

Canadian Defence Policy

Briefing papers by Ernie Regehr, O.C., Senior Fellow in Arctic Security and Defence

March 28, 2022

Security Spending in Insecure Times

Canada and all of NATO are necessarily rethinking their security postures in response to Russia's aggression against Ukraine, with all its ensuing horrors. But the haste with which NATO has come to focus on increasing military spending, in an already heavily armed alliance, ignores the centrality of non-military security measures. Peacebuilding and diplomacy, both seriously under-funded, are key to ending and preventing wars, and for building the conditions for sustainable peace.

Pundits and editorialists have delivered a near-unanimous verdict – that Canadian and NATO military spending has been woefully inadequate in the face of Russian aggression, and that now is the time to do something about it. According to this readily formed consensus, “doing something” is defined as committing to major long-term military spending increases. But the inconvenient truth is that the numbers don’t back up this familiar and now reinvigorated conventional wisdom. NATO military spending already surpasses that of Russia many times over. And, as for Canada, it is still and consistently has been within the top fifth of NATO’s 30 members in absolute military spending. Furthermore, the extraordinary destructiveness of modern warfare, once again on tragic display, should remind us of the Mikhail Gorbachev dictum that the essential role of modern military forces must be to prevent, not “win,” wars.¹ Military forces certainly need to be properly funded and equipped for war prevention, but so too do peacebuilding and diplomacy.

NATO vs Russian military spending and capacity

NATO’s own reporting puts the collective military spending of its 30 member states at US\$1.106 trillion in 2020, and an estimated \$1.174 trillion for 2021.² NATO arrives at those totals by converting figures reported by member states in their respective currencies into US\$ at current exchange rates. Russian military spending is calculated in the same way by the Stockholm International Peace Research Institute (SIPRI), and it places Russia’s 2020 military spending at the equivalent of \$66.8 billion³ – in other words, at 6 percent of NATO spending. Stated another way, by those measures NATO members collectively spend at least 16 times as much as Russia does on military preparedness.⁴

Of course, it’s not quite as simple or stark as that. Analysts, including those at SIPRI, point out that such spending comparisons are not necessarily a reliable measure of respective military capacity. How that money is spent (for example, relative spending on personnel, equipment/weapons, research and development, and so on) makes a difference. Past rates of spending are also relevant for assessing the comparative capacities in accumulated arsenals. In Russia’s case, some Western analysts find it useful to also use a “purchasing power parity” (PPP) measure instead of a straightforward currency conversion, factoring in Russia’s ability to purchase military goods and services domestically on much more advantageous terms using its own currency. Similar PPP rates for military spending in NATO states are not available for direct comparison with Russian spending, but SIPRI points out that “there are strong indications that military goods and services cost less in Russia than in the USA or most of Europe.”⁵ Thus, the International Monetary Fund calculates Russian military spending power at the equivalent of about US\$167 billion (rather than \$66.8 billion) in 2020. But that still amounts to only about 15 percent of NATO spending. Of course, not all of the military capacity of NATO states, notably the US and Canada, is focused on European defence, but neither is all of Russia’s military capacity available for its European flank.

Is Canada a military laggard?

Portrayals of Canada as a defence spending laggard are ubiquitous, but, again, NATO numbers do not support that dominant narrative. Canada's 2021 defence expenditures, according to NATO counting criteria, reached US\$26.5 billion – that is the sixth highest in absolute military spending among NATO members (just within NATO's top 20 percent).⁶ NATO includes items in defence spending that are not included in Canada's own numbers, but that counting methodology applies across all members, so the numbers and ranking comparisons stand – and those are not the numbers of a laggard. Canada's own numbers in the Department of National Defence Main Estimates for 2020-21 are C\$23.3 billion.⁷ SIPRI ranks Canada at 13th in world in military spending in 2020 – well within the top 10 percent of military spenders world wide (where Canada has long ranked).⁸ The Canada-as-laggard school of commentary doesn't challenge those numbers, it just ignores them, focusing instead on Canadian defence spending as a percentage of GDP⁹ – which, at 1.4 percent, does indeed currently put Canada at fourth from the bottom in NATO.

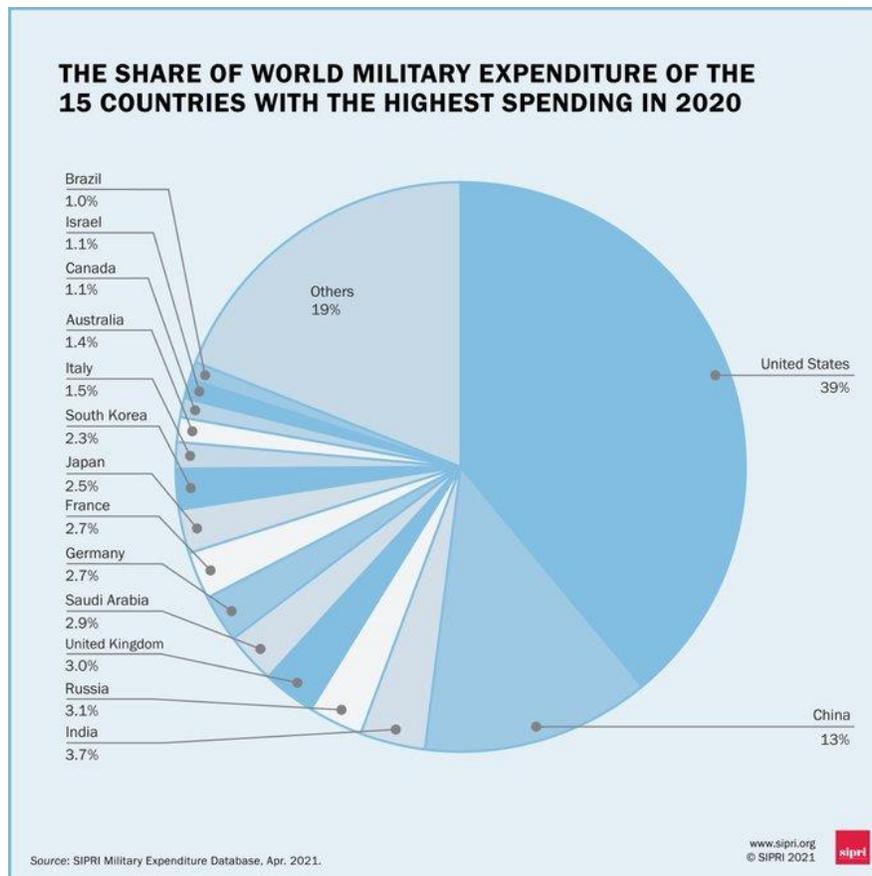
There are long-standing proposals to peg both military and development spending to consistent percentages of GDP as a way of ensuring ongoing funding increases. The pledge of NATO states to “aim to move towards the 2 percent guideline”¹⁰ is well known. It was first formalized in 2006, but by 2021 fewer than a third of NATO states had met that goal – and in the spirit of not wasting a crisis, NATO is keen to use this one to add new pressure, even though the alliance already outstrips all competitors. For Canada to meet the 2 percent target would require a minimum of another \$12 billion annually.

A parallel spending formula is the UN's 1970 proposal that the world's more prosperous states peg their official development assistance (ODA) to at least .7 percent of gross national income (GNI).¹¹ The Development Assistance Committee of the OECD (Organisation for Economic Co-operation and Development) consists of 30 donor states, and only six have to date reached or surpassed the .7 percent target (the UK, Germany, Denmark, Luxembourg, Norway, and Sweden), the latter three with ODA budgets at more than 1 percent of GNI. In 2020 Canadian ODA was just under US\$5 billion in absolute spending (as calculated by OECD), or .31 percent of GNI.¹² Canada ranks 9th highest of the 30 OECD donor states in absolute spending (just making it into the top one-third), and ranks 14th highest in percentage of GNI (just making it into the top half).¹³ The Canadian ODA budget would obviously have to more than double for Canada to reach the .7 percent target and to make Canada a more serious development and peacebuilding presence.

Linking defence and ODA spending levels to national wealth invokes an ability-to-pay principle, which makes good sense when it comes to development assistance, but there is considerably less logic to linking defence spending to national wealth. Inasmuch as ODA is a wealth transfer mechanism (roughly analogous to Canada's inter-provincial equalization payments), the link to GDP makes eminent sense. Relative national wealth is a credible, concrete way to establish a state's financial obligations to the less wealthy of the world. But national defence spending obligations are logically tied to national security requirements, not to wealth and the ability to pay. No state's national defence requirements rise because its GDP has risen. There is of course an obligation on all states to contribute to international peace and security (which is not the same as an obligation to NATO), and high-income states should be more forthcoming than those with more limited means, but military spending levels should fundamentally be linked to national defence requirements, not wealth levels.

Canada, for example, has a range of enduring defence responsibilities (currently including renewal of the North Warning System), but these are in no way conditioned by the size of our GDP. Monitoring Canadian frontiers and approaches to Canadian air, sea, and land spaces, including in the Arctic, is an ongoing obligation, and the job doesn't get bigger or smaller, or more or less expensive, just because our GDP rises or, sometimes, declines. The same goes for the military's responsibility to aid civil authorities in search and rescue and disaster response. Furthermore, in Canada, the near universally accepted threat assessment is still that we face no – or very little

— direct military threat. And just as surely as the presence of imminent military threats is expected to increase requirements for military planning and preparedness, and thus costs, so too should the absence of such threats ease requirements and costs. Why would states not facing direct threats choose to spend as much on defence as those under credible threat?



Increasing Canadian security spending

Three baskets of spending most directly relevant to war prevention and Canadian and international security, are defence, development (peacebuilding), and diplomacy (including nuclear disarmament diplomacy), and given the existential threat of climate change, reversing it and mitigating its effects should certainly be regarded as a fourth basket of security spending. The military role in war prevention is well recognized (including monitoring of frontiers, proffering credible challenges to potential aggressors, and peacekeeping¹⁴), but too little attention and funding are focussed on addressing the roots of armed conflict.

Those roots are prominently found in violations of basic human rights, non-inclusive governance, inter-communal tensions, political marginalization, distrust of public institutions, economic inequity (exacerbated by climate change), and sometimes, as we've been brutally reminded, naked aggression. Addressing such conditions requires wholistic, all-of-government approaches, and the primary funding basket which supports constructive social/political/economic initiatives is the development/peacebuilding basket – that is, ODA spending. And in that, Canada comes closer to being a genuine laggard. Spending in 2020 was C\$6.625 billion,¹⁵ a significant program, but it would more than double if Canada were to meet the .7 percent of GNI objective.

Diplomacy too is obviously central to war prevention (and termination). UN Secretary-General António Guterres has said of the current war in Ukraine that it “cannot be won,” and that “sooner or later it will have to move from the battlefield to the table of the world.”¹⁶ Virtually no war ends without a peace process and peace negotiations, which means that states that are serious about security and stability invest in those diplomatic negotiating tables, rather than in already bulging military arsenals designed for combat in conflicts that will ultimately yield no military solution. As Mikhail Gorbachev very recently wrote to a colleague, “No challenge or threat facing humanity in the 21st century can be solved militarily.”¹⁷

Sadly, Canadian Foreign Minister Mélanie Joly has been pilloried for her eminently practical and realistic reference to the importance of convening power and her call for expanded Canadian diplomacy.¹⁸ No one who has ever been close to a peace process will mock “convening power” (as some pundits have). Summit diplomacy has certainly been an active and welcome feature of the current Ukraine crisis, but it is still a long way from identifying the conditions, and compromises, that might potentially become the basis of a ceasefire (one hopes and expects there are in fact extensive behind-the-scenes contacts and exchanges to move just such explorations forward).

But there is, of course, a lot more to peace diplomacy. When wars finally do end, the economic, social, and political conditions that led to conflict invariably remain unresolved. That will certainly be the case in this war. We don’t know the conditions that will prevail when it ends, but direct conflict resolution diplomacy, peacebuilding, and humanitarian support will be crucial to prevent a return to violence and armed conflict. Ukrainians will obviously be central to such efforts, but international diplomacy help will be needed then as much as now to meet the challenges by helping to bring political and faction leaders, officials, experts, opinion leaders, civil society groups and other stakeholders together to reach across divides and explore the requirements for sustainable peace. Such processes require substantial resources, but at only a fraction of the billions in increased military spending being proposed, which, in Canada’s case, would in reality have little perceptible impact on NATO’s collective military capacity.

The Department of Foreign Affairs/Global Affairs Canada has never been a big ticket spending point, yet it has always been an easy mark for cuts in the time of austerity, and never, it seems, a priority in the good times. As the *Globe and Mail* put it in 2012 when the Harper Government was once again cutting the department’s diplomacy budget by up to 10 percent, “the Department of Foreign Affairs has always been unloved in Ottawa.”¹⁹ And when the Liberals succeeded the Conservatives, the now named Global Affairs Canada, that budget continued to be an easy mark. In 2015 the department’s budget for International Advocacy and Diplomacy stood at \$985 million and for the next five years fluctuated around the \$950 million mark. But in 2021 there was a drop of 5 percent into the \$895 million range, with a further \$5 million drop projected for the fiscal year ending in 2023.²⁰ And neither the departmental budget nor Canada’s international influence is help by the revolving door to the Minister’s office – Ms. Joly is the 15th minister since October 2000.

NATO, Ukraine, and the deadly irony of nuclear deterrence

As NATO’s numbers confirm, its military capacity is already vastly superior to that of Russia. NATO’s current (and wise) reluctance to intervene directly in combat support of Ukrainian forces battling Russia is not due to a lack of military capacity to effectively challenge Russia. NATO demurs, as it rightly points out, because it fears that in response to direct NATO attacks, Russia would launch attacks on NATO member states, spreading this war of massive destruction and putting millions more people at risk.

And if conflicts ultimately have no military solutions, they certainly have no nuclear solutions. The most profound and viscerally disturbing reality at the core of NATO reluctance is the possibility that direct combat

against Russian forces could result in escalation to nuclear attack (with Russia, as President Putin brazenly put it, being prepared to inflict on Ukraine and beyond, “consequences you have never faced in your history”²¹).

Meanwhile, NATO’s current strategic concept still holds to the audacious assertion that “the supreme guarantee of the security of the Allies is provided by the strategic nuclear forces of the Alliance,”²² It is an audacity that is currently proving hollow. In the present crisis, Russian nuclear weapons are actually the supreme impediment to NATO answering Ukraine’s repeated call – and NATO’s nuclear weapons do nothing to change that. In the circumstances, NATO simply, and understandably, does not trust its own nuclear deterrent. It cannot be sure that Russia would be deterred and fears instead that Russia could indeed, despite Western nuclear arsenals, resort to a nuclear attack in the face of NATO’s overwhelming conventional superiority. So NATO prudently holds back – demonstrating that the nuclear arsenals of its nuclear weapon state members actually guarantee nothing. Those weapons are part of a Russia/NATO nuclear standoff that, instead of enhancing security, threatens it by virtue of the possibility of escalation to nuclear use.

It turns out that a regime like Russia, that brazenly abjures restraint and global norms, can threaten nuclear use and drive the world’s most powerful alliance to a war’s sidelines. NATO is absolutely right to avoid direct military confrontation with Russia, but it is at least an irony that NATO’s reliance on mutually assured destruction (its so-called “supreme guarantee” of security) has rendered its clearly superior armed forces functionally impotent in the present crisis?

The lesson to be learned is not that there should be fewer constraints on military forces, making the world safe for conventional wars that can on their own, as we are now witnessing, and in mere weeks, wreak devastation from which it will take generations to recover – and furthermore, doing nothing to address the roots of the conflict. The lesson is rather that a divided Europe, with NATO and Russia/China on opposite sides of a great divide, both sides brandishing their nuclear weapons, is not the formula for a sustainable future. The current and largely uncontested push for increased military spending threatens, no, guarantees, escalating tensions and fails to understand that credible mutual security arrangements are the only basis for durable security. The security spending deficit that is truly scandalous, and that remains ignored in the present crisis, is the miserly investment in diplomacy focused on conflict resolution, cooperative security, and nuclear disarmament, as well as in the peacebuilding that promotes economic justice and sustainability, inclusive governance, and all the other well-known and documented conditions for durable peace.

Notes

¹ F. Stephen Larrabee, “Gorbachev and the Soviet Military,” *Foreign Affairs*, Summer 1988.
<https://www.foreignaffairs.com/articles/russia-fsu/1988-06-01/gorbachev-and-soviet-military>

In a recent note to his friend and co-author at the Sonnenseite blog (<https://www.sonnenseite.com/en/franz-alt-en/comments-interviews/mikhail-gorbachev-never-again-war/>), Gorbachev wrote: “No challenge or threat facing humanity in the 21st century can be solved militarily. No major problem can be solved by one country or group of countries in an all-out effort.”

² “Defence Expenditure of NATO Countries (2014-2021),” NATO Public Diplomacy Division, Communique PR/CP(2021)094, 11 June 2021.

³ Siemon T. Wezeman, “Russia’s military spending: Frequently asked questions,” Stockholm International Peace Research Institute (SIPRI), 27 April 2020.

⁴ The Peace Quest Blog has an informative posting on Canadian military spending: “How the CBC and others make the military budget look tiny (when it’s not),” 22 March 2022. <https://www.peacequest.ca/how-the-cbc-and-other-media-makes-the-military-budget-look-tiny-when-its-not/>

⁵ Wezeman, 2020.

⁶ “Defence Expenditure of NATO Countries (2014-2021),” NATO Public Diplomacy Division, Communiqué PR/CP(2021)094, 11 June 2021.

⁷ Defence Budget. Government of Canada. <https://www.canada.ca/en/department-national-defence/corporate/reports-publications/transition-materials/defence-101/2021/05/dma-transition-march-2021/defence-budget.html>

⁸ Diego Lopes da Silva, Nan Tian, and Alexandra Marksteiner, “Trends In World Military Expenditure,” 2020 SIPRI Fact Sheet, April 2021, Stockholm International Peace Research Institute. https://sipri.org/sites/default/files/2021-04/fs_2104_milex_0.pdf

⁹ GDP (gross domestic product) is not the same as GNI (gross national income) – they measure different things but offer similar indications of a country’s wealth.

¹⁰ As formulated in 2014 by the Heads of State and Government in the meeting of the North Atlantic Council in Wales. https://www.nato.int/cps/en/natohq/official_texts_112964.htm

¹¹ GNI (gross national income) is not the same as GDP (gross domestic product) – they measure different things but offer similar indications of a country’s wealth.

¹² Trends In DAC Members’ Official Development Assistance in 2019 And 2020 On A Grant Equivalent Basis, US\$ at 2019 prices and exchange rates. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2020-detailed-summary.pdf>

¹³ <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm>

¹⁴ Preventing Conflicts, United Nations Peacekeeping. <https://peacekeeping.un.org/en/preventing-conflicts>

¹⁵ Canadian International Development Platform. <http://cidpnsi.ca/canadas-foreign-aid-2012-2/>

¹⁶ “UN Secretary-General Doubts Russia’s Victory in Ukraine War,” Global Happenings, 22 March 2022. <https://globalhappenings.com/politics/131992.html>

¹⁷ Gorbachev, in a recent note to his friend and co-author at the Sonnenseite blog (<https://www.sonnenseite.com/en/franz-alt-en/comments-interviews/mikhail-gorbachev-never-again-war/>).

¹⁸ Raisa Patel, “Social media needs to be held accountable for Russian propaganda, Mélanie Joly says,” *The Record*, 18 March 2022. <https://www.therecord.com/ts/politics/federal/2022/03/18/social-media-needs-to-be-held-accountable-for-russian-propaganda-mlanie-joly-says.html>

¹⁹ Campbell Clark, “Foreign Affairs cuts could erode Canada’s international status,” *The Globe and Mail*, 30 March 2012. <https://www.theglobeandmail.com/news/politics/foreign-affairs-cuts-could-erode-canadas-international-status/article4097107/#:~:text=Now%20the%20question%20is%20what%20impact%20it%20will,out%20of%20international%20organizations%20or%20cutting%20diplomats%27%20pay.>

²⁰ Global Affairs Canada, Departmental Plan 2020-21. https://www.international.gc.ca/gac-amc/publications/plans/dp-pm/dp-pm_2021.aspx?lang=eng#a3.1

²¹ Tom Z. Collina, "Will Russia Go Nuclear?" Defense One, 04 March 2022

<https://www.defenseone.com/ideas/2022/03/will-russia-go-nuclear/362752/>

²² "Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization," Adopted by Heads of State and Government at the NATO Summit in Lisbon 19-20 November 2010.

https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_publications/20120214_strategic-concept-2010-eng.pdf