

# Christopher Spearin

## Not a “real state”?

*Defence privatization in Canada*

Since the 1990s, pundits, parliamentarians, and professors alike have criticized the Liberal government for its seeming neglect of the Canadian forces (CF) and the resulting decline.<sup>1</sup> They claim that spending cuts in defence threaten Canada’s international standing. They contend that, for the United States, troop cuts make Canada an even more junior (and burdensome) partner in terms of North American defence. They assert that government priorities directed elsewhere have left the Canadian populace poorly protected in the post-9/11 environment. In this mix of criticisms, it is also frequently asserted that the CF’s growing reliance upon private commercial actors for the execution of critical tasks is representative of this neglect and decline. Reliance upon private actors is a poor second choice because, they contend, it puts the defence of the country in the hands of commercial rather than national interests. Moreover, this policy choice reveals that the government is not serious about protecting Canadians or ensuring the sovereignty of

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<sup>1</sup> For a survey of these arguments, see Barry Cooper et al., “Canada’s military posture: an analysis of recent civilian reports,” 2004 *Critical Issues Bulletin*, Fraser Institute, 2004.

Canada because it has surrendered, for the entire world to see, state responsibilities to the private sector. Overall, the complaint is that Canada may no longer be a “real state” as a result.<sup>2</sup>

While this privatization is partially symptomatic of the government’s stance towards defence since the end of the Cold War, this article argues that the net needs to be more widely cast in order to understand fully the rationale behind this shift in the balance between public and private.

In fact, the private presence may even have been intended to at least address some of the concerns noted above. As such, many other variables, some of them independent of the Canadian context, have arisen that promote the private presence. To make this case, the article first describes the nature of defence privatization in Canada and then identifies the catalytic effects of neoliberal thinking, technological innovation, recruitment/retention issues, and the influence of the American military model. We will see that the motivators for privatization are often not straightforward; these factors frequently impact upon each other or stand in contradistinction. Additionally, while the change in the public/private balance does not necessarily indicate a lack of government seriousness regarding defence, it does present pitfalls and risks. Challenging issues pertaining to foreign influence, occupationalism in the CF, and governance and policymaking will likely affect Canada in specific ways.

#### CANADIAN DEFENCE PRIVATIZATION

On the one hand, the control and management of violence has fluctuated between public and private actors over the course of history.<sup>3</sup> Civilians have long supported military operations, something explicitly identified in the

<sup>2</sup> “Stand on guard for thee: Canada can no longer shirk its responsibility to defend itself,” *Ottawa Citizen*, 30 September 2003, A16. See also Madelaine Drohan, “Private enterprise joins up,” *Globe and Mail*, 17 November 2003, [www.theglobeandmail.com](http://www.theglobeandmail.com); David Pugliese and Bill Cleverley, “Hard-up navy looks to hire out: Private companies may conduct coastal air patrols,” *Victoria Times Colonist*, 27 September 2003, [www.canada.com](http://www.canada.com).

<sup>3</sup> See Janice E. Thomson, *Mercenaries, Pirates, and Sovereigns: State-Building and Extraterritorial Violence in Early Modern Europe* (Princeton: Princeton University Press, 1994). For analyses of the contemporary private military/security industry, see Peter W. Singer, *Corporate Warriors: The Rise of the Privatized Military Industry* (Ithaca: Cornell University Press, 2003); Deborah Avant, *The Market for Force: The Consequences of Privatizing Security* (Cambridge: Cambridge University Press, 2005).

Hague conventions on warfare. Similarly, while nationalization has sometimes occurred, private firms are usually responsible for producing the weaponry and equipment employed by militaries. This has been the case for Canada. During the Cold War, private firms provided for the CF's needs, whether they supplied the myriad bases and depots across Canada or the forward stockpiles located in western Europe. As for the production of armaments, government policy in recent decades has generally been not to interfere with the dynamics of the marketplace by overly directing, or even taking over, privately owned and operated firms.

On the other hand, despite this type of private presence, it has generally been felt over the past 200 years that it is unexpected, inappropriate, and even dangerous for civilians to be overly involved in military endeavours. Civilians, so the argument goes, should not be deployed in large numbers and they should not provide services that are either critical to mission success or are needed near frontlines. It is also thought that military activities are best left to individuals who—imbued with a sense of patriotism—have agreed to the possibility of losing their lives in the course of performing them, rather than the unsavoury forces of the marketplace and private reward. This thinking has been prominent since the rise of Napoleon's citizen army, the *levée en masse*, in the 19th century. As such, there has historically been a divide in terms of what services the CF has allowed to fall into private hands, as described by Macarena Barker and Pam Hatton: “[The CF has had] extensive exposure to large-scale use and varied applications of the private sector in support of the CF and the Department of National Defence in Canada, primarily as it applied to materiel acquisition and related support. However this has been limited in terms of support to deployed operations, whether at home or abroad”.<sup>4</sup>

Yet it is in areas thought to be off-limits that the CF now relies upon private actors in a variety of ways. For instance, firms such as Bombardier, Cubic Defense Applications, Seco Facilities Management, L-3 Communications, and Phoenix Air maintain and support CF training facilities and exercises in places like Moose Jaw, Cold Lake, and Goose Bay to train the next generation of Canadian military pilots. In some cases, company employees even fly the training aircraft. Med-Emerg International Incorporated provides many of the physicians, nurses, and therapists necessary to ensure the

<sup>4</sup> Macarena Barker and Pam Hatton, “Contractors in support of operations: A Canadian perspective,” *PASOLS Log*, August 2000, [www.pasols.org](http://www.pasols.org).

health and well-being of CF personnel. CF parachutists in Trenton, ON, frequently train using aircraft rented from the United States. The 2004 \$5 billion price tag of the Sikorsky H-92 helicopters includes service and maintenance costs to be covered by firms over a 20-year contract. Similarly, private firms maintain the CF's fleet of search-and-rescue Cormorant helicopters. Massive cargo jets contracted from east European firms have transported equipment around the world for recent Canadian operations in Haiti and Afghanistan. In fact, one of the largest Canadian airlifts since the first Gulf War, in this case for the 1994 humanitarian activities in Rwanda, was conducted primarily by Russian-crewed Ilyushin Il-76 and Antonov An-124 aircraft.<sup>5</sup> Strategic sealift for the CF is also supplied by commercial actors. Coastal sovereignty surveillance flights, which facilitate the endeavours by the Department of National Defence and other governmental agencies to counter unlawful fishing, environmental threats, and illegal immigration, are conducted by commercial firms like Provincial Air. Finally, in the Balkans and Afghanistan, arguably "infrastructure poor" environments, the CF relied upon ATCO-Frontec and SNC-Lavalin respectively to fulfill logistical and support responsibilities once performed by CF personnel. In total, DND holds several hundred contracts with civilian firms, not necessarily Canadian in their ownership, makeup, or personnel, that provide services necessary for the upkeep, training, and operations of the CF. Why is this the case, given the importance of these tasks and the apparent sensitivity regarding a private presence in the past?

#### CATALYSTS

##### *Neoliberal thinking in the unstable post-Cold War world*

Dating back to at least the 1970s, defence firms have lobbied to have greater participation in CF activities. In response to these efforts, the Mulroney government in the 1980s, for instance, privatized certain functions such as many of the CF's aerial fisheries protection duties. But it was the 1994 defence white paper that cleared away the privatization taboo in defence management once and for all. Its drafters recognized that with the end of the Cold War and Canada's debt sitting at over \$500 billion, DND would have to do things differently. In part, this thinking was forced upon DND by the

<sup>5</sup> Marc Baillon, "Skylink to relief," *Canadian Transportation Logistics*, October 1994, 33.

government. Over the 1990s, the 23 percent cut in funding made it plain that government priorities lay elsewhere. In order to respond to these financial changes, DND embraced alternative service delivery (ASD), an approach already accepted by other sectors of the federal government. ASD features the introduction of market dynamics into the civil service and the notion of treating the citizen as a customer demanding accountability. Competition and comparative advantage are to maximize effectiveness and efficiency. From this, it follows that the responsibility for national defence need not rest with uniformed personnel and that the state need neither own and operate all the assets nor manage all the personnel necessary for this important task.

As stressed in government documents, implementation of this approach requires a reevaluation of what exactly are inherently military tasks, and thus should be left in the hands of uniformed personnel: “ASD supports the long term strategy of divesting DND of non-core activities so that the Department can focus its resources and attention on operational capabilities.”<sup>6</sup> In other words, as informed by neoliberal thinking, in order to obtain economies of scale and get the most out of its investment in personnel resources, the CF is to be a body of war-fighting specialists who are “directly essential to the achievement of the defence mission.”<sup>7</sup> CF personnel are to concentrate more upon war-fighting or “tooth” skills, whereas many logistical functions—the so-called “tail” of the military—are turned over to the private sector. Certainly, the number of activities that form the CF’s tail are many: transportation, supply services, food services, construction engineering, military training, information technology, and equipment and base maintenance. In total, these activities equate to approximately \$3.5 billion, or one third of the entire DND budget, a tempting amount that DND planners can potentially expose to the rigours and assumed cost efficiencies of the commercial marketplace.<sup>8</sup>

Because Canadian defence budgets over the 1990s and into the 2000s remained relatively fixed at 1.1 percent of GDP, the growing presence of a neoliberal ethos coincides with operational requirements. From one

6 “Response to the auditor general’s report,” VCDS Archives 2000, [www.vcds.dnd](http://www.vcds.dnd).

7 Ray Crabbe, “Alternative service delivery,” Council for Canadian Security in the 21st Century, [www.ccs21.org](http://www.ccs21.org).

8 Ibid.

standpoint, ASD was meant to be a structured and measured process as DND identified privatization projects. From another standpoint, a sense of urgency was nevertheless injected into the mix given that the 1994 white paper was formulated on the basis of a decreased operational tempo, rather than on the expansion of CF activism in the wake of the Cold War's demise. Due to reduced defence spending and the desire for more "bang" for the defence dollar, DND has had to seek further cost efficiencies and shift monies between the three components that make up the defence budget: personnel, operations and maintenance, and capital.

In this vein, through ASD initiatives, DND has attempted to overcome equipment limitations in the unstable post-Cold War, and now post-9/11, environment. To explain, during the Cold War, the CF implemented life-cycle programming, meaning it made predictions and implemented plans for how long a system was to be deployed, how much it was to be used, and when it was to be upgraded. However, the unpredictability and heightened operational tempo since (and unlike that of) the Cold War have added further complications regarding the sustainability of military equipment. As a result, contracted personnel often now face the challenges of ensuring CF readiness. The CF increasingly relies on them to fill gaps left due to equipment deployment or rationalization.

### *Technology*

The CF's embrace of the current revolution in military affairs (RMA) calls for transformation in operations, doctrine, and organization. According to the RAND Corporation, an RMA is "a paradigm shift in the nature and conduct of military operations which either renders obsolete or irrelevant one or more competencies in a dominant player or creates one or more new competencies in some dimension of warfare, or both."<sup>9</sup> The contemporary RMA features the application of high technologies, particularly in the areas of networking, information management, remote sensing, and precision guided munitions.

The maintenance of these high technologies seems almost tailor-made for the ASD, and thus the RMA reinforces the private presence. In part, the privatization of maintenance functions reflects the desire to stave off the

<sup>9</sup> Richard O. Hundley, *Past Revolutions, Future Transformations* (Santa Monica: RAND Corporation, 1999), xiii.

eroding effects of “defence inflation,” meaning that, historically, the costs of each new generation of military equipment grow at a rate more than that of “standard inflation.”<sup>10</sup> Hence, maintenance privatization is one potential way for the CF to maximize the return on limited defence dollars.

Moreover, there is now a greater inclination to rely upon private actors because of the increasing tendency of militaries to incorporate technologies developed in the civilian sphere rather than vice versa, as was the case earlier. As noted by Charles Grant, defence industries in the western world generally are no longer isolated from larger commercial endeavours: “[w]ith advances in weaponry driven by commercial technologies such as digital communications and microelectronics, there is now more spin-on from the civilian economy to defence than spin-off from it.”<sup>11</sup> Additionally, this RMA constantly incorporates new technologies or quick improvements upon existing equipment to ensure that it is cutting edge in terms of capacity and capability. Given the high expense to train CF personnel to stay on top of all the technological developments for multiple systems, let alone the costs of the technologies themselves, it now often falls instead to privately contracted personnel, given their expertise and training, to implement the upgrades and ensure the readiness of CF equipment.

Changes in the nature of warfare ensure this RMA’s longevity and consequently the private presence as well. Over the course of the 20th century, the political salience of military casualties has grown such that the carnage of one of the past world wars is unthinkable. Similarly, contemporary western standards now strongly eschew an approach like the “total war” of 1939-45 that featured the explicit targeting of civilians. As Emily Goldman recognizes, the RMA, given the accuracy and the long-range capabilities of the weaponry it has spawned, helps to maintain the legitimacy of contemporary conflict: “[s]tand-off precision weapons aided by information superiority may be the only way casualty-sensitive publics will allow their political leaders to use military force abroad.”<sup>12</sup> When legitimacy, economics, and technological expertise are all added together

<sup>10</sup> Terminology taken from Alastair D. Edgar and David G. Haglund, *The Canadian Defence Industry in the New Global Environment* (Montreal & Kingston: McGill-Queen’s University Press, 1995), 95.

<sup>11</sup> Charles Grant, “Linking arms,” *Economist*, 12 June 1997, [www.economist.com](http://www.economist.com).

<sup>12</sup> Emily O. Goldman, “New threats, new identities and ways of war: The sources of change in national security doctrine,” *Journal of Strategic Studies* 24 (June 2001): 53.

in the context of the RMA, one likely repercussion is the continued private presence.

*Recruiting and retention*

More is at stake for the CF than just keeping up with technological developments. Christopher Ankersen notes that “[e]ven in the age of the so-called Revolution in Military Affairs, attracting, training, employing, and retaining good people are critical functions of armed forces and the mainstay of defence policy.”<sup>13</sup> Here the CF faces continued difficulties because though the 1994 white paper mandates a 60,000 manpower level, the CF’s preferred manning level is set at only 54,820 in 2004-05 and is meant to decline to 54,700 in 2005-06. As a result, of the CF’s 107 military occupations, 38 of them are “stressed,” meaning that they lack the ideal numbers of personnel. Put differently, the air force is short 143 pilots, the navy decommissioned one destroyer for lack of personnel, and the army is so undermanned that it cannot sustain the overseas deployment of a battalion (approximately 1,000) for longer than six months.<sup>14</sup>

Such problems are exacerbated by trends in recruitment and retention. Whereas in the past, the CF had 3.3 job applicants per job ratio, by 2001 this figure was less than two.<sup>15</sup> This state of decline exists even with renewed recruitment efforts and signing bonuses for new recruits that are sometimes as high as \$20,000. It is expected that releases of personnel will surpass historical levels by approximately 150 percent in the coming years.<sup>16</sup> These releases will occur despite recent efforts to provide bonuses, to extend the retirement age to 60, and to offer improved pensions for longer-serving personnel.

One can point to a variety of factors that influence the decision on whether to join and/or remain in the CF. The 1994 white paper cut CF levels

13 Christopher Ankersen, “The personnel crisis,” in Douglas L. Bland, ed., *Canada Without Armed Forces?* (Montreal: McGill-Queen’s University Press, 2004): 55.

14 Bruce Champion-Smith, “Help wanted: Pilots for Canada’s CF-18s,” *Toronto Star*, 14 October 2003, A6; Canada, 37th Parliament, 1st session, edited Hansard #131, 13 December 2001, www.parl.gc.ca.

15 Gordon Grant, “Manning issues for the new millennium: Shaping a comprehensive recruiting & retention strategy for the Canadian forces,” *Strategic Datalink #97*, Canadian Institute of Strategic Studies, June 2001, 1.

16 Ankersen, “The personnel crisis,” 76.



from 89,000 to 60,000, thus substantially reducing the uniformed presence in Canada through the reduction of personnel and the consequent closure of military bases. This reduced the CF's "footprint" on Canadian society. Overcommitment of this reduced number of personnel due to the augmented operational tempo, coupled with well-publicized problems regarding CF equipment, contributed to quality of life problems, issues related to morale, and the undesirability of service in the CF. Additionally, the post-Cold War era has seen record low unemployment rates that put the CF in direct competition with the lucrative private sector for skilled manpower. Hence, taken in the context of the limited effect of changes in remuneration, even if the personnel ceiling officially moved beyond 60,000, individuals might not wish either to join the military to fill these new slots or, if they do, to stay for a long time.

On a more fundamental level, Canadians increasingly view the military as simply an avenue for employment rather than as a calling to service. To explain, psychographic (values-related) studies find that Canadians, military and non-military alike, have more and more adopted the postmodern lifestyle.<sup>17</sup> This means that Canadians are drawn less by the lure of nationalism, a main motivating factor in earlier recruitment, and instead look for benefits in terms of lifestyle and financial remuneration in line with other occupations. Similarly, Canadians are drawn more towards activities and lifestyles that promote cosmopolitan attitudes and personal remuneration.<sup>18</sup> It also means that Canadians now frequently prefer to maximize their individual welfare and promote egalitarianism rather than succumb to the appeal of personal sacrifice, traditional hierarchies, and presumed social obligations, all key elements in military life.

Factored together, these variables negatively affect manpower levels and have an obvious impact upon operational capacity and readiness. This leads to private personnel serving as a stopgap measure to help the CF meet operational requirements. Troop reductions over the course of the 1990s came at the price of "competency anaemia" and private personnel can remedy this

<sup>17</sup> Steve Lee, "Canadian values in Canadian foreign policy," *Canadian Foreign Policy* 10 (fall 2002): 1-9; Michael Adams, *Sex in the Snow: Canadian Social Values at the End of the Millennium* (Toronto: Penguin Books, 1997).

<sup>18</sup> "Canadian demographic and social values at a glance: Impact on strategic HR planning," DSHRC research note 2/02, directorate of strategic human resource coordination Department of National Defence, 2002, 7.

situation or at least provide backfill to CF personnel.<sup>19</sup> As well, reliance on private contractors can partially handle the challenges posed by an organization that cannot hire “laterally”: CF personnel must enlist, receive training, and then be promoted to higher positions.<sup>20</sup>

Here then, defence privatization stands at odds with neoliberal orthodoxy because the objective is to have capabilities, rather than to have efficiencies and their related presumed reduced costs. As suggested by one SNC-Lavalin employee with regard to contracted personnel in Afghanistan, “this was not designed to be a money saver. If you like, we’re here to augment the bayonets.”<sup>21</sup> When he was chief of defence staff, General Raymond Henault echoed this sentiment with respect to private contractors serving in Bosnia. “[Contracting] may not produce financial savings but I anticipate benefits in operational flexibility and on relieving pressures.”<sup>22</sup>

#### *The American military model*

Finally, another causal factor relates to the point that Canada is not alone in terms of defence privatization. In fact, Canada, like other western states such as the United Kingdom, France, and Australia, is a follower in this regard; the United States leads the way in terms of defence privatization. For the Pentagon, nonmilitary personnel perform tasks such as maintaining bases in North America, the Persian Gulf, and central Asia. They sustain critical platforms like the B-2 stealth bomber, the F-117 Stealth fighter, the KC-10 refuelling tanker, and the U-2 reconnaissance plane. They train American and foreign personnel alike and they guard American bases the world over. Moreover, this private presence is expanding. While there was only one contracted individual for every one hundred American military personnel in the first Gulf War, there were 10 for every one hundred military personnel in the Persian Gulf region

19 Term taken from Brian McKee, “A response to ‘military manning and the revolution in social affairs’,” *Canadian Military Journal* 3 (spring 2002): 72; see also Howie Marsh, “The gathering defence policy crisis,” in Bland, *Canada Without Armed Forces?*, 85.

20 Ankersen, “The personnel crisis,” 69.

21 Matthew Fisher, “Civilians sign up for frontline duty,” *Ottawa Citizen*, 29 September 2003, A4.

22 “Framework for the development of the Canadian contractor augmentation program,” letter signed and released on 7 July 2000, Department of National Defence, [www.forces.gc.ca](http://www.forces.gc.ca).

in 2002-03, a tenfold increase in only one decade. Currently, 28 percent of all American weapons systems rely upon contractor maintenance, a level the Bush administration wishes to augment to 50 percent. When combined with other initiatives, 214,000 positions may be outsourced in the coming years.<sup>23</sup>

Canadian “followership” is linked in two ways to isomorphism, meaning the acceptance and deployment of practices that are deemed to be legitimate and appropriate. First, though analysts of strategic culture are right to note the various national characteristics that help to make each state’s military organization unique in specific ways, general homogeneity in organizational form often comes from mimicking the policies of the world’s powerful states.<sup>24</sup> This general homogeneity is spread by longer-term trends and dynamics rather than solely by a victory or an accomplishment a state achieves in any particular mission. In other words, it stems from the dominance of powerful states in professional networks, such as the military profession, that extend beyond state boundaries. It also stems from states, rightly or wrongly, attributing the success of powerful states in the international system to their organizational forms. With respect to endeavours such as the RMA and privatization, Goldman contends that the world “may be witnessing a process of global convergence of military form and practice as militaries attempt to emulate the American model of what a ‘modern’ military force should be.”<sup>25</sup>

Second, and in a related way, isomorphism frequently takes hold when states have to manage uncertainty in terms of the strategic context. Whereas the Cold War imparted a fair degree of stability that was incorporated into defence planning, the post-9/11 environment and the amorphous threat posed by terrorism raise such new questions, as John Treddenick puts it, as

23 Statistics taken from George A. Cahlink, “Send in the contractors,” *Air Force Magazine*, 1 January 2003, [www.afa.org](http://www.afa.org); Ron Martz, “Civilians aid army, but raise concern,” *Atlanta Journal-Constitution*, 2 February 2003, [www.accessatlanta.com](http://www.accessatlanta.com); Barry Yeoman, “Soldiers of good fortune,” *Independent*, 23 July 2003, [ww.indyweek.com](http://ww.indyweek.com); Christopher Lee, “Army outsourcing plan decried thousands of jobs could be affected,” *Washington Post*, 21 December 2002, A4.

24 For a consideration of the debate between culturalists and those who espouse isomorphism, see Theo Farrell and Terry Terriff, eds., *The Sources of Military Change: Culture, Politics, Technology* (Boulder: Lynne Rienner Publishers, 2002).

25 Goldman, “New Threats,” 53; See also Theo Farrell, “Constructivist security studies: portrait of a research program,” *International Studies Review* 4 (spring 2002): 49-72.

to “where, when, with whom, against whom, and how military operations will have to take place in the future.”<sup>26</sup> As a result, the model offered by a dominant country like the United States is frequently deemed legitimate and appropriate by other states and then emulated by them. Given the level of uncertainty and Canada’s close relationship with the United States in a variety of fields, it is not surprising that DND has followed the organizational blueprint laid down by the Pentagon.

In sum, the reevaluation in Canadian circles with respect to what constitutes core military tasks is occurring in other countries as well, and only partially due to financial shortages and neoliberal orthodoxy. This will clearly have an impact on the global understanding of what exactly a military is and does and this understanding will be shared, and acted upon, by states. Following this logic, if Canada is not a “real state” due to defence privatization, then many of its closest allies are also not “real states.”

#### IMPLICATIONS AND CONCERNS

Generally, there are a number of concerns as the public/private balance in military activity shifts in the western world. Labour interruptions or contractual difficulties might compromise operations. In the Canadian case in 2001, the attrition rate of ATCO-Frontec workers in Bosnia was 68 percent due to problems stemming from the terms of the contract and the conditions of employment.<sup>27</sup> Similar operational problems might arise because contracted personnel are not subject to “unlimited liability,” meaning that their presence cannot be guaranteed should danger levels rise. This is no small issue given the lack of frontlines in contemporary conflict and the potential domestic focus of terrorist incidents. The fact that it proved difficult to hire the requisite number of Canadians to work at Camp Julien in Afghanistan because of its inherent dangers, and that some of them demanded danger pay, speaks to the potential problems that might arise.<sup>28</sup>

26 John M. Treddenick, “Distributing the defence budget: Choosing between capital and manpower,” in Douglas L. Bland, ed., *Issues in Defence Management* (Kingston: School of Policy Studies, Queen’s University, 1998), 74.

27 Howard Michitsch, “Armed forces’ civilian program hits snags,” *Ottawa Citizen*, 25 August 2001, A9.

28 Fisher, “Civilians sign up,” A4; Cristin Schmitz, “Civilian military support workers in Afghanistan demand danger pay,” *Ottawa Citizen*, 12 November 2003, A9.

There is also the fear that contracted personnel, while working overseas, might perform illegal and unethical acts and thus tarnish the mission and the CF as a whole. Certainly, the role that contracted personnel allegedly played in the Abu Ghraib prison scandal in Iraq did not serve well the American military's image at home or abroad. In the American case, the fact that many individuals employed in Iraq are not American citizens, but rather are nationals from weak states with poor human rights records has also been a cause for concern regarding image.<sup>29</sup> In the Canadian context, problems related to Canada's image would be highly problematic given the CF's concerted reforms since the 1993 Somalia affair and the government's desire to promote human security.

A further point is that reliance upon private personnel seemingly "frees up" the military while deployed abroad and allows its members to specialize in "tooth" tasks. However, one could argue that the military now faces the additional burden of protecting these private personnel either because of their importance to the operation or because of the international legal implications posed were they to be armed.<sup>30</sup> Finally, there are the usual principal-agent questions that become all the more salient given the sensitive nature of the goods and services contracted. Are the contracted firms actually providing value for money? Does the military have the necessary resources and expertise to manage and oversee contracts? How can comprehensive contracts be devised that take into account uncertainties, flexibility, and long-term time frames? Indeed, in the Canadian case, DND officials in recent years have discovered contracting irregularities estimated at tens of millions of dollars.<sup>31</sup>

While it is appropriate to recognize the above matters because they apply equally to both the CF and other militaries, one can take the step further and ask what implications and concerns are somewhat unique to the Canadian context. For the remainder of the article, we will assess the impact

29 Sonni Efron, "Worry grows as foreigners flock to Iraq's risky jobs," *Los Angeles Times*, 30 July 2005, [www.latimes.com](http://www.latimes.com).

30 For a discussion of the international legal ramifications, see Alexandre Faite, "Involvement of private contractors in armed conflict: Implications under international humanitarian law," *Defence Studies* 4 (summer 2004): 166-83.

31 "Report suggests widespread contracting problems at National Defence Department," *Sudbury Star*, 14 July 2004, A7.

of defence privatization in Canada as it pertains to foreign influence, to occupationalism in the CF, and to governance and policymaking.

*Foreign influence*

Because Canada is a relatively small country both in terms of its population and defence industries, it is vulnerable to the vagaries of contracting in the international marketplace. These vagaries are, in part, dictated by the finite amount of equipment in the world, the bulk of it based outside of Canada. For example, given current production and decommission rates, there will likely be a shortage of cargo vessels available for charter.<sup>32</sup> Similarly, there are only 22 Antonov An-124s for rent that are operated by either Russian or Ukrainian firms.<sup>33</sup> Access to these aircraft is critical for Canada because in 2003-04, as an example, the CF contingent in Afghanistan relied on weekly deliveries of freight by these aircraft. The lack of availability of these sorts of assets, therefore, would detrimentally affect Canadian strategic reach and sustainability.

In this regard, the interests of other states are also a matter of concern. Certainly, one might contend that this is nothing new for Canada given its close defence industrial links with the United States and the fact that Canada's defence industry has long been divorced from Canadian defence policy. Indeed, the continued survival of the Canada's defence industry is based upon access to the substantial American marketplace.<sup>34</sup> However, the type of defence privatization discussed in this article opens Canada to the influence of other states because contracts cannot be sole-sourced to Canadians. See, for instance, that only half of the 250 strong SNC-Lavalin contingent in Afghanistan were Canadian. Of the other half, some employees came from South Africa, New Zealand, Pakistan, and the United States while most were Indian and Nepalese. Should one of these countries have changed its position towards Canadian policy or the operation in question and asked that its citizens be removed, this would likely have left the CF in the lurch.

32 "The Ro-Ro market in 1999," BRS- Shipping and Shipbuilding Markets 2003, Barry Rogliano Salles PLC, Paris, 1999, [www.brs-paris.com](http://www.brs-paris.com).

33 "Flying oversized," *Air Cargo World*, December 2002, [www.aircargoworld.com](http://www.aircargoworld.com).

34 David G. Haglund and S. Neil MacFarlane, eds., *Security, Strategy and the Global Economics of Defence Production* (Montreal & Kingston: McGill-Queen's Press, 1999).

This “nationality” concern applies to equipment as well. Recall, for instance, that in August 2000, CF personnel took control of the civilian cargo ship GTS *Katie* because a financial dispute between subcontractors prevented the ship from entering into Canadian waters. At the time, the vessel held 10 percent of Canada’s armoured equipment. But before CF personnel could make the seizure, Ottawa had to consult with officials in the United States and St. Vincent and the Grenadines, the respective states where the ship’s owner was based and its flag held. In view of the eventual successful resolution of this incident, Canada might count itself lucky given the problems that can arise even amongst seeming friends and allies. Canada was lucky to have Russian and Ukrainian firms still available to transport CF equipment to the Balkans in the midst of the Kosovo crisis given that the sympathies of Moscow and Kiev rested with Belgrade. Other countries, however, have not been so fortunate. In September 2003, France prevented the French firm Corsair from fulfilling its contractual obligation to transport British soldiers to Basra, Iraq. Though officially the aircraft was grounded for safety reasons, political motives are thought to have played a significant role given the divide between Paris and London.<sup>35</sup>

#### *Occupationalism in the CF*

A second concern is that the augmented private presence may undermine the military ethos and the sustainability of the CF as an institution. From one standpoint, as Martin Shadwick puts it, defence privatization entails the clashing of two “cultures,” the effects of which might be felt in military morale, military resentment towards the status of civilians, and operational effectiveness.<sup>36</sup> But from another and broader standpoint related to the aforementioned demographic and sociological shifts, privatization might exacerbate the CF’s ongoing retention problems because personnel often now envision the military simply as an avenue for employment rather than as a calling. In other words, the “cultural” divides between civilians and the military may be blurring such that privatization contributes to the “civilianization” of the CF.<sup>37</sup> Studies of CF personnel dating back to the

35 Henry Samuel and Michael Smith, “French block airlift of British troops to Basra,” *Electronic Telegraph*, 16 September 2003, [www.portal.telegraph.co.uk](http://www.portal.telegraph.co.uk).

36 Martin W. Shadwick, “The privatization of rotary-wing search and rescue: A risk assessment,” paper commissioned by the Department of National Defence, January 1995, 2.

37 *Ibid.*, 3.

1970s find instances of occupationalism taking over institutional motivations.<sup>38</sup> For Charles Moskos, the institutional/occupational divide is the difference between value orientations and rational calculations, between “the intrinsic motivation of an institution with the extrinsic motivation of an occupation.”<sup>39</sup> For CF personnel, the appeals of the marketplace and the pressures of supply and demand economics—prime ingredients of occupationalism—are prevalent. Many people, for example, join the CF for the educational benefits that they hope will serve them well later in civilian life. Of the 25,000 currently serving personnel eligible for early retirement over the course of the next decade, many of them will likely seek employment in the civilian sphere.<sup>40</sup>

Therefore, occupationalism, already advanced by DND recruitment and retention bonuses, will likely be furthered by the private presence because CF personnel will be directly exposed to commercial opportunities. Likewise, Ankersen contends that private firms will actively promote the depletion of CF ranks. “Civilian contractors...regularly hunt down military talent and take service-trained people out of the Canadian Forces.”<sup>41</sup> In short, defence privatization may further undermine the CF’s attempts to be an “employer of choice” for Canadians.

#### *Governance and policymaking*

The continued expansion of defence privatization will likely affect Canadian policymaking in both the domestic and international realms. Deborah Avant remarks that defence privatization does have influence on the exercise of state authority; it is not authority-neutral.<sup>42</sup> Because the individuals involved are private rather than public employees, there is a greater likelihood that decisions and oversight regarding their activities will rest with the executive

38 Charles A. Cotton, “Institutional and occupational values in Canada’s army,” *Armed Forces & Society* 8 (fall 1981): 99-110.

39 Charles C. Moskos and Frank R. Wood, “Introduction,” in Charles C. Moskos and Frank R. Wood, eds., *The Military: More Than Just a Job?* (Washington: Pergamon-Brassey’s International Defense Publishers, 1988): 4-5.

40 Marsh, “The gathering defence policy crisis,” 87.

41 Ankersen, “The personnel crisis,” 58.

42 Deborah Avant, “The privatization of security and change in the control of force,” *International Studies Perspectives* 5 (May 2004): 155.



branches of government. Likewise, one can argue that it is easier for the executive branch to rely upon private personnel because the potential loss of their lives does not pose the same political repercussions as would the loss of military personnel. As well, the lack of transparency regarding the measurement of cost-effectiveness that sometimes results when private methods and means replace those in the public sphere further prevents the executive branch from being held accountable. When applied to the Canadian case, this potentially exacerbates the already existing imbalance in Canada, especially in terms of defence policy, which favours the executive over the legislative.<sup>43</sup> Generally, parliamentarians do not speak in the house of commons on defence issues, major Canadian defence commitments are not the subject of debate, and national defence only rarely plays a crucial role in federal election campaigns. Should defence privatization continue apace in Canada, there is even less of a possibility that defence policy will be a matter of public discussion and scrutiny. One should, therefore, keep a keen eye on how defence privatization might contribute to the democratic deficit in Canada.

Coupled with and reinforcing this need for a deeper examination is the fact that defence privatization, internationally, may reshape the approach and content of Canadian activism on the world stage. Canada has historically advocated multilateralism, especially in its defence dealings, and has supported the development of permanent and highly institutionalized bodies like NATO. Points such as these are reiterated in the government's 2005 international policy statement. However, as noted by Donald Rumsfeld, the American defence secretary, in the current international environment the "mission must determine the coalition, the coalition must not determine the mission."<sup>44</sup> In other words, reliance upon institutionalized forums will still occur but will be determined by time, place, and the interest of involved countries (especially the United States). International cooperation will increasingly be ad hoc. It follows that Canadian defence policymaking will be dictated less by formalized commitments and expectations and more by uncertainty and the need for flexibility.

43 This imbalance is well documented in Douglas L. Bland, "Parliament's duty to defend Canada," *Canadian Military Journal* 1 (winter 2000-01): 35-43; Roy Rempel, *The Chatterbox: An Insider's Account of the Irrelevance of Parliament in the Making of Canadian Foreign and Defence Policy* (Toronto: Breakout Educational Network, 2002).

44 Donald H. Rumsfeld, "Transforming the military," *Foreign Affairs* 81 (May/June 2002): 31.

One can argue that this flexibility is increasingly and continually sought through defence privatization. In recent years, the United States has contributed to peace support operations in the Balkans, the Caribbean, and Africa, not by supplying its own troops, but by hiring firms to serve in their place. Similarly, both the United States and the United Kingdom have indicated that many elements of United Nations peace support operations should be privatized.<sup>45</sup> And as I have argued elsewhere, in the context of Iraq, firms can be perceived not as supporting the American-led coalition, but *as part of the coalition* itself.<sup>46</sup> The approximately 20,000 individuals working for private military/security companies in Iraq serve numerous critical functions and are second in number to the American military personnel present.

For Canada, while defence privatization may provide flexibility, such an approach at the international level challenges both traditional conceptions of who does peace support operations and how Canada might engage in them. Yet Canadian-based firms, for their part, are ready to contribute. Firms such as SNC-Lavalin and Military International Limited, 176 in all, are found on the approved vendor supply database for the United Nations and its related organizations.<sup>47</sup> In this new international context, whether the government relies upon these firms, and how it authorizes their activities abroad, will be matters of continued interest for the management and direction of Canadian diplomacy.

#### CONCLUSION

When he was the head of the CF, General Henault contended that change was in order so that the CF remained relevant. "We need new ways of thinking, new ways of doing business, new decision processes, new equipment."<sup>48</sup>

45 James Larry Taulbee, "The privatization of security: Modern conflict, globalization and weak states," *Civil Wars* 5 (summer 2002): 5; "Private military companies: Options for regulation," Foreign and Commonwealth Office, United Kingdom, 19.

46 Christopher Spearin, "American hegemony incorporated: The importance and implications of military contractors in Iraq," *Contemporary Security Policy* 24 (December 2003): 26-47.

47 Rick Westhead, "Companies covet post-war rebuilding contracts," *Toronto Star*, 23 March 2004, D1.

48 Cited in Stephanie Rubec, "At risk of irrelevance, our top soldier says," *Toronto Sun*, 25 September 2003, [www.canoe.com](http://www.canoe.com).

Similarly, his successor, General Rick Hillier, emphasizes the requirement of organizational innovation and the need to boost Canada's military presence internationally, in part through reliance upon nonstate actors and particularly upon the private sector.<sup>49</sup> Defence privatization, therefore, is one significant avenue of change, brought on not only by cost concerns, but also by technological modernization, recruitment/retention issues, and isomorphism. While national defence, in Canada and elsewhere, is no longer immune from the injection of neoliberal thinking, other trends, independent of cost implications, are changing the context in which military force is developed and applied. Moreover, defence privatization is an avenue for change that poses challenges of its own that pertain to foreign influence, occupationalism, and the shifting nature of Canadian governance and defence policymaking. Not only do the usual contractual hazards between client and agent exist, but so do factors that may affect the efficacy and design of Canadian operations, institutions, and diplomacy. Given that the recent international policy statement released by the Martin government stresses the need for a team Canada approach involving public and private actors like, it is likely that the issues presented in this article will have increasing salience.

Overall, defence privatization is not a panacea, nor, given the number of variables at play, can be it argued that it was designed to be a panacea. Instead, contemporary changes are just part of the long-term historical rebalancing between the public and private sectors with respect to the ownership and management of the means of violence. Canada should not be criticized, in the first instance, for shifting towards defence privatization. But clearly, it is important to acknowledge the complex nature of defence privatization in Canada and to be prepared to devise savvy mechanisms by which it might be managed in order to maximize benefits and to minimize, or at least to recognize, its risks. Here lie challenges for analysts and policymakers alike.

In other words, increasingly what constitutes "Canadian" military activism may not consist solely of Canadian uniformed personnel. This presence may consist of private contractors and assets that may or may not be Canadian in their nationality or ownership. Team Canada, therefore, may

49 Daniel LeBlanc, "Failed states pose great dangers, top general warns," *Globe and Mail*, 23 July 2005, A3.

have a Canadian coach, but its players may increasingly be ringers, rentals, and foreign imports. In light of the widespread and international nature of contemporary defence privatization and the recognition of the ever-shifting public/private divide, Canada is no less a “real state” as a result of defence privatization. Yet while defence privatization is not *ipso facto* bad, potential pitfalls do exist. Whether the roster of this team will produce results and inspire, both at home and abroad, will require continued monitoring and scrutiny as the public/private relationship evolves.