Canada is the 13th largest military spender in the world. Twelve years of budget increases have left Canadian military spending higher now than it was during the Cold War or indeed at any time since the end of the Second World War.

**Largest budget since Second World War**

Canada will spend at least $22.3 billion (and probably closer to $23 billion) on its military forces in fiscal year (FY) 2010-11, at least 2% more than it did last year (FY 2009-10) and about 18% more than it did in its peak spending year during the Cold War (FY 1952-53). Our military spending will be 26% higher than it was in the year the Berlin Wall came down, FY 1989-90, and 61%—or $8.4 billion per year—higher than it was in FY 1998-99, the year Canadian spending reached its post-Cold War minimum. (All figures have been adjusted to 2010 dollars to account for inflation.)

The current build-up in spending began in 1999, well before the 9/11 terrorist attack on the United States. But Canadian participation in the U.S.-led “Global War on Terrorism” that followed 9/11 has been the primary driving force behind the increases. Indeed, Canada’s participation in the Afghanistan mission alone probably accounts for about half of the $30.9 billion in extra spending that has taken place since 9/11.

**Afghanistan mission costs**

The Department of National Defence’s annual *Report on Plans and Priorities* indicates that the incremental cost of Canada’s military operations in Afghanistan during the ten years from FY 2001-02 to FY 2010-11 has been about $8.0 billion. However, Parliamentary Budget Officer Kevin Page’s 2008 report on the cost of the Afghanistan mission concluded that the actual incremental costs of the mission were higher than DND has been reporting. Page calculated that DND’s actual incremental costs were between $5.9 billion and $7.4 billion for the seven years from FY 2001-02 to FY 2007-08 (the *Report on Plans and Priorities* figures show incremental costs of just $3.6 billion during this period). If the figures for FYs 2008-09 to 2010-11 were similarly underestimated, the incremental military costs for the Afghanistan mission are probably closer to $13–16 billion to date, equivalent to about half of the $30.9 billion extra spent during the FY 2001-02 to FY 2010-11 period.

And even that figure arguably underestimates the cost of the Afghanistan mission. Canada’s presence in Afghanistan ties up not just the troops actually deployed in the country, but also many thousands of personnel preparing for deployment, recovering from deployment, or directly or indirectly supporting the operation from Canada. If Canada had chosen not to participate in the Afghanistan mission, we could have maintained a smaller armed forces (closer to the FY 1999-2000 number of personnel) while continuing to participate in other missions, such as peacekeeping. Depending on the actual personnel level maintained, additional savings, potentially as much as several billion dollars, might have been realized over that period.
This modified plan would see Canadian military spending increase to a baseline budget of about $19.8 billion in 2010 dollars, or about $31 billion in 2027 dollars, by FY 2027-28. This figure may appear to be slightly lower than the present level of spending, but the baseline budget would not include the incremental costs of operations such as the Canadian mission in Afghanistan. Such costs would be added on top of the baseline budget, potentially making final annual spending significantly higher.

Total spending over the 20-year life of this plan would likely be in the $390–410 billion range (2010 dollars), or up to $12,000 per Canadian, surely enough to cause many Canadians to rethink the notion that their military spending is negligible. The total that would be spent over this period if Canadian military spending had instead remained at its post–Cold War minimum level is $277 billion (2010 dollars), a difference of roughly $113–133 billion, of which some $90–110 billion remains yet to be spent. The last figure can be seen as the projected cost of the post-Cold War budget build-up over the next 17 years.

The Harper government’s recent decision to maintain Canada’s military presence in Afghanistan until March 2014 will mean at least three more years of spending on the mission, although at a reduced level commensurate with its reduced size and training role. It has been suggested that the new incremental costs of the mission will be about $585 million per year, i.e., $1.5–2 billion more over the life of the extended mission (assuming no further extensions), but unanticipated costs could easily make that figure much higher.

Continued budget growth projected

The Canada First Defence Strategy, unveiled by the Harper government in 2008, promised that Canada’s military spending would continue to grow by an average of 0.6% in real terms (adjusted for inflation) and an average of 2.7% in nominal terms (not adjusted for inflation) per year from FY 2007-08 to 2027-28. Finance Minister Jim Flaherty modified this pledge in the 2010 federal budget, stating that the projected increases would be reduced by “$525 million in 2012-13 and $1 billion annually beginning in 2013-14” as a spending control measure.
Some $85 billion will likely go to capital purchases over that 17-year period, ranging from warships to armoured vehicles to soldiers’ rifles and everything in between. The government’s controversial planned purchase of the F-35 Joint Strike Fighter will reportedly account for about $9 billion of that spending. Counting both capital spending and maintenance spending, the F-35 purchase could cost as much as $30 billion.9

**Global comparisons**

**Actual level of spending**

Worldwide military spending is estimated to have been $1.53 trillion in 2009 (U.S. dollars), the latest year for which reliable figures are available.10 Like Canadian military spending, global military spending is now higher than it was during the Cold War.

The largest spender by far is the United States, which is in a league of its own, accounting for an estimated 43% of all military spending. No other country—none of the other permanent members of the UN Security Council, none of the other members of the G8—even comes close to the U.S. in terms of actual dollars spent. The other countries in the top 15 are still significant spenders, however. Collectively, they spend nearly as much as the U.S. does, accounting for 39% of world military spending. Canada is a member of this group, the 13th largest military spender in the world in terms of actual dollars spent. The remaining 180 or so countries together account for less than half that amount, just 18% of world military spending.

Another way to assess Canada’s military spending is to compare it to that of its allies in NATO. The 28 members of NATO collectively account for about 57%
of world military spending. Canada is the 6th largest military spender among those 28 countries, trailing only the United States, the United Kingdom, France, Germany, and Italy, all of which have much larger populations and economies.11

**GDP comparisons**

An alternative way to assess a country’s military spending is to look at the percentage that spending represents of the country’s Gross Domestic Product (GDP). Percentage of GDP figures tell us nothing about the military requirements of a country or the level of capabilities that its spending provides. At 21% of GDP, Eritrea’s 2003 military spending was among the largest in the world in GDP terms, but the $327 million annual budget that represented hardly made Eritrea a candidate for superpower status.12 What GDP figures do say something about is the relative level of economic burden imposed by military spending.

In the Canadian debate, GDP comparisons are usually made with the express or implied claim that Canada should undertake roughly the same level of burden as the countries it is being compared to. Canada spends 1.5% of GDP on its military, the U.S. spends 4.0%, the NATO average is reported to be 2.8% (although 1.6% would be a more informative figure)13; thus, Canadians are said to be military misers who are not living up to their burden-sharing responsibilities.

But different countries undertake widely varying military burdens for a wide variety of reasons:

- The permanent members of the Security Council (P5)—China, France, Russia, the United Kingdom, and the United States—spend relatively large percentages of their GDPs on their militaries in order to preserve or secure their status as global powers. The United States spends 4% of its GDP to fund what is by far the largest military budget in the world and thus maintain its position as the world’s “hyperpower”, the de facto leader of NATO, most influential member of the UN Security Council, operator of a network of military bases and facilities spread over some 130 countries, and the only country that can intervene militarily on its own virtually anywhere on the planet14. Canada could spend 4%—or even 20%—of its GDP on its military and it would still reap none of these benefits. The other members of the P5, although not in the U.S. class, also aspire to the status of Great Powers, operating their own nuclear arsenals, aircraft carriers, and other elements of (limited) independent power projection capabilities. Canada does not aspire to Great Power status and would not in any case achieve such status by spending a comparable percentage of its much smaller GDP on its own military forces.

- Some countries spend a relatively large percentage of GDP because they are ruled by military governments or aggressive regimes that pose a military threat to their neighbours or their own populations. The extreme example is North Korea, which is thought to spend as much as one-third of its GDP on its military. Canada is not such a country.

- Still other countries spend a relatively large percentage of GDP because they perceive themselves to be facing a serious military threat from neighbouring countries or internal instability. South Korea’s military spending accounts for 2.8% of its GDP, for example, and Saudi Arabia’s accounts for 8.2%. Canada is not in this position either.

- Finally, many countries spend a relatively large percentage of GDP on their militaries because they have low GDPs, which means that even minimal military expenditures, such as those of Eritrea, account for a large percentage of GDP. Canada’s GDP, although not in the Great Power league, is the 9th largest in the world.

All of the preceding types of countries are likely to impose a higher military burden on their economies than Canada does. Why should Canadians expect to shoulder a military burden comparable to that of countries such as these?

GDP comparisons would be more useful if they were made among countries in similar circumstances (e.g., democratic, comparatively wealthy, not global powers and not facing direct military threats, but wanting to contribute to global security).

Canada’s 1.5% looks quite different in this context:

- The average percentage of GDP spent on the military by the non-P5 members of the G8 (Canada, Germany, Italy, and Japan) is 1.30%.

- The average percentage of GDP spent by the “high-income” members of the Organization for Economic
Co-operation and Development (P5, Israel, and South Korea excluded, for a total of 26 countries) is 1.33%.

- The average percentage of GDP spent by the 20 non-P5 “high income” members of NATO is 1.43%.

As these comparisons demonstrate, Canada is currently imposing a level of military burden on its economy typical of or even slightly higher than that of comparable states. This is true despite the fact that Canada is located in a very benign region of the world, facing essentially no military threat to its own territory. While the armed forces of most countries are dedicated at least in part to territorial defence, Canada’s armed forces can focus almost entirely on assistance in essentially civilian functions (sovereignty protection, search and rescue, disaster relief, assistance to anti-terrorism efforts, etc.) and overseas contributions to global security.

**Historical comparisons**

It is also interesting to look at military spending trends over time.

Chart 3 compares Canadian military spending since the end of the Cold War to the world’s military spending, excluding the United States, during that period. Both Canadian military spending and world military spending dropped significantly in the years immediately following the end of the Cold War, Canadian spending by 22% and world spending by 35%. World military spending began rising again after 1996, growing by 45% between 1996 and 2009; as of 2009, it was just 6% lower than it was in 1989, the year the Berlin Wall came down. Canadian military spending began rising again after 1998, growing by 58% between 1998 and 2009; as of 2009, it was 23% higher than it was in 1989. (This year it is 26% higher.)

Chart 4 compares the changes in U.S. and Canadian military spending all the way back to 1947, just after the end of the Second World War. Unlike the GDP comparisons in the preceding section, this comparison is made not because Canada and the U.S. have similarly sized militaries or similar military roles in the world, but to highlight the extent to which the two countries’ budgets have moved in parallel despite these important differences.
The degree of synchronization between the two budgets could be seen as evidence of the degree to which the two countries have had shared perceptions of their common interests, the military threats they face, and the way to respond to those threats. Alternatively, it could be seen as evidence of the degree to which Canada is susceptible to U.S. pressure to undertake greater military commitments and increase its military spending whenever U.S. military commitments/expenditures also increase. It may well reflect both factors.

The chart illustrates several significant aspects of the historical trend:

- There has been only one major exception to the rule that the changes in Canadian and U.S. spending have moved in close synchronization: the Vietnam War period, when Canada chose not to join the U.S. in the fighting in southeast Asia.

- Parallel spending peaks occurred in the early 1950s during the Korean War and during the post-detente build-up of the early 1980s.

- Significant reductions followed the end of the Cold War, although Canada’s cuts were slower in coming and less deep (falling only to about the post-war average level of Canadian spending).

- Both countries then increased military spending significantly beginning in 1999. This process accelerated after 9/11, with U.S. increases being somewhat larger (mainly due to the Iraq war), thus leaving the two countries’ relative positions reasonably close.

- Both countries are now spending more than they did at any time during the Cold War.

- Had Canada chosen not to participate in the Afghanistan war, we might have seen a pattern of divergence in spending more like that seen during the Vietnam War.

The pattern of close synchronization between Canadian and U.S. military spending holds despite the vast difference in scale between the two budgets, both in absolute terms and in terms of economic burden (% of GDP). While the absolute dollar gap between the budgets
has been growing, the GDP gap has been shrinking. This pattern, too, has remained consistent throughout the post-Second World War period, including the entire Cold War period—a total of more than 60 years.

**Failing at peacekeeping burden-sharing**

Even most supporters of Canadian participation in the Afghanistan war would agree that Canada has borne an excessively high share of the burden of that war. Beyond the cost of the Afghanistan mission in killed and injured soldiers, the costs in money, personnel available to deploy, and other military resources together comprise a large part of the explanation for Canada’s currently dismal contribution to UN peacekeeping operations. Even before the Afghanistan war, however, Canada had essentially abandoned any effort to shoulder a reasonable share of the burden of UN peacekeeping operations around the world.

During the Cold War, Canada provided about 10% of all UN peacekeeping troops. The huge growth in the number, size, and scope of UN operations after the end of the Cold War made this level of support no longer possible, but Canada continued to provide about 1,000 peacekeepers (sometimes more than 3,000) well into the 1990s.

In 1997, however, Canada began to dramatically reduce its contribution to UN operations. The initial reduction can be explained in large part by the extensive Canadian contribution to the NATO-led Stabilization Force (SFOR) in Bosnia and Herzegovina. SFOR was then followed by the 1999 Kosovo war, participation in the NATO-led Kosovo Force (KFOR), and then the post-9/11 Afghanistan mission.

By 2005, just 83 Canadian military personnel were assigned to UN peacekeeping missions. The Canadian government promised that year that the Canadian Forces would “maintain their contributions to international organizations such as the United Nations.” Nevertheless, the decline continued unchecked. In 2008, Canada and other governments voted to shut down the UN’s Multinational Standby High Readiness Brigade (SHIRBRIG), an innovative rapid-reaction peacekeeping unit that had once been championed by Canada. The shutdown took effect in June 2009.

Canada’s switch from major supporter of UN peacekeeping to an almost exclusive focus on U.S.-led or NATO-led “coalitions of the willing” was not a result of the disappearance of UN missions. Notwithstanding the claim often heard in Canada that UN peacekeeping is dead, the demand for peacekeepers has actually grown in recent years. As of December 2010, there were 84,316 UN peacekeeping troops (plus 14,322 police personnel) participating in a total of 15 missions around the world. The record for the largest number of peacekeeping soldiers ever—88,885—was set in March 2010.

Canada contributes just 56 military personnel to these operations, or 0.07% of the total, making Canada 60th on the list of 102 military contributors. These personnel are divided among 7 operations, for an average Canadian contribution of 8 military personnel per operation.

Our personnel contribution ranks between that of El Salvador (64 soldiers) and that of Greece (52). Even Yemen provides more military peacekeepers (73) than we do. Rwanda contributes 63 times as many military personnel (3,512) as Canada does.

Our contribution in spending terms is equally tiny. The incremental cost of Canada’s military contributions to UN missions between FY 2001-02 and FY 2009-10 was just $103 million, an average of $11.4 million a year. This year’s amount is expected to be even lower, just $7.9 million.

The only Canadian contribution that remains substantial is a non-military one: our cash contribution to the UN peacekeeping budget, which totals $286 million this year. This payment, a legal obligation of our membership in the United Nations, comes out of the budget of the Department of Foreign Affairs and International Trade, not the Department of National Defence.

The sheer size of Rwanda’s contribution highlights an uncomfortable fact about contemporary peacekeeping: the overwhelming burden of current UN peacekeeping operations has been transferred to the poorer countries of the world, whose soldiers are usually much less well equipped and in some cases are also less well trained. “Middle Powers” such as Canada are not bearing their share of the burden of these operations, and the resulting equipment and training shortfalls threaten to undermine the effectiveness of the operations currently underway.
Canada could make a significant contribution to global security by renewing its commitment to peacekeeping. But there is little likelihood of that happening any time soon. The main impediment to such a shift seems to be the strong institutional bias in the Department of National Defence and the broader Canadian “defence lobby” against UN peacekeeping and in favour of US/NATO “coalition of the willing” operations. Insofar as peacekeeping is seen (and in some circles feared) as a possible alternative that might displace coalition combat operations as the primary international role of the Canadian Forces, that antipathy is likely to persist.

**Humanitarian opportunity cost**

Although the Afghanistan mission is often defended in part on humanitarian grounds, the money that is spent on such missions could be used far more effectively in development assistance and other humanitarian aid in other parts of the world.

At $4 billion (U.S.) in 2009, Canada’s current level of Official Development Assistance (ODA) is the 10th largest in the world, down from 9th in 2008.

This absolute dollar figure makes Canada a relatively large player in the aid field, but the worldwide total of ODA flows (and other forms of assistance) falls far short of internationally recognized requirements. For this reason, Canada and most other high-income countries have long promised to move towards providing 0.7% of Gross National Income (GNI) as ODA. A small number of countries have managed to reach or surpass this target, but the great majority of countries remain a long way from achieving it.

Canada’s performance in this respect has not been impressive. The average ODA burden among the members of the OECD Development Assistance Committee is only 0.48% of GNI, far short of the long-promised target level. But Canadian ODA, at a mere 0.3% of GNI, is even farther from the target, lagging at a dismal two-thirds of the international average.

Our contribution looks somewhat better when compared to the contributions of the G8 members used in the military spending comparisons, but it looks just as dismal when compared to the wider group of OECD states used in those comparisons: while the average percentage of GNI spent on ODA by the non-P5 members of the G8 is 0.25%, somewhat lower than Canada’s 0.3%, the average percentage of GNI spent by the 19 “high-income” members of the OECD Development Assistance Committee, excluding the P-5 and South Korea, is 0.51%.

These comparisons demonstrate that if there is a sector in which Canada is not currently pulling its weight in terms of economic burden-sharing, it is not our military spending, but rather our non-military contribution to global security and humanitarian action.

A great deal of progress has been made in recent decades in development and humanitarian assistance. One clear example of this progress is the fact that the number of children under the age of five dying every year from hunger, disease, and deprivation has fallen by 4 million since 1990, even as the world’s population has continued to climb.

But the long-standing shortfall in ODA resources has left much vital work undone.

More than 8 million children under age five still die every year, mostly of preventable causes (along with additional millions of older children and adults). The Millennium Development Goals set by Canada and other countries at the United Nations call for this toll to be cut in half by 2015.

Important Millennium Development goals related to maternal health and other crucial aspects of development also remain far from fulfilled.

In 2010, Prime Minister Stephen Harper called on the G-8 countries to make improved maternal and child health in the developing world a priority. In June 2010, he pledged that Canada would provide an extra $1.1 billion in funding related to these goals—the equivalent of about eight F-35 fighters (not including maintenance and operations costs)—over the next five years. It remains to be seen, however, whether that money will actually be provided, and whether it will lead to a net increase in Canadian development spending or will simply be redirected from funding for other important development projects.

Meanwhile, the real progress that has been made in human development in recent years is coming increasingly under threat from the effects of climate change. The countries of the world agreed at the Cancun Conference in December 2010 to create a
with limited success, if it means ignoring other parts of the world where aid could be delivered far more effectively, and helping many more people.

If the Canadian government could find the money both to maintain expeditionary combat capabilities for humanitarian intervention and to dramatically increase ODA and climate change assistance, then perhaps no trade-off would exist between the two kinds of activity. But there is little sign that this government or any Canadian government will conclude that it has sufficient resources for both purposes. In practice, therefore, there is a trade-off being made, and the choice that the Canadian government has made to date has the perverse effect of assisting many fewer people than we otherwise might help.

Conclusion

Canadian military spending is not low, whether measured in terms of absolute spending, economic burden, or historical trend. Canada is currently spending more on the military than it has at any time since the end of the Second World War. We are the 13th largest military spender in the world.

Canada’s mission in Afghanistan has absorbed a significant part of the recent increases in Canadian military spending. This has come at the cost of Canada’s ability to contribute to UN peacekeeping operations and its ability to fund non-military contributions to global security and humanitarian action. Canada could make a much greater contribution to global security and humanitarian action by shifting resources to non-military security efforts and to peacekeeping operations.

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Notes

1 Total includes $440 million in respendable revenue. National Defence 2010-2011 Report on Plans and Priorities, Department of National Defence, 2010; the larger estimate is based on the total...
reported in *Supplementary Estimates (B) 2010-11*, Treasury Board of Canada Secretariat, 2010.

2 Calculated by comparing actual spending to what would have been spent if Canada's military budget had remained unchanged at its FY 2000-01 level. All figures converted to 2010 dollars.

3 *National Defence 2010-2011 Report on Plans and Priorities* and earlier editions. “Incremental cost” as defined by DND is the cost incurred by DND over and above what would have been spent on personnel and equipment if they had not been deployed.

4 Ramnarayan Mathilakath, Ashutosh Rajekar & Sahir Khan, *Fiscal Impact of the Canadian Mission in Afghanistan*, Office of the Parliamentary Budget Officer, 9 October 2008. The Parliamentary Budget Office figures are larger because they include the estimated cost of capital depreciation due to the war. Certain other costs, such as “accelerated procurement of capital and danger pay”, were not counted due to a lack of reliable data. The report notes, therefore, that “the estimates provided may understate the costs of Canada’s mission in Afghanistan.” In addition to DND costs, the report looked at the costs to Canada of veterans’ benefits and of foreign aid to Afghanistan. However, as those costs do not fall under the military budget, they are not cited here.


7 *The Budget Plan*, Department of Finance, 2010.

8 Actual spending would depend on the type and intensity of operations undertaken over that period. The *Canada First Defence Strategy* put the number at $490 billion, excluding operations costs, but this figure was not adjusted for inflation.

9 In addition to the purchase costs of the aircraft, the F-35 is expected to require between $7 billion and $21 billion in maintenance spending over the life of the program. See, e.g., Kenneth Epps, “Why Joint Strike Fighter aircraft? Program costs rise and benefits carry risks,” *Ploughshares Briefing* 10/3, August 2010 (http://ploughshares.ca/libraries/Briefings/bf103pdf). For a critique of the proposal to buy the F-35, see Steven Staples, *Pilot Error: Why the F-35 Lightning II stealth fighter is wrong for Canada*, Canadian Centre for Policy Alternatives, 14 October 2010 (http://www.policyalternatives.ca/publications/reports/pilot-error).


13 As reported by NATO in NATO Communiqué PR/CP(2010)078. NATO’s figure was produced by dividing the combined NATO economies by combined NATO military spending. The average of the 28 individual percentage of GDP figures of NATO’s current members is 1.6%.

14 It also spends at this level to satisfy an extremely powerful and deeply entrenched domestic constituency for military spending.

15 All percentages calculated using NATO data (“Financial and Economic Data Relating to NATO Defence”) where available and Stockholm International Peace Research Institute data otherwise (“SIPRI military expenditure database”). “High-income” countries are those designated as such by the World Bank.


17 U.S. spending is so large—over 40% of the global total—and diverges so dramatically from the rest of the world’s spending trend that it is worth examining separately.


20 Walter Dorn & Peter Langille, “Where have all the Canadian peacekeepers gone?”, *straight.com*, 7 August 2009.


22 The combined Canadian military and police contribution is only a little bit better: 198 personnel, or 0.2% of the total, making Canada 53rd out of 115 contributors overall.


25 The Prime Minister seems to share this antipathy. See, e.g., “Canadian government supports UN, but not peacekeeping.” *Ceasefire.ca*, 24 September 2010 (http://www.ceasefire.ca/?p=5465).

27 ODA is normally measured as a percentage of GNI rather than GDP. GNI is similar to GDP but takes into account cross-border income flows.


31 A question would remain in many people’s minds, however, as to whether Canadian military intervention capabilities would be reserved for truly humanitarian or self-defence roles or would end up too often drafted into Great Power interventions with decidedly less altruistic motivations.