

00:04:52

Speaker 1

Can I get you to remove the lanyard?

00:04:53

Speaker 1

And this will be your belt pack.

00:04:58

Speaker 1

You can put it in a pocket or attach it to your belt, whatever you prefer.

00:05:04

Speaker 1

Front is actually a little bit better.

00:05:08

Speaker 1

And then you can stuff the wire wherever you'd like, as long as you wouldn't mind me clipping this to your shirt.

00:05:42

Speaker 1

One, two, one, two, one, two, one, two.

00:08:51

Frank

121.

00:09:26

Dave

All right, good morning everyone.

00:09:39

Dave

Can I ask everybody to grab a seat please?

00:09:52

Dave

Thanks very much.

00:09:57

Dave

We got lots of folks coming today where we're not quite can set crowded so you should be able to get a seat.

00:10:02

Dave

So good morning.

00:10:05

Dave

Wonderful to see everybody.

00:10:06

Dave

Thanks for joining us for what we're hoping to be a great discussion all day long on implementing Canada's defense industrial strategy.

00:10:15

Dave

As everybody in the room would be aware, obviously there's been very huge change in Canadian defense, just a short time.

00:10:21

Dave

And the industrial strategy published earlier this year is one of the most consequential changes, signaling, I think, that it's no longer business as usual for defense innovation, production, and acquisition.

00:10:34

Dave

The new, build, partner, buy frameworks elevating Canadian defense production and importance.

00:10:39

Dave

It's focusing on new and renewed relationships, securing our supply chains while procuring the Canadian Armed Forces the capabilities they need to deter and defend against modern threats.

00:10:50

Dave

The strategy is bold and broad in scope, and the point of today is to hear more from folks in both government and the private sector and outside about how the intent that's outlined in that strategy can be best moved forward and delivered.

00:11:04

Dave

We've been trying to be fairly comprehensive in what we're covering today, but also complement lots of other discussions that are happening and to try and time this to have before the silly season with the house ends in a few days here to add a little momentum to the implementation before folks start heading to the cottage.

00:11:23

Dave

Really happy to announce that we're conducting this conference as the first activity in the second iteration of our renewed triple helix

00:11:30

Dave

Mobilizing Insights in Defense and Security Program Collective Network with National Defense.

00:11:36

Dave

We're just starting this now, a second iteration of a three-year effort to bring together think tanks, defense industry, and academia to look at innovation and the intersection with defense, and a particular focus on this renewed version on the implementation and intersection with the defense industrial strategy.

00:11:54

Dave

Very happy to be joined this morning by one of our partners, Victoria Bellman from ACATA, the Atlantic Canadian Defence Association, who's been working with us.

00:12:02

Dave

We've got partners from the Norman Paterson School of International Affairs and Oliver Wyman in industry as well.

00:12:07

Dave

If anybody else in the room is interested in getting involved, come see myself or Charlotte or my colleague Nicole Butler, who's our new addition.

00:12:15

Dave

Nicole, I'm going to embarrass you, stand up and wave.

00:12:17

Dave

Nicole's our Western Canadian Defence lead.

00:12:20

Dave

If you're interested in getting involved, come see one of the three of us today.

00:12:24

Dave

Now, having just acknowledged that we're doing this with the support of the Department of National Defense, no, thank you, Department of National Defense.

00:12:32

Dave

But quick disclaimer, as folks would expect, none of the views here today necessarily reflect those of anyone in the Government of Canada, the Department of National Defense, or the Canadian Armed Forces.

00:12:44

Dave

Also want to give thanks and recognition to the other folks that help us put on the conversation here today, starting with our strategic sponsors, Lockheed Martin Canada,

00:12:52

Dave

General Dynamics in Canada, Honwa Defence and Ocean, BAE Systems, Amazon Web Services, Cove Ocean, Davies Shipyards, Microsoft, Calion, Black Diamond, and Stantec.

00:13:05

Dave

Also want to thank our conference sponsors, TKMS, for a title sponsorship in the lanyards, for RTX, for providing lunch, Dominion Dynamics for the welcome this morning, Hatch for registration, and the support from Airbus.

00:13:18

Dave

Thanks very much, everyone.

one final note, QR code on the back of the lanyard is where you find access to the program in BIOS.

00:13:32

Dave

Give that a scan.

00:13:32

Dave

I'm now going to invite Elliot Pence, the founder and CEO of Dominion Dynamics, our welcome sponsor, to provide some opening comments if I can find him.

00:13:40

Dave

Elliot.

00:13:52

Eliot

It's a pleasure to be here.

00:13:54

Eliot

About a year or maybe 13 or 14 months ago, I made my trek back to Canada and the first person that I talked to

00:14:01

Eliot

Was Dave, and it was maybe the most depressing conversation I've ever had about defense in.

00:14:07

Eliot

the world, literally.

00:14:08

Eliot

I've been doing business in 40, 50 countries over the last two decades.

00:14:14

Eliot

He was saying words like policy cover, cabinet memo, things that I had really never understood or care to understand, but that were foundational to Canadian defense and how we get things done.

00:14:29

Eliot

I just have a couple of minutes, but I thought I would provide some reflections on

00:14:34

Eliot

the enormity of what Canada has committed itself to with the defense industrial strategy.

00:14:41

Eliot

What a difference a year makes.

00:14:43

Eliot

I'm massively optimistic about this country, about the defense sector, in particular about the direction of our national security efforts.

00:14:51

Eliot

And I'm thankful to people like Dave and CGAI for really pushing the ball forward and adding extreme substance on that.

00:15:00

Eliot

But one of the core goals of the defense industrial strategy

00:15:04

Eliot

is to take defense industry revenue from around \$15 billion to \$50 billion in the course of, call it, nine-ish years.

00:15:14

Eliot

What that means in practice is a contract has to be signed somewhere between the order of magnitude of \$5 to \$15 million every single day until 2035.

00:15:31

Eliot

Think about that.

00:15:33

Eliot

My understanding is that to get a \$50 million contract through the government, it takes usually 6 to 18 months.

00:15:41

Eliot

We have to do that every single day for 10 more years.

00:15:48

Eliot

I think as you think about, okay, well, where does this go?

00:15:52

Eliot

How does this happen?

00:15:54

Eliot

We have roughly 600 defense companies, probably 200 that are single-use defense companies.

00:15:59

Eliot

The rest are probably dual-use.

00:16:02

Eliot

And so what we're talking about is in about 20 months, we exhaust the number of domestic defense companies that we could give those contracts to.

00:16:13

Eliot

Then what?

00:16:15

Eliot

I think many of the answers are offered in CGAI's paper that I think many of you have

00:16:24

Eliot

on your table.

00:16:25

Eliot

It's an excellent paper by Alex and Dave, which really articulates the need and necessity to delegate authorities, increase those authorities to the war fighter, to soldiers, to the CAF, which has been shockingly missing in this country.

00:16:42

Eliot

I think the only way that we get to anywhere near to the goals that we have in the DIS, at least from a defense

00:16:50

Eliot

industry revenue perspective is by giving those individuals more authorities to do it.

00:16:55

Eliot

No longer can we do the normal RFP, the normal RFI, ops analysis that takes 12 to 18 months.

00:17:03

Eliot

We actually have to do this on a weekly basis, not on a yearly or annual or monthly basis.

00:17:09

Eliot

The speed and rapidity of change

00:17:12

Eliot

not just in warfare, but in how we procure things for war, will be the central defining feature of whether or not we come close to hitting the goals and the disks.

00:17:23

Eliot

And I think many of you in the room hold the secrets to how we do that.

00:17:28

Eliot

And so I'm grateful for the opportunity to chat about that today and grateful for CGAI.

00:17:34

Eliot

Thanks, Dave.

00:17:41

Dave

Okay.

00:17:42

Dave

Now we're going to start off with something a little bit different.

00:17:44

Dave

I'm going to ask Frank Graves, who's the founder and president of ECOS Research Associates, as well as a fellow with the Institute, to come up and substantively open up the conference, giving a bit of a snapshot on how Canadians are thinking about defense in 2026.

00:17:58

Dave

So Frank, can you join us up here, please?

00:18:13

Frank

Well, thank you very much, and I'm delighted to be here.

00:18:15

Frank

I'm going to give you a quick tour of what's been a pretty turbulent period of public opinion in Canada.

00:18:24

Frank

In fact, let me just start getting some slides up here, so I have my prompt.

00:18:32

Frank

Where do they go?

00:18:34

Frank

Is there anything showing behind me?

00:18:36

Frank

Okay, great.

00:18:41

Frank

I'd like to begin by noting that I'm going to talk about the foundations of what's been a remarkable shift in public outlook on defense and defense spending, which has always been an area of, let's kindly call it tepid support in Canadian public opinion.

00:18:55

Frank

That's all changed.

00:18:57

Frank

The foundations that I'll talk about are impressive.

00:19:00

Frank

They emerge dramatically and rapidly.

00:19:02

Frank

But I also want to signal some of the potential fault lines, some potential tensions within this consensus

00:19:09

Frank

which we should be mindful of as we go forward.

00:19:12

Frank

I don't think they're imminently threatening, but they're things certainly to keep in mind because profound changes are the new constant.

00:19:19

Frank

And I'll start by talking about how people, well, I go back and think about just, and I don't wanna mire this in sort of the politics, but at the close of 2024, our final poll had the Conservatives with a 26 point lead, a massive majority.

00:19:38

Frank

Literally in the middle of January, two weeks later, we saw half that lead was gone, and it all had evaporated by the end of January, a movement I've never seen.

00:19:47

Frank

And what drove that was a number of factors, but nothing was more important than the twin forces of security and sovereignty.

00:19:54

Frank

This was a recoil effect.

00:19:56

Frank

Trump 2.0.

00:19:57

Frank

Canadians weren't expecting it was going to be great, but it was alarmingly worse than they thought.

00:20:03

Frank

And so this really propelled at the same time

00:20:07

Frank

the support for defense spending, which escalated.

00:20:11

Frank

So these twin forces, the political landscape is also defined by a period of profound dread, and I don't use that word lightly.

00:20:23

Frank

We started tracking whether people thought the world had become more dangerous or safer in the last 10 years immediately after September 11th, when we saw a huge rise in fear of the external world, which previously was seen as

00:20:36

Frank

something very welcoming.

00:20:37

Frank

The world was flat, history was over, all of a sudden it was frightening.

00:20:41

Frank

The numbers, and I'll show you the actual charts, since that time, this is since September 11th, have actually continued to rise and have risen steeply to the point where they are now at the highest levels they've ever been.

00:20:56

Frank

This profound sense of dread about the world is something which is also a key ingredient of this new response to security and defense.

00:21:05

Frank

So how has this affected specifically views on defense spending?

00:21:09

Frank

Well, first of all, I want to stress that the public fluency about the innards of the defense industrial strategy is really quite limited.

00:21:21

Frank

The permission is there, but it's based on a very low understanding of what's going on.

00:21:25

Frank

In fact, if we break out those who understand and are aware of it from those who aren't, there's no difference.

00:21:29

Frank

So that's interesting.

00:21:31

Frank

But this new Canadian zeitgeist has propelled support for defense spending to previously unimaginable levels.

00:21:38

Frank

The vast majority agree that Canada's a critical role in defense in both the Arctic and North America.

00:21:44

Frank

Three-quarters say that it's growing in the defense industry should be a top priority.

00:21:49

Frank

By a 12 to 1 margin, the super majority Canadians say we should spend even more, not less, on the military.

00:21:56

Frank

And this largely interestingly transcends partisan boundaries, which is one of the unique features because polarization is one of the key features of our society these days.

00:22:06

Frank

There are some lower levels of support amongst youth and those of lower socioeconomic status, so we want to watch that space, particularly this profound generational chasm that we see in Canada, which continues to widen.

00:22:22

Frank

So let me see if I can get you.

00:22:25

Frank

So just to give you a sense, this is support for a 5% budget.

00:22:29

Frank

And by the way, the public glaze over at the idea of what is 5%, what's \$300 billion, \$200 billion.

00:22:36

Frank

But you see the support is in the majority for all, but there is a clear monotonic progression in support as you get older.

00:22:42

Frank

And older, more affluent, more educated Canada, are more supportive of the government, more supportive of depends, but it's much broader than that.

00:22:51

Frank

It's also notable that if I were to show you this broken down by your level of disinformation, which you would think would have nothing to do with it, it's actually equally predictive.

00:23:00

Frank

And it's equally predictive of things like whether you think NATO is a good or a bad thing with a disinformed, much more likely to think, oh, it's a bad thing.

00:23:07

Frank

Russia's probably okay.

00:23:09

Frank

Support for building key capacities.

00:23:12

Frank

So even though the familiarity with the defense industrial strategy is limited, the permission is quite robust.

00:23:20

Frank

That there's really not any differences in supports across the key segments they're modest.

00:23:25

Frank

This broad support from keeping capacity is built on images of really 20th century defense, although it is true that when we ask Canadians to think about what are the most threatening things about the future.

00:23:40

Frank

They put things like AI and foreign interference and cybersecurity really at the top of the list.

00:23:44

Frank

So they're mindful that there are changes, and I think there's a bit of a lag in terms of their preferences of what areas we should be investing in.

00:23:51

Frank

So Canadian perceptions of what kind of equipment need is grounded, as I said, in 20th century, but I think that might be something which could change quite clearly.

00:24:01

Frank

Here you see that the familiarity with the defence industrial strategy is really quite limited.

00:24:08

Frank

People overstate it in survey, so you can realize that it's really quite low.

00:24:12

Frank

But you have this permission which is not informed, and it shouldn't include the fact that there are shoals in the future which might emerge despite the strength of this impressive consensus which exists right now.

00:24:25

Frank

Perceptions of the industry per se itself, by a two to one margin, Canadians hold a positive view of the defense industry, which has risen quite significantly in lockstep with support for more funding.

00:24:37

Frank

Positive impressions rise progressively with age.

00:24:40

Frank

And there's overwhelming support for a strong, successful, and independent defense strategy industry.

00:24:47

Frank

Support consistently is high across the political spectrum and across demographics.

00:24:53

Frank

So the wind are definitely in the sails of the defense industry.

00:24:56

Frank

Are there links to renewing this in a sense of nation building and how it connects to the economy?

00:25:01

Frank

Those will be critical yardsticks the public will ultimately judge it by.

00:25:06

Frank

So importance of the defense industry.

00:25:08

Frank

These questions are quite striking.

00:25:10

Frank

For national security reasons, some defense technology should be produced in Canada for Canada.

00:25:15

Frank

Only 4% disagree.

00:25:17

Frank

Canada should have defense industry that is independent from the United States.

00:25:20

Frank

I'll look at that question a little more carefully and briefly in the moment because I'm not so sure that the perception of a structural rupture, which is viewed by the majority of Canadians, is something that actually is what's going to transpire in the future.

00:25:32

Frank

Innovations in defence technology can benefit the rest of the economy.

00:25:36

Frank

That's really important.

00:25:37

Frank

The Canadians are signalling that this level of support is also associated with, and this is particularly true in younger Canada,

00:25:44

Frank

A really pervasive sense of gloom about the economy.

00:25:48

Frank

Only 6% of people under 35 think they're doing better than their parents were, and the number going forward is equally low.

00:25:55

Frank

Connecting this with a narrative economic hope will be really important.

00:25:59

Frank

Attitudes to procurement, strong support for strengthening Canada's military capacity, stockpiles, rejection of the notion that cost should be the primary consideration.

00:26:09

Frank

This is not just simple propligacy, it's an aversion to dealing with the explicit trade-offs.

00:26:18

Frank

Okay, let me just show you a couple of final slides here.

00:26:29

Frank

I just want to show you a couple of things.

00:26:30

Frank

On this Canada-US rupture, as I say, I think Canadians, it's split on partisan lines, but this slide, if I could show it, where's the one which shows ally?

00:26:40

Frank

I'll just tell you that when we ask what the best reflects our view on what is the United States is to Canada, a scant 10% say it's an ally.

00:26:50

Frank

And 25% say it's an adversary.

00:26:53

Frank

That's really quite shocking.

00:26:55

Frank

Okay, I'm just going to read a few conclusions.

00:27:01

Frank

Okay, so the world has never seen as more dangerous and with a ruptured relationship with the United States, whether that's

00:27:10

Frank

permanent or not remains an opening question.

00:27:13

Frank

Canadians are responding with strong support for a much more robust defence industry.

00:27:19

Frank

They don't believe that Canada is currently well equipped, although they see trajectory improvements.

00:27:24

Frank

And this is a broad cross-partisan agreement.

00:27:28

Frank

I think there are some fault lines that we should be mindful, particularly the connections with younger Canada, connections of what might be happening with the economy.

00:27:36

Frank

Connections with what happens in the midterms because a lot of what's propelled this is a response to the Canadians' almost universal negativity towards Donald Trump and his administration.

00:27:48

Frank

If that changes, that really might change some of the dynamics.

00:27:52

Frank

I think the key, though, moving forward would be to demonstrate profound and immediate connections to economic well-being, productivity, innovation.

00:28:01

Frank

That's what the public will judge this by, particularly younger Canada.

00:28:04

Frank

Thank you very much.