAKER_2>Just based on my experience of the Canadian Chamber during COVID, what was striking to me was how rapidly so much of Canadian industry turned on a dime, rethought their business plan, and we're starting to look at how can we produce goods that are necessary for us to fight the pandemic.

00:21:04.220 --> 00:21:12.960

<v SPEAKER_2>I'll tell you a tale out of class that the government had regular calls at the early part of the pandemic.

00:21:12.960 --> 00:21:28.540

<v SPEAKER_2>And somebody from the industry department said, look, if anybody on the call knows businesses that are able to retool and supply medical supplies and other equipment, protective equipment and so on, can you ask them to give us a call?

00:21:28.540 --> 00:21:30.820

<v SPEAKER_2>They gave a phone number.

00:21:30.820 --> 00:21:33.580

<v SPEAKER_2>I made the mistake of putting it up on Twitter.

00:21:33.580 --> 00:21:39.780

<v SPEAKER_2>We then got desperate phone calls from the government saying, look, we are simply overwhelmed by the number of businesses that are calling us.

00:21:39.780 --> 00:21:43.540

<v SPEAKER_2>Can you please slow this down in some way?

00:21:43.540 --> 00:21:48.740

<v SPEAKER_2>Because there was such interest in the part of industry to retool and to be part of this collective effort.

00:21:49.420 --> 00:21:51.000

<v SPEAKER_2>I think the same thing applies here.

00:21:51.000 --> 00:22:13.120

<v SPEAKER_2>If we can develop the national consensus that what we are talking about is existential and that this is very much in Canada's interest, we will find people and companies that have been involved in other areas taking those skills, rethinking their businesses and retooling and coming up to offer to be part of this important effort.

00:22:13.120 --> 00:22:27.940

<v SPEAKER_4>I think building on that historical references in that regard, I don't like to go too far back in history, but I think we all like to cite the example of the Second World War, which was a long time ago now, granted, but there was an existential threat.

00:22:27.940 --> 00:22:32.060

<v SPEAKER_4>You look at how unprepared Canada was in 1939, 1940 when war broke out.

00:22:32.060 --> 00:22:37.240

<v SPEAKER_4>Look where we were four or five years later, driven by the private sector, driven by industry.

00:22:37.240 --> 00:22:40.500

<v SPEAKER_4>Fourth largest Navy, I think, Mark, in the world.

00:22:40.940 --> 00:22:43.460

<v SPEAKER_4>Tremendous military capability that we carried through the Cold War.

00:22:44.240 --> 00:22:51.220

<v SPEAKER_4>And that was driven, as Perrin said, by Canadian industry turning on a dime in the space of less than half a decade.

00:22:51.220 --> 00:22:53.240

<v SPEAKER_4>So we've got those precedents.

00:22:53.240 --> 00:22:57.760

<v SPEAKER_4>And again, that was a long time ago, but I think it's a useful reference point.

00:22:57.760 --> 00:22:59.160

<v SPEAKER_1>Oh, very much so, Vincent.

00:22:59.160 --> 00:23:01.540

<v SPEAKER_1>And I think there's an excellent paper by Jack Granitstein.

00:23:01.540 --> 00:23:08.460

<v SPEAKER_1>And he did, I think, for our colleague, Tom DeQuino, a few years ago, which I read, which I exactly spelled out what you're talking about.

00:23:09.480 --> 00:23:12.320

<v SPEAKER_6>Hi, I'm Dave Perry, the President and CEO of The Canadian Global Affairs Institute.

00:23:12.960 --> 00:23:17.500

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00:23:17.500 --> 00:23:26.360

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00:23:32.900 --> 00:23:54.000

<v SPEAKER_1>Tim, let me ask you, because what we're asking for is a kind of fundamental shift in our economic performance as we create a defence industrial base and move from what we're spending now about 1.4% to 2% this year, rising to 5% over the next few years.

00:23:54.000 --> 00:23:56.660

<v SPEAKER_1>Putting on your finance hat, can we do it?

00:23:56.660 --> 00:24:05.880

<v SPEAKER_1>And does this not require not just a kind of fiscal change, but also, as Perrin's pointed out, the kind of cultural change that we saw during the pandemic?

00:24:05.880 --> 00:24:08.280

<v SPEAKER_1>And are we up for it?

00:24:09.480 --> 00:24:11.100

<v SPEAKER_3>I think we can do it and I would go further.

00:24:11.100 --> 00:24:12.820

<v SPEAKER_3>I think we have to do this.

00:24:12.820 --> 00:24:23.520

<v SPEAKER_3>I think if you look at what's been powering the Canadian economy over the last 10 years, it's essentially being government spending, real estate and low-skill immigration.

00:24:23.520 --> 00:24:26.340

<v SPEAKER_3>And that has delivered very, very feeble economic results.

00:24:26.340 --> 00:24:30.740

<v SPEAKER_3>We've seen GDP per capita actually going down, we have productivity tanking.

00:24:30.740 --> 00:24:33.560

<v SPEAKER_3>We have to change our economic model.

00:24:33.560 --> 00:24:36.680

<v SPEAKER_3>And we have to change it to one that focuses on what the world wants.

00:24:36.680 --> 00:24:38.120

<v SPEAKER_3>So what does the world want?

00:24:38.120 --> 00:24:41.860

<v SPEAKER_3>It wants resources and it wants defence equipment.

00:24:41.860 --> 00:24:47.220

<v SPEAKER_3>And good news, Canada has incredible strengths in both of those areas.

00:24:47.220 --> 00:24:55.940

<v SPEAKER_3>And to echo our earlier points, we need to be looking at what is our niche, what are the things that we can bring to the party, particularly a party with Europeans that they don't have.

00:24:56.380 --> 00:25:09.920

<v SPEAKER_3>So I think we're going to need to, over the next five years, retool our economy, not just for the key defence and security priorities, but just from a sheer economic perspective towards those growth areas.

00:25:09.920 --> 00:25:14.460

<v SPEAKER_3>One of the problems we've had in Canada in the last ten years is low investment.

00:25:14.460 --> 00:25:22.440

<v SPEAKER_3>And so we need to be reinvesting, reinvesting in resources and resource development and reinvesting in the defence sector.

00:25:23.100 --> 00:25:29.020

<v SPEAKER_3>And the good news is that those are those are high-skill or the high-paying jobs in those sectors.

00:25:29.020 --> 00:25:41.320

<v SPEAKER_3>We also have an auto sector that is very much under threat right now from from the Americans, where obviously there are huge capacity, huge skills that could be brought into the defence world.

00:25:41.320 --> 00:25:49.360

<v SPEAKER_3>So I actually think that this is smart economics policy as well as smart defence policy.

00:25:49.360 --> 00:25:52.940

<v SPEAKER_3>You look at the Second World War, I mean, I think it's worth reminding people of that.

00:25:52.940 --> 00:26:02.460

<v SPEAKER_3>I mean, we came out of that with an economic boom for the last, for several decades, based on all of the innovations that occurred under a very short period of time.

00:26:02.460 --> 00:26:12.280

<v SPEAKER_3>You compare what an aircraft looked like in 1939, some propellers, to six years later, your jet engines and aviation had completely changed.

00:26:12.620 --> 00:26:14.760

<v SPEAKER_3>There's just a huge amount of potential there.

00:26:14.760 --> 00:26:17.140

<v SPEAKER_3>Can we afford it?

00:26:17.140 --> 00:26:19.660

<v SPEAKER_3>Look, to govern is to choose.

00:26:20.220 --> 00:26:23.020

<v SPEAKER_3>There are tough choices that have to be made.

00:26:23.020 --> 00:26:25.540

<v SPEAKER_3>You can't afford everything as a government.

00:26:25.540 --> 00:26:34.420

<v SPEAKER_3>The government is going to, and I think this is very much the path they're on, look very carefully at what they spend and repurpose the money.

00:26:36.660 --> 00:26:40.800

<v SPEAKER_3>That means there's going to have to be a candid discussion about what Canada's priorities are.

00:26:40.800 --> 00:26:54.980

<v SPEAKER_3>What are some of the things that we would love to spend money on, but we're just not going to be able to spend as much on as we did before, as we make this very necessary shift to a very different kind of economy.

00:26:54.980 --> 00:26:57.320

<v SPEAKER_1>Tim, will that be sufficient to bring the private sector?

00:26:57.320 --> 00:27:04.700

<v SPEAKER_1>Because as the Governor of the Bank of Canada has noted, and as you observed, we've not done well on either domestic investment or foreign investment.

00:27:04.700 --> 00:27:09.480

<v SPEAKER_1>Part of it's the uncertainties related to the global economy, the relationship with the United States.

00:27:09.480 --> 00:27:26.700

<v SPEAKER_1>What has to happen, I guess, on the parts of governments, because I think we have to speak provincial and federal government, to convince the private sector and foreign investment that Canada is now a good place to invest, because they haven't felt that way for the last decade or so.

00:27:28.280 --> 00:27:29.860

<v SPEAKER_3>Certainly not.

00:27:29.860 --> 00:27:37.700

<v SPEAKER_3>I mean, governments are certainly going to have to nail their colors to the mast, both fiscally and in terms of economic policy.

00:27:37.700 --> 00:27:50.780

<v SPEAKER_3>In terms of economic policy, and the provinces play a huge role here as well, we have not been viewed as a great place to develop a mine or a pipeline or other resource projects.

00:27:50.780 --> 00:28:00.740

<v SPEAKER_3>I think the government has, with Bill C-5, is certainly

trying to convince people that Canada is actually open for business and you can get big resource projects done.

00:28:00.740 --> 00:28:10.900

<v SPEAKER_3>But the provinces as well are going to need to be able to convince investors that we're dealing with the red tape and all of the other restrictions that make it so long.

00:28:10.900 --> 00:28:16.600

<v SPEAKER_3>I mean, it takes more than a decade to get a new mine up and running in Canada.

00:28:17.720 --> 00:28:19.220

<v SPEAKER_3>We're going to have to deal with those things.

00:28:19.220 --> 00:28:34.100

<v SPEAKER_3>And then from a fiscal perspective, and here I think the government is doing the right thing, showing that you're serious about choosing, about reducing expenditure in other lower priority areas so that you can move that expenditure into the defence realm.

00:28:35.140 --> 00:28:47.380

<v SPEAKER_3>And there's also the question on the tax side and to the extent to which governments are willing to raise taxes in ways that don't choke off investment in order to help pay for the expenditure.

00:28:48.540 --> 00:28:49.360

<v SPEAKER_1>So how do you do that?

00:28:49.360 --> 00:28:50.760

<v SPEAKER_1>Do you talk about raising taxes?

00:28:50.760 --> 00:28:54.340

<v SPEAKER_1>Are we talking about putting an extra percentage or two on GST?

00:28:54.340 --> 00:28:56.180

<v SPEAKER_1>Or going after big business?

00:28:56.180 --> 00:28:58.300

<v SPEAKER_1>I mean, there are various options open.

00:28:58.300 --> 00:29:00.540

<v SPEAKER_1>You've been at the finance department.

00:29:00.540 --> 00:29:22.500

<v SPEAKER_1>What would you recommend in terms of if we are going to need more income for governments to do these things at the same time government making reductions, doing the kind of program review that we did in the credit chain years, come back to the tax side, where would

you try and find and how would you do it?

00:29:22.500 --> 00:29:28.580

<v SPEAKER_3>Well, if you look over the last 10 years, the big growth has been in government expenditures.

00:29:28.740 --> 00:29:36.980

<v SPEAKER_3>The reason we have a deficit is not primarily, not because we cut taxes, it's because we spend a huge amount of money.

00:29:38.000 --> 00:29:41.920

<v SPEAKER_3>The federal bureaucracy grew by 40 percent over the last 10 years.

00:29:42.920 --> 00:29:47.860

<v SPEAKER_3>We've seen program spending really increase massively.

00:29:47.860 --> 00:30:09.740

<v SPEAKER_3>So to be honest, that would be first doing what the government's actually doing, is really looking at that program spending, and which has grown by a couple of points of GDP since 2015, and looking like where are some areas where we probably grown too much, and where we can pull back and make some of these tough choices.

00:30:09.740 --> 00:30:13.300

<v SPEAKER_3>And only then would I go to the tax side.

00:30:13.300 --> 00:30:21.500

<v SPEAKER_3>What economists like to see on the tax side is consumption taxes, because they don't affect the incentives to save and invest.

00:30:21.500 --> 00:30:29.260

<v SPEAKER_3>And the last thing we need to be doing right now is increasing those taxes, such as income taxes, that affect those incentives.

00:30:29.700 --> 00:30:32.260

<v SPEAKER_3>Either on the personal or the corporate side.

00:30:32.260 --> 00:30:35.920

<v SPEAKER_3>So really, it does have to come from consumption.

00:30:35.920 --> 00:30:40.180

<v SPEAKER_3>And everybody wants somebody else to pay taxes.

00:30:40.180 --> 00:30:45.360

<v SPEAKER_3>Everybody, they look at the corporate income tax and say, oh well, big business, they're big, they can pay.

00:30:45.360 --> 00:30:53.220

<v SPEAKER_3>But all you do when you raise corporate income taxes, you just use reducing the return to investment from capital that can go anywhere in the world.

00:30:53.220 --> 00:31:05.180

<v SPEAKER_3>So at the end of the day, again, it's another tough choice, but potentially an essential one that we're going to have to make to actually look to Canadians and Canadian consumers to do that bit.

00:31:05.340 --> 00:31:08.080

<v SPEAKER_1>Perrin, I come back to you where we began.

00:31:08.080 --> 00:31:30.760

<v SPEAKER_1>This requires political will, not just in the part of the national government, but all governments, and in doing so, it potentially opens, as Tim says, an opportunity for us to get our, in a sense, economic economy right, which then to take us back to our paper, opens up opportunities with the Europeans.

00:31:30.760 --> 00:31:42.820

<v SPEAKER_1>And as you also pointed out, made that perhaps the Canada-EU strategic partnership in some form may be a kind of model for what we may want to do with the Indo-Pacific.

00:31:42.820 --> 00:31:43.860

<v SPEAKER_2>Yeah, very much so.

00:31:43.860 --> 00:31:49.240

<v SPEAKER_2>We need to get our economic house in order, first of all, and determine priorities.

00:31:49.240 --> 00:31:57.380

<v SPEAKER_2>We need to spend much less time chasing leprechauns than we've done for the last 10 years and focus much more on the pot of gold.

00:31:58.580 --> 00:32:05.760

<v SPEAKER_2>We need to differentiate between expenditures which are nice to have and those that are essential to make.

00:32:05.760 --> 00:32:16.760

<v SPEAKER_2>As a result, then, what Prime Minister Carney is trying to do is to set new priorities for Canada that go back to first principles about how do we ensure that we actually have economic growth in the country?

00:32:16.760 --> 00:32:21.760

<v SPEAKER_2>How do we make ourselves more sovereign where we can make

decisions domestically in Canada?

00:32:22.340 --> 00:32:31.420

<v SPEAKER_2>And how do we find new allies as well whose interests are similar to ours and who are prepared to work with us as opposed to simply issuing edicts?

00:32:32.740 --> 00:32:34.980

<v SPEAKER_4>Colin, can I add a point here?

00:32:35.660 --> 00:32:49.100

<v SPEAKER_1>Please, Vincent, do come in because I also want you to talk about, again, not just that there are real opportunities in this which transcend just the Canada-U relationship, but extend across the country, is I think what you're saying.

00:32:49.100 --> 00:32:50.080

<v SPEAKER_4>No, without a doubt.

00:32:50.240 --> 00:32:53.240

<v SPEAKER_4>I can talk a little bit about that in terms of broader national security issues.

00:32:53.240 --> 00:32:58.760

<v SPEAKER_4>But I agree with everything my colleagues have said, and in particular what Tim has said about tough choices.

00:32:59.980 --> 00:33:05.620

<v SPEAKER_4>But in that vein, I think it's going to be really important for the government to be transparent about how they're going to do this.

00:33:06.020 --> 00:33:16.620

<v SPEAKER_4>We all know that when public opinion polls come out and the question is, does Canada support more defence spending in an incredibly dangerous world and with the US that's threatened to annex us?

00:33:17.380 --> 00:33:20.740

<v SPEAKER_4>Yes, absolutely, we need to increase spending.

00:33:20.740 --> 00:33:32.640

<v SPEAKER_4>But then if you change that question a little bit and you say all of that plus, but it means you're going to get less of this, less of that, less on the social side, less on the economic side, the number drops significantly.

00:33:32.640 --> 00:33:40.280

<v SPEAKER_4>So there's sustained political will, but that political will is also going to have to be based on broad public support and

bringing the Canadian public along.

00:33:40.280 --> 00:33:46.700

<v SPEAKER_4>And so I think the government's going to need to come out relatively early and say, listen, this is going to require some pain.

00:33:46.700 --> 00:33:53.460

<v SPEAKER_4>And the Prime Minister has been good in that respect and already saying, there will probably be, not probably, there will be some pain.

00:33:53.460 --> 00:33:57.660

<v SPEAKER_4>And this is how it's going to be done so that there are no surprises.

00:33:57.660 --> 00:34:03.940

<v SPEAKER_4>And so, you know, we got the 9.3 billion announced for this fiscal year a few weeks ago, and the government was very good.

00:34:04.140 --> 00:34:05.340

<v SPEAKER_4>They chunked it out.

00:34:05.340 --> 00:34:12.380

<v SPEAKER_4>A couple of billion for personnel, a couple of billion for diversification, a couple of billion for a defence industrial strategy.

00:34:12.860 --> 00:34:14.720

<v SPEAKER_4>But that only gets us to the end of this fiscal year.

00:34:14.720 --> 00:34:17.820

<v SPEAKER_4>And we don't even know if that money is going to get out the door at the end of the day.

00:34:17.820 --> 00:34:25.920

<v SPEAKER_4>You know, Mark can talk in more detail than I can how difficult it is for the Department of National Defence and K and R forces to spend this money.

00:34:25.920 --> 00:34:34.120

<v SPEAKER_4>But we've got to get to, you know, all kinds of figures are being bandied about, but we've potentially got to get to \$150 billion a year in defence spending if that's the figure.

00:34:34.120 --> 00:34:35.300

<v SPEAKER_4>We don't know if it is.

00:34:35.300 --> 00:34:38.560

<v SPEAKER_4>But it's going to be a huge increase by 2035.

00:34:38.560 --> 00:34:39.460

<v SPEAKER_4>How are we going to get there?

00:34:40.480 --> 00:34:45.180

<v SPEAKER_4>And so I think, you know, you can't map it out every single year.

00:34:45.180 --> 00:34:49.440

<v SPEAKER_4>Tim knows better than me about how financial planning is done in the Department of Finance.

00:34:49.440 --> 00:34:57.720

<v SPEAKER_4>But I think the government is going to have to come out and say, broadly speaking, these are the things we're going to do to increase our defence spending.

00:34:57.720 --> 00:34:59.520

<v SPEAKER_4>And it's not guns or butter.

00:34:59.520 --> 00:35:00.520

<v SPEAKER_4>It's guns and butter.

00:35:00.520 --> 00:35:05.740

<v SPEAKER_4>But there's probably going to be a little less butter and a few more guns given the state of the world right now.

00:35:05.740 --> 00:35:08.200

<v SPEAKER_4>And you've got to understand as Canadians, this is where we're going to go.

00:35:08.320 --> 00:35:12.300

<v SPEAKER_4>I think it's really critical that we bring the public along in that regard.

00:35:12.300 --> 00:35:17.140

<v SPEAKER_1>Tim, this probably means government investments in the defence industry.

00:35:17.140 --> 00:35:19.920

<v SPEAKER_1>We've made investments in the past in the auto industry.

00:35:22.680 --> 00:35:24.480

<v SPEAKER_1>Is that what we're talking about?

00:35:24.480 --> 00:35:27.500

<v SPEAKER_1>And I guess I'd say to Perrin, is that politically saleable?

00:35:29.980 --> 00:35:32.920

<v SPEAKER_3>I mean, certainly that's what's going to be required.

00:35:32.920 --> 00:35:41.420

<v SPEAKER_3>I mean, you're not going to have this level of change in the Canadian economy without the government stepping up and opening up its checkbook.

00:35:41.420 --> 00:35:53.220

<v SPEAKER_3>And often when governments try to interfere in the economy, it often doesn't go very well because often what governments think consumers should want is not necessarily what consumers decide they actually want.

00:35:53.280 --> 00:35:58.040

<v SPEAKER_3>I think we're seeing that play out a little bit with battery-powered vehicles.

00:35:58.080 --> 00:36:08.080

<v SPEAKER_3>But here, government is the consumer and government knows, I think, knows what it wants and can be very clear with the private sector where we want to go.

00:36:08.080 --> 00:36:12.800

<v SPEAKER_3>And I think that provides a very solid foundation for investment.

00:36:12.800 --> 00:36:17.080

<v SPEAKER_3>And working with the private sector, bringing in private sector money.

00:36:17.080 --> 00:36:21.200

<v SPEAKER_3>But again, there'll need to be some government money there because government needs to show it's serious.

00:36:21.200 --> 00:36:23.560

<v SPEAKER_3>Government needs to have skin in the day and game.

00:36:23.560 --> 00:36:27.180

<v SPEAKER_3>It can't just say Canadian economy go off and retool.

00:36:27.760 --> 00:36:30.600

<v SPEAKER_3>It has to show that it's serious.

00:36:30.600 --> 00:36:37.740

<v SPEAKER_3>And government also has to get more literate about the defence economy and about the economy writ large.

00:36:37.740 --> 00:36:40.500

<v SPEAKER_3>This can't just be D&D.

00:36:40.500 --> 00:36:41.800

<v SPEAKER_3>This has to cut across.

00:36:41.800 --> 00:36:43.100

<v SPEAKER_3>This has to be Industry Canada.

00:36:43.100 --> 00:36:44.840

<v SPEAKER_3>This has to be the Department of Finance.

00:36:44.840 --> 00:36:55.960

<v SPEAKER_3>This has to be NRCan because we talk about the defence sector, but critical minerals are just as an important part of this as is artificial intelligence, a whole series of things.

00:36:56.040 --> 00:37:08.520

<v SPEAKER_3>So we also have to broaden our conception of what defence spending is, or what are the kinds of investments that we are going to need to be a serious player as we move into the 2030s.

00:37:08.520 --> 00:37:12.640

<v SPEAKER_1>Again, presumably the provinces have got to play into this too.

00:37:12.640 --> 00:37:17.760

<v SPEAKER_3>Exactly, because they've got key levers on the resource development side.

00:37:17.760 --> 00:37:20.540

<v SPEAKER_1>Perrin, the political saleability.

00:37:20.540 --> 00:37:23.500

<v SPEAKER_2>Colin, I think it's sellable.

00:37:23.500 --> 00:37:25.120

<v SPEAKER_2>The starting point has to be honesty.

00:37:25.440 --> 00:37:29.560

<v SPEAKER_2>We have to be candid and let Canadians know that there is no quick fix.

00:37:29.560 --> 00:37:31.400

<v SPEAKER_2>There's no easy solution.

00:37:31.400 --> 00:37:46.960

<v SPEAKER_2>If we want to be a truly sovereign country, if we want to take more responsibility for our own security, if we want to be more resilient and more prosperous as a country, then we're going to have to make tough decisions and it'll involve sacrifices from each of us as well.

00:37:47.740 --> 00:37:49.460

<v SPEAKER_2>You know, no spin.

00:37:49.460 --> 00:37:51.320

<v SPEAKER_2>You can't con people.

00:37:51.320 --> 00:38:00.980

<v SPEAKER_2>The starting point has to be the frankness and telling people the size of the challenge and the fact that this is going to extend over the life of many governments.

00:38:00.980 --> 00:38:06.980

<v SPEAKER_2>Governments will come and go, but we'll have to have the sustained political will to make this happen.

00:38:06.980 --> 00:38:22.860

<v SPEAKER_2>You know, going back to the point that Tim was making, fortunately, part of the NATO commitment that we're making is for investments, for example, in ports and in infrastructure, which will have civilian, civil benefits as well.

00:38:22.860 --> 00:38:26.460

<v SPEAKER_2>Yes, that will require government investment for them to do it.

00:38:26.460 --> 00:38:31.340

<v SPEAKER_2>The strongest incentive, I believe, for the defence sector is going to be the contracts.

00:38:31.340 --> 00:38:37.500

<v SPEAKER_2>They're going to be very significant purchase orders that the Government of Canada is going to have to make.

00:38:37.500 --> 00:38:44.360

<v SPEAKER_2>And that will be a very strong incentive for businesses to look at whether or not they have the capacity to fill those orders.

00:38:44.360 --> 00:38:50.920

<v SPEAKER_2>And I think we'll be surprised to see the number of businesses that are willing to get involved.

00:38:50.920 --> 00:38:56.540

<v SPEAKER_2>I'm currently reading a re-released copy of a book on CD.

00:38:56.540 --> 00:38:58.000

<v SPEAKER_2>Howe's Dollar a Year Man.

00:38:58.080 --> 00:38:59.980

<v SPEAKER_2>It's an excellent, excellent book.

00:38:59.980 --> 00:39:05.700

<v SPEAKER_2>But it goes back to what some of the others were saying earlier about the conversion during the Second World War.

00:39:05.700 --> 00:39:12.380

<v SPEAKER_2>There was a patriotism, first of all, a national consensus that this was existential.

00:39:12.380 --> 00:39:20.600

<v SPEAKER_2>You saw tens of thousands of people lining up to volunteer to go to war in Europe and put their lives on the line.

00:39:20.600 --> 00:39:25.000

<v SPEAKER_2>You saw the government reaching out to leaders of industry.

00:39:25.100 --> 00:39:31.300

<v SPEAKER_2>Over the space of an afternoon saying to them, we want you to come to Ottawa for a dollar a year.

00:39:31.300 --> 00:39:36.220

<v SPEAKER_2>Have your company pay to send you there, and have you leave the company in the meantime.

00:39:36.220 --> 00:39:40.560

<v SPEAKER_2>Over the space of an afternoon, people saying, yes, I'll make that commitment.

00:39:42.060 --> 00:39:44.820

<v SPEAKER_2>Level with people, be clear about what's at stake here.

00:39:45.020 --> 00:39:54.240

<v SPEAKER_2>It is existential, and be honest with them as well about the challenges that are involved, and I think people will be surprised to see how Canadians respond.

00:39:54.240 --> 00:40:12.560

<v SPEAKER_1>Mark, I'm going to give you the last word on this, because I think what I've seen in going to Halifax and the Irving Shipyard over the last decade plus is exactly what we're talking about here, something that actually works, and we've gotten better and better at it, and it's also provided good jobs for Canadians, the Canadian shipbuilding program.

00:40:12.980 --> 00:40:17.920

<v SPEAKER_1>But you may want to say, you were one of the architects and integrally involved in this.

00:40:17.920 --> 00:40:21.060

<v SPEAKER_1>Am I not right that this has actually been an example?

00:40:21.060 --> 00:40:26.740

<v SPEAKER_1>With its hiccups and things, we've learned a lot, but it has actually worked.

00:40:26.740 --> 00:40:28.360

<v SPEAKER_5>Yeah, exactly.

00:40:29.460 --> 00:40:56.880

<v SPEAKER_5>I've really been enjoying the conversation here, and I want to answer that question in the context of something that Tim and Perrin, everybody's been saying, which is, if we look at this as a bit of a paradigm shift, in terms of how we actually see the problem, that requires us to think differently and act differently.

00:40:56.880 --> 00:41:15.240

<v SPEAKER_5>And so if the shipbuilding strategy, with all of its warts, and there are a lot of them, is an example of, in essence, a partnership that allows us to move a particular capability forward.

00:41:15.900 --> 00:41:19.400

<v SPEAKER_5>It tells us that it absolutely can't be done.

00:41:19.400 --> 00:41:21.660

<v SPEAKER_5>It has to be carefully managed.

00:41:21.660 --> 00:41:28.120

<v SPEAKER_5>It cannot be left to its own devices, which is partly why we had some of the problems that we had.

00:41:28.120 --> 00:41:50.200

<v SPEAKER_5>And one of the things that I would put on the table here, and I've had the luxury of working with the private sector now for a few years since I left the Uniform Service, you know, ultimately one of the missing components of this conversation is risk and how you manage the risk associated with this because everybody has a different perspective.

00:41:50.200 --> 00:42:00.340

<v SPEAKER_5>And this is where the opportunity to truly partner between the Crown and the private sector needs to be redefined.

00:42:01.420 --> 00:42:08.980

<v SPEAKER_5>You know, private sector, you know, capital will seek opportunity and it will avoid risk.

00:42:09.760 --> 00:42:11.220

<v SPEAKER_5>It's fundamental.

00:42:11.360 --> 00:42:20.040

<v SPEAKER_5>And so what government can do is incentivize one behavior

and protect the other.

00:42:20.040 --> 00:42:22.440

<v SPEAKER_5>So how do we come up?

00:42:22.600 --> 00:42:26.660

<v SPEAKER_5>And what I'm trying to say is I think there's a way we can have our cake and eat it too.

00:42:26.660 --> 00:42:27.820

<v SPEAKER_5>I don't know what it is.

00:42:28.700 --> 00:42:32.520

<v SPEAKER_5>And there's much smarter people out there who can perhaps figure this out.

00:42:32.520 --> 00:42:37.800

<v SPEAKER_5>But the idea here is that yes, government will have to spend.

00:42:37.800 --> 00:42:52.600

<v SPEAKER_5>But equally, government needs to fundamentally reset a lot of the rules, processes, and other condition setting policies that allow the private sector to actually assume some of that risk.

00:42:52.600 --> 00:42:56.680

<v SPEAKER_5>And do it knowing that they're not going to get screwed downstream.

00:42:57.380 --> 00:43:02.740

<v SPEAKER_5>Because government's going to pull the rug out, or whatever scenario you want to imagine.

00:43:02.740 --> 00:43:07.480

<v SPEAKER_5>So back to your question about, yes, that's exactly the kind of thing.

00:43:07.480 --> 00:43:09.700

<v SPEAKER_5>Now, are we doing that?

00:43:09.700 --> 00:43:13.560

<v SPEAKER_5>And did we do it from the outset to be cheaper than anybody else?

00:43:13.560 --> 00:43:15.240

<v SPEAKER_5>Absolutely not.

00:43:16.160 --> 00:43:28.880

<v SPEAKER_5>And I've said this publicly, anybody who is arguing that this was a folly, because we could never do it cheaper than anybody in

Asia or elsewhere, misses the point.

00:43:28.880 --> 00:43:35.360

<v SPEAKER_5>We did it because it was in the strategic national interest to have that capacity.

00:43:35.360 --> 00:43:43.820

<v SPEAKER_5>And there's a whole other conversation about getting, and this goes to Vince's point about this has to be sustained.

00:43:43.820 --> 00:43:50.960

<v SPEAKER_5>And sustainment is part of the deep strategic conversation here.

00:43:51.820 --> 00:43:55.020

<v SPEAKER_5>Buying the big shiny objects is one thing.

00:43:55.020 --> 00:43:59.560

<v SPEAKER_5>And to be honest, as bad at it as we are, it's actually the easy part.

00:43:59.560 --> 00:44:10.680

<v SPEAKER_5>It's owning and sustaining those big shiny objects and everything that they represent over their life cycle, which is where we have an enormous opportunity.

00:44:10.680 --> 00:44:14.620

<v SPEAKER_5>And to be honest, we've been asleep at the wheel.

00:44:14.620 --> 00:44:17.000

<v SPEAKER_5>So that's a long answer, but hopefully a useful one.

00:44:17.400 --> 00:44:21.080

<v SPEAKER_1>But we have, as you said, developing itself for Alliance.

00:44:21.080 --> 00:44:22.020

<v SPEAKER_1>Go ahead, Vincent.

00:44:22.020 --> 00:44:24.940

<v SPEAKER_4>I think that's a really critical point that Mark makes.

00:44:24.940 --> 00:44:34.540

<v SPEAKER_4>In all my years in defence, half my career, Mark, that word readiness came up again and again and again, all the components that go into readiness.

00:44:34.540 --> 00:44:56.000

<v SPEAKER_4>So it's not just the big platforms, but it's about the people, it's about maintenance, it's about parts, it's about training, it's about all of those things together to add up to basically provide

a ready force that can operate across a spectrum of activities right up to and including combat.

00:44:56.000 --> 00:45:02.740

<v SPEAKER_4>And so it's not just about having the submarines and the tanks and the fancy aircraft, et cetera.

00:45:02.740 --> 00:45:07.960

<v SPEAKER_4>That's what I think most of the public focuses on, but it's all that other stuff and it's the processes.

00:45:07.960 --> 00:45:10.640

<v SPEAKER_4>We haven't talked a lot about the procurement process.

00:45:10.640 --> 00:45:12.520

<v SPEAKER_4>We all know it's broken and needs to be fixed.

00:45:13.040 --> 00:45:17.960

<v SPEAKER_4>But if we don't fix that people problem, we're in a world of pain.

00:45:17.960 --> 00:45:26.100

<v SPEAKER_4>And I think a lot of it starts with people and procurement and moving on from there, but not just the big shiny things, as important as they are.

00:45:26.100 --> 00:45:27.100

<v SPEAKER_1>All right.

00:45:27.100 --> 00:45:28.000

<v SPEAKER_1>Good conversation.

00:45:28.000 --> 00:45:34.020

<v SPEAKER_1>And my final question, and I'm going to let you lead on this one, Perrin, because you already talked about the book you're reading on CD.

00:45:34.020 --> 00:45:35.640

<v SPEAKER_1>Howe's Dollar a Year Man.

00:45:35.640 --> 00:45:37.800

<v SPEAKER_1>What are you reading or streaming these days?

00:45:37.800 --> 00:45:38.760

<v SPEAKER_1>And you can plug the book.

00:45:39.800 --> 00:45:42.220

<v SPEAKER_2>A very good book on CD.

00:45:42.220 --> 00:45:44.280

<v SPEAKER_2>Howe and the Dollar a Year Man.

00:45:44.280 --> 00:45:48.780

<v SPEAKER_2>Can't tell you much more at this point because it hasn't been published, but it is superb.

00:45:49.180 --> 00:45:59.920

<v SPEAKER_2>And what it does, Colin, is really highlight the incredible success that we had during World War II in retooling our economy and becoming an industrial powerhouse.

00:46:01.040 --> 00:46:05.360

<v SPEAKER_2>We can do it again if there's the will to work together.

00:46:05.360 --> 00:46:06.820

<v SPEAKER_1>Tim, what are you reading or streaming?

00:46:08.600 --> 00:46:11.900

<v SPEAKER_3>I'm actually reading a book that's somewhat similar.

00:46:11.900 --> 00:46:15.160

<v SPEAKER_3>It's called The War in the West, The Allies Strike Back.

00:46:15.160 --> 00:46:18.020

<v SPEAKER_3>It's by British author James Holland.

00:46:18.020 --> 00:46:20.380

<v SPEAKER_3>He's written a lot of books about World War II.

00:46:20.380 --> 00:46:29.740

<v SPEAKER_3>And what he tries to do is instead of looking at kind of the soldier level view, or kind of the prime minister level view, he actually looks at the operational level.

00:46:29.740 --> 00:46:31.100

<v SPEAKER_3>How did the times get produced?

00:46:31.100 --> 00:46:32.500

<v SPEAKER_3>How did they get to people?

00:46:32.500 --> 00:46:33.820

<v SPEAKER_3>Who was good at producing that?

00:46:33.980 --> 00:46:40.820

<v SPEAKER_3>And he really draws out the ability of the Allies to really, from virtually nothing, create these defence industries almost from scratch.

00:46:40.820 --> 00:46:42.700

<v SPEAKER_3>Like churn out tanks and ships.

00:46:42.700 --> 00:46:45.120

<v SPEAKER_3>You know, were they the best possible tanks you could have?

00:46:45.120 --> 00:46:52.320

<v SPEAKER_3>Not necessarily, but the Allies could build 10 tanks in the time that it took the Germans to build one, because the Germans wanted to have like the perfect tank.

00:46:52.320 --> 00:46:55.540

<v SPEAKER_3>And in the end, that's what won the Allies the war.

00:46:55.540 --> 00:46:57.380

<v SPEAKER_1>All right, James Holland, The War in the West.

00:46:57.380 --> 00:47:01.560

<v SPEAKER_1>I heartily endorse, because having read the book, I agree with you.

00:47:01.560 --> 00:47:02.840

<v SPEAKER_1>Mark, what are you reading or streaming?

00:47:03.280 --> 00:47:11.200

<v SPEAKER_5>Well, I was given a book a couple of weeks ago by my new son-in-law.

00:47:11.200 --> 00:47:13.660

<v SPEAKER_5>And it's a translation.

00:47:14.000 --> 00:47:39.200

<v SPEAKER_5>You're going to laugh at me here, but it's a translation of a Chinese book about the three-body problem, and kind of a fictional account of some interesting scientific challenges, early in the life of what we now know as the Chinese Communist Regime.

00:47:39.200 --> 00:47:44.660

<v SPEAKER_5>So I'm learning some stuff and enjoying the read.

00:47:44.660 --> 00:47:48.340

<v SPEAKER_5>And it's by Ken Liu.

00:47:48.340 --> 00:47:54.460

<v SPEAKER_5>And I can't give it a full recommendation yet because I haven't got through it, but maybe check back later.

00:47:54.460 --> 00:47:56.400

<v SPEAKER_1>Ken Liu, The Three-Body Problem.

00:47:56.400 --> 00:47:59.640

<v SPEAKER_1>Vincent, what are you reading or streaming these days?

00:47:59.640 --> 00:48:03.780

<v SPEAKER_4>I think the last time I was on your podcast, Colin, I gave you the same answer.

00:48:03.780 --> 00:48:05.900

<v SPEAKER_4>So I apologize because I'm a slow reader, I guess.

00:48:05.900 --> 00:48:12.080

<v SPEAKER_4>But I'm reading Snyder on Freedom, which I'd be reading in combination with On Tyranny.

00:48:12.080 --> 00:48:21.620

<v SPEAKER_4>I'm just fascinated by Snyder's views on these concepts right now, especially given what's happening south of the border and what I think is a constitutional crisis in the United States.

00:48:21.620 --> 00:48:28.000

<v SPEAKER_4>And we're actually thinking of holding a fairly big conference at Max Bell next year on this and the implications for Canada.

00:48:29.700 --> 00:48:31.000

<v SPEAKER_4>So a fascinating reading.

00:48:31.000 --> 00:48:33.920

<v SPEAKER_4>And Snyder, as you probably all know, is now UT.

00:48:33.920 --> 00:48:37.340

<v SPEAKER_4>So a Canadian resource to a certain extent now.

00:48:37.340 --> 00:48:39.280

<v SPEAKER_4>So great, great stuff.

00:48:39.280 --> 00:48:39.600

<v SPEAKER_1>All right.

00:48:39.600 --> 00:48:41.080

<v SPEAKER_1>On Freedom and On Tyranny.

00:48:41.080 --> 00:48:41.480

<v SPEAKER_1>Thank you.

00:48:41.480 --> 00:48:42.240

<v SPEAKER_1>All right.

00:48:42.240 --> 00:48:43.560

<v SPEAKER_1>Gentlemen, thank you so much.

00:48:43.560 --> 00:48:46.240

<v SPEAKER_1>Thanks for listening to this episode of The Global Exchange.

00:48:46.240 --> 00:48:53.320

<v SPEAKER_1>We are joined today by the Honourable Perrin Beatty, Vice Admiral Retired Mark Norman, Vincent Rigby and Tim Sargent.

00:48:53.320 --> 00:48:55.500

<v SPEAKER_1>We'll link to the white paper in the program notes.

00:48:55.500 --> 00:48:59.820

<v SPEAKER_1>It is available on the Carleton and Canadian Global Affairs Institute websites.

00:48:59.820 --> 00:49:03.340

<v SPEAKER_1>The Global Exchange is brought to you by our team at The Canadian Global Affairs Institute.

00:49:03.340 --> 00:49:07.860

<v SPEAKER_1>My thanks go out to our producer, Jordyn Carroll, and to Drew Phillips for providing our music.

00:49:07.860 --> 00:49:09.200

<v SPEAKER_1>I'm Colin Robertson.

00:49:09.200 --> 00:49:11.040

<v SPEAKER_1>Thanks for joining us today on The Global Exchange.