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Policy Report

Canada must defend itself against US aid by developing sovereign capabilities

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Introduction

How should Canada adapt its defence policy to deal with the realities of the new geopolitical environment? Since Donald Trump's return to power, a number of experts have suggested that Canada should overhaul its foreign policy, diversify its strategic partnerships, and develop more autonomous capabilities in terms of intelligence, deterrence, and the defence industry. These proposals may seem like heresy, so discordant are they with Canada's historical complacency on defence matters. Yet the current geopolitical situation demands that Canada be equipped with sovereign defence capabilities.

The current debates are nothing new. In this analysis, we propose that Canada return to a little-known concept in Canadian defence policy. This concept is that of 'defence against help', developed by Nils Ørvik in 1973 with the aim of proposing the contours of a defence policy for a state facing a major power on its borders. When this concept was used to give meaning to Canadian defence policy, particularly in the context of its asymmetrical relationship with the United States, many argued that Canada was pursuing this strategy in its relations with the United States. However, this is not the case. Rather than adopting a strategy of developing a military force capable of guaranteeing Canadian territorial control without recourse to 'American aid', successive federal governments have favoured a force structure largely defined by close integration with the United States. As a result, they have ignored the potential threat posed by the United States to Canadian territorial integrity.

Given the Trump administration's hostility to Canadian (and Danish) sovereignty, its threats to abandon the protection of US allies and its desire to wage all-out tariff war, it is clear that the United States is no longer a reliable or benevolent ally. As Prime Minister Mark Carney put it bluntly: 'The old relationship we had with the United States, based on the deep integration of our economies and close cooperation on security and defence, is over'. With this in mind, he launched a review of the F-35 acquisition and affirmed his interest in participating in the 'Golden Dome' project announced by President Trump, declaring: 'We are now in a position where we will collaborate if necessary [with the United States], but we will not necessarily collaborate'. This strategy is based on two pillars: diversifying Canada's partners by moving closer to more reliable allies, such as the Europeans, and prioritising the development of a Canadian military industry.

To implement Mr. Carney's vision, we need to revisit Ørvik's original idea in order to outline a defence policy against American aid for the decades to come. To do this, we will begin by recalling how Canada found itself in the difficult situation in which it finds itself today. We will then outline the challenges that Canada is currently facing. Finally, we will propose a series of measures to help Canada overcome these challenges by implementing a defence strategy against aid.

Giving up sovereign defence capabilities

To understand Canada's current defence situation, we need to go back quite a long way. It is important to recognise first of all that Canadian military spending in the aftermath of the Second World War only really took off between 1950 and 1953 as a proportion of GDP. As SIPRI data shows, Canada went from allocating 2.43% of GDP to military spending in 1950 to a peak of 7.37% in 1953. Then, with the end of the Korean War, the proportion of military spending fell steadily until 1974, when it reached 1.78% of GDP. This gradual decline coincided with the introduction of social programmes and reflected the development of the doctrine of mutually assured destruction between the United States and the Soviet Union.

In this context, it made no sense for Canada to devote a substantial proportion of its expenditure to the armed forces. Indeed, as the White Paper on Defence published in 1970 by Pierre Trudeau's government pointed out, 'there is no obvious level of defence expenditure in Canada'. Although the statement may seem trite, it was a turning point in Canadian defence policy since the Korean War. Rather than setting a percentage of GDP to be achieved, the White Paper felt that military spending should take account of the needs of other government programmes. On the one hand, Pierre Trudeau's government halved the Canadian contingent deployed in Europe, from 10,000 to 5,000 troops and from six to three CF-104 squadrons. In effect, the White Paper reversed Canadian priorities, putting the defence of national territory ahead of our obligations to the Atlantic Alliance.

Moreover, although the White Paper stated that the primary objective of Canadian defence policy was to 'preserve the sovereignty and independence of the country', it accepted Canada's dependence on American protection in terms of nuclear deterrence. In view of the threat posed by Soviet intercontinental ballistic missiles, the White Paper refrained from 'devoting significant sums to the purchase of new equipment or facilities that could be used in the future only for active anti-bomber defence'. Canada chose to rely entirely on the United States' anti-missile detection, interception and retaliation capabilities to ensure its territorial protection. Since the NORAD agreement 'does not specify any level of forces, equipment or facilities' required, 'the nature and extent of Canada's contribution remains a matter for decision by the Government of Canada'.

Yet in 1975, Pierre Trudeau's government launched a programme to rearm the Canadian Forces. It substantially increased the defence budget between 1976 and 1984, in order to acquire a new fleet of fighter aircraft, ships, armoured vehicles and tanks. While the first objective was to replace a number of ageing capabilities, a second was to maintain a substantial military commitment in Europe in order to increase trade relations with the Old Continent and maintain NATO's reputation as a reliable ally. The proportion of GDP devoted to defence thus rose from 1.78% in 1974 to 2.12% in 1984, a real increase of 49%.

The Mulroney government intended to continue along this path in the 1980s by promising a significant increase in defence spending, but this never materialised. The end of the Cold War and Canada's budgetary constraints rendered obsolete the impressive measures announced in 1987. Despite the

rearmament programme initiated by its predecessor, the Mulroney government felt that the resources devoted to defence were insufficient to meet Canada's military commitments. The 1987 White Paper drew a harsh conclusion:

> The maritime forces have too few operational vessels, an extremely limited capacity to conduct operations in the Arctic and no means of ensuring that Canada's waterways and ports are free of mines. [The land forces, for their part, are facing a very serious shortage of equipment and do not have enough combat-ready soldiers [...]. The air force, for its part, has a clear shortage of aircraft to transport troops and equipment to Europe in times of tension and to provide support during hostilities; it also lacks maritime patrol aircraft and modern weapons for the CF-18s, and has no replacement CF-18s to make up for losses suffered in peacetime.

Rather than reducing Canada's commitments in Europe, which would have had the effect of compromising 'the cohesion of the Alliance', the White Paper advocated major reinvestment in the armed forces. With real growth in military spending of 2% per year (i.e., after inflation), some 270 major equipment procurement projects were planned, including: nuclear-powered submarines (SSN), long-range patrol aircraft, CF-18A fighters and additional frigates, the North Warning System, fixed sonar systems in the Arctic, and space surveillance systems. Added to this was the creation of additional territorial brigades, an increase in the number of troops posted to Europe, and the consolidation of military commitments in Europe, so as to be able to deploy a division (i.e., two brigades) to Germany in the event of a crisis.

It goes without saying that, in the eyes of the Mulroney government, Canada did not have the necessary capabilities to defend the country against possible external aggression. For example, to justify the acquisition of 10 to 12 SSNs, the White Paper stated: 'The SSN is the only type of vessel capable of providing surveillance and control in the Arctic Ocean and in ice-covered Canadian waters... The SSN is considered to be the most advantageous purchase for the Navy because it is an anti-submarine platform capable of conducting operations in the three oceans of interest to us'. In November 1989, however, during a visit to the USSR, Prime Minister Mulroney declared that the 1987 defence policy was outdated. Canada was giving up the idea of maintaining an effective anti-submarine presence in the three oceans that surround it, an oceanic area of almost six million km2.

In order to balance the federal budget, the Chrétien government introduced major budget cuts in the 1990s. The defence budget was cut by 30% between 1994 and 1998 and the renewal of major equipment was delayed indefinitely. Military spending fell from 2.11% of GDP in 1986 to 1.11% in 2005, and the government reduced the size of its forces by a third. Nevertheless, the Canadian Armed Forces were deployed in almost all allied operations, from the Persian Gulf to Afghanistan, via Bosnia and Kosovo.

The combination of a high operational tempo and low expenditure led Canada, and many other European allies, to optimise its military planning and spending. This optimisation involved relying increasingly on the United States to fund the research and development of new military capabilities, enabling Canada to benefit from them at relatively low cost. As a bonus, the Canadian Armed Forces were able to increase their interoperability with their American counterparts and, above all, were able to take part in operations alongside the United States at minimal cost.

Under NORAD, Canada also deepened its close collaboration with the United States to defend the North American continent, while delaying additional investments, such as new fighter and refuelling

aircraft, radar and air defence systems adapted to advanced technologies, intelligence, surveillance and reconnaissance (ISR) systems, and submarines capable of operating in icy waters. This solution was considered optimal because Canada could maintain a multi-purpose force with combat capabilities in all three services, while spending just over 1% of its GDP on defence, given the close collaboration with the United States.

The debate surrounding the Canadian government's refusal to participate in the US missile defence programme also illustrated this dynamic. As Philippe Lagassé pointed out, some argued that allowing the United States to defend the continent against ballistic missiles without a Canadian contribution would undermine Canadian sovereignty. Unlike the Ørvik defence concept, however, few analysts suggested that Canada should build its own missile defence system, or even acquire its own interception capabilities. The arguments against the Canadian government's decision were not aimed at developing sovereign defence capabilities against US assistance, but rather at taking advantage of the protection offered by the US system and the low costs of Canadian political support, while retaining a 'seat at the table' in the hope of participating in decision-making on missile interception. The Carney administration's stated interest in Canadian participation in President Trump's 'golden dome' seems to signal that Canada recognizes that American protection will no longer be free.

Continued alignment during the first Trump term

In 2017, Justin Trudeau's government launched a vast programme to recapitalise the Canadian Armed Forces in order to replace ageing or obsolete equipment and, in 2022, to modernise NORAD facilities. Planned defence capital spending up to 2037 was estimated at $215 billion. In 2024, the Trudeau government announced another recapitalization programme, increasing the annual defence budget from $41 billion in 2024 to $57.8 billion in 2029, an increase of 41%. However significant, this increase would only take military spending from 1.35% to 1.58% of GDP, a far cry from Canada's commitment to NATO to spend 2% of GDP on defence by 2024.

The significant but modest increase in military spending planned by the Trudeau government was part of the same approach of aligning itself with the United States as its predecessors, which mainly provided for the acquisition of American capabilities. Of course, Canada bought 16 CC-295 Kingsfisher aircraft from Airbus to carry out search and rescue operations, as well as nine CC-330 Husky aircraft for air-to-air refuelling and VIP transport. There are many other examples of European capabilities being acquired for the CAF, but when it came to major investments in combat capability, the Canadian government remained firmly committed to American technology. Examples include the acquisition of 88 F-35A fighters from Lockheed Martin, three Beechcraft King Air 350ER intelligence, reconnaissance and surveillance aircraft from Textron, 16 P-8A Poseidon maritime patrol aircraft from Boeing, Lockheed Martin's Aegis combat system for the 15 future warships, and Boeing's broadband satellite communications system (WGS-9).

By favouring the acquisition of military capabilities produced abroad, Canada was effectively depriving itself of the development of these systems by its own national industry. The acquisition of a fleet of P-8As, worth $10.4 billion in 2023, was controversial because the Canadian government preferred an American supplier (Boeing) to Bombardier, a Canadian company, and the advanced maritime surveillance capabilities developed by General Dynamics Mission System - Canada to replace the CP-140 Aurora fleet. Bombardier's proposed option seemed too uncertain in terms of timing and operational availability for Ottawa, despite Bombardier's assurances that the aircraft would be ready by the early 2030s.

This decision is a prime example of the Canadian military procurement strategy, which requires existing and proven capabilities at the time of the acquisition decision, accepts the Canadian military's preference for aircraft that are interchangeable with those used by the United States, and at the same time foregoes the development of a Canadian industry in such a strategic and sensitive sector as the aerospace industry. If Canada had opted for the development of sovereign capabilities, it would have invested in Canadian industry several years before the time came to replace the Aurora fleet, so that when the time came there would be a tried and tested, made-in-Canada solution.

This renunciation of the development of sovereign capabilities could have been an optimal choice at a time when the CAF recapitalisation programme was based on a projection of military spending below 2% of GDP and confidence in close integration with the US armed forces. This was the situation at the start of Trump's second inauguration. Since he came to power, however, it has become clear that this strategy is putting Canada at risk.

The challenge of Trump 2.0

US President Donald Trump has called into question Canada's sovereignty, launched a trade war against his allies and cast doubt on the US commitment to Article 5 of NATO. These attacks are repeated, target several allies, are part of a vision enacted in his first term and, unlike his last term, are now being aggressively implemented. For example, the American intelligence services are conducting espionage operations in Greenland.

As far as Canada is concerned, there are two opposing interpretations. Some believe that President Trump's rhetoric is part of a strategy to include Canada in a North American fortress, while others believe that Mr. Trump should be taken at his word, namely that the United States does not need what Canada has to offer and that Canada's defence is too costly for the United States. Regardless of which of these views is more representative of President Trump's thinking, the fact remains that this administration is challenging the foundations of Canadian defence policy and planning. Whether Canada is dropped by Washington and forced to provide for its own security, or whether it is confronted with the American desire to unilaterally make up for the shortcomings of Canada's territorial defence, both scenarios would spell the end of the policy of joint and friendly defence of the North American continent that has prevailed since the late 1930s.

One of the most worrying possibilities is that Mr. Trump or one of his successors will conclude that Canada is so important to American security that it must be defended by the United States on Washington's terms. The administration would then apply the same rhetoric to Canada as it did to Greenland. This scenario may be improbable, but many of the things the Trump administration has done in recent months initially seemed improbable, such as aligning itself with Vladimir Putin's Russia, undermining the US intelligence community, and undermining the fundamental principles of the US Constitution.

Many in the Canadian security and defence community believe that Trump is only a temporary problem, and that Ottawa must therefore maintain a strategy of duck and cover. Former Defence Minister Bill Blair played down the threat posed by the US in mid-February 2025, and the Ministry of Defence is stalling on the need to reconsider the acquisition of F-35 fighters. This attitude is understandable, given the close ties that bind the Canada-US defence community.

However, the Canadian government does not have the luxury of assuming that the hourglass strategy will work in the face of Trump. It would be politically irresponsible to play for time with Trump and avoid protecting against scenarios of American abandonment or coercion. It is quite possible that the populist, nationalist, protectionist and authoritarian underpinnings of Donald Trump's foreign policy will be with us for the long term.

The actions and words of the Trump administration represent a clear threat to Canada, even if they do not lead to war with Canada. While the scenario of a full-scale invasion of Canada by the United States is not credible, a far more likely scenario is that of a US incursion to secure access to Canadian natural resources, critical infrastructure or shipping lanes, including in the Far North. This scenario could see the US deploy military forces on Canadian territory under the pretext of 'helping' to resolve an incident or security problem, but never leave afterwards. This would be done under the guise of a friendly intervention, an offer of assistance in the face of a real or fabricated threat. President Trump has already offered to deploy US forces to Mexico to help the country fight drug cartels, and his adviser Peter Navarro has said that the cartels are expanding in Canada. A similar 'offer' could therefore be made to Canada. If this offer came, or should we say if this offer was imposed, it would be Don Corleone-style - with no way of refusing. Canada would be asked to accept unfriendly help in friendship and would not be able to count on its European allies to lend a helping hand.

Defending yourself against unsolicited help

What should Canada do to prepare for such an eventuality? When Ørvik proposed the principle of defence against aid to Canada, he meant it in the Finnish sense of the term. Indeed, Finland ensured that it did not need Soviet "aid" to maintain its independence and sovereignty during the Cold War. Defence against aid represented the best strategy that a small state neighbouring a potentially hostile great power could adopt. According to Ørvik, three principles are essential for a successful defence against aid strategy: 1) the greater the strategic importance of a small state's territory to its powerful neighbour, the more it will have to invest in its military capabilities to deter unsolicited aid; 2) the small state's willingness and ability to prevent access to and use of its territory must be perceived as credible by its more powerful neighbour; and 3) the small state must practice a policy of non-alignment with respect to its powerful neighbour's rival states.

Given the growing importance of Canadian territory to the United States due to its geographical position and natural resources, Ottawa's adoption of a defence-for-aid strategy would require, in addition to the non-alignment with China or Russia that Canada already practices, the development of a credible and sufficient military capability to deal with any incident, problem, or threat on its soil, in its air, or in its waters. Such a defence policy, based on self-reliance, resilience, and diversification of partners, would prevent a neighbouring great power from using a pretext to deploy its forces on the territory of its smaller neighbour. In this way, Canada could credibly say to the United States: "We don't need your help."

It would take more than a decade or two for Canada to realistically implement a defence-for-aid strategy, given Ottawa's systematic underinvestment in defence and the neglect of developing sovereign capabilities. That said, the task is not impossible. In the short term, Canada cannot forgo existing American capabilities. Abandoning them would make Canada even more vulnerable and harm its military industry, which is deeply integrated with that of the United States. But at the same time, Canada must now and urgently develop its sovereign capabilities in critical sectors and forge

partnerships with reliable allies to reduce its chronic dependence on the United States. This would lay the foundation for a credible defence-for-aid policy by 2040.

What would this look like in practice? It would mean a force capable of defending its own air and sea space, as well as responding to major accidents and natural disasters across the entire national territory, including in the Arctic. It would also mean a force with independent communications, intelligence, and surveillance systems, including satellites, underwater sensors, and radars. Finally, defence against aid would mean prioritizing the defence of Canadian territory over expeditionary missions and favouring the development of sovereign capabilities over the acquisition of American equipment.

The most striking example is the acquisition of the F-35, which has been questioned by Prime Minister Carney. Some rightly believe that Canada should turn to a European alternative, such as the Gripen or the Rafale, to reduce its dependence on operational and technological support from the United States. However, critics are also right to point out that Canada is so desperate for new fighter jets that it cannot afford further delay in replacing its CF-18s, and that the F-35s offer stealth capabilities unmatched by their European competitors. In a defence-for-aid approach, Canada should therefore opt for a mixed fleet, as advocated by former Royal Canadian Air Force commander Yvan Blondin. A fleet of 50 European fighters should be added to the 88 F-35As planned for 2026-2034, bringing the Canadian fleet to 138 aircraft, the same number as the number of F-18s acquired in 1982. The choice of the second aircraft should be conditional on its capabilities to defend Canadian territory as much as on the supplier's willingness to develop production capabilities in Canada, in order to lay the foundations for a national industrial capacity. This is, in fact, what Dassault and Saab had committed to. This should be supplemented by Canada's participation in the development of a sixth-generation fighter, either through the Global Combat Air Programme (GCAP) developed by the United Kingdom, Japan, and Italy, or with France and Germany and their Future Combat Air System (FCAS), in order to jointly develop drone capabilities that will be an integral part of the future generation of fighter aircraft.

There is no doubt that a mixed fleet and the development of a national aerospace industry would be costly and demanding in terms of personnel. The model of a single, interchangeable force with the United States is much less costly. This is precisely why it has been optimal for Canada to favour this model until now. Some might argue that as long as American coercion does not materialize, there is no need to guard against it. The problem with this logic, of course, is that if such coercion were to materialize, it would be too late to prevent it. While countries such as the United Kingdom, Italy, Germany, Greece, and Poland have chosen to maintain a mixed fleet of fighter jets, Canada could draw inspiration from their model for developing personnel and the associated infrastructure.

Other strategic sectors should be prioritized by Canada's future defence industrial strategy, which is expected in the summer of 2025. Among the sovereign capabilities to be developed are airborne early warning aircraft (AEW&C), a wide range of drones (unmanned surface vessels, unmanned underwater vehicles, low, medium and high altitude unmanned aerial vehicles), underwater acoustic sensors, and air-to-ground and anti-ship missile systems. In other areas, such as submarines, a strategic partnership with Sweden (Saab), France (Naval Group), Germany (TKMS), Spain (Navantia) or South Korea (Hanwha) will be necessary. The choice of supplier should be based not only on the technical capabilities of the proposed submarines, but also on the willingness to transfer to Canada the intellectual property and infrastructure necessary to maintain and develop the capabilities associated with the submarines.

In this light, Prime Minister Carney is right to consider participating in President Trump's ambitious "Golden Dome" missile defence program. In the Prime Minister's words: "Yes, it's a good idea for Canada to have missile protection, because from now on, there are real threats to Canada from Russia, North Korea, and possibly China, in the near future." It should be noted, however, that Canada already participates in the North American missile defence program's early warning and detection system and is collaborating with the United States on the development of radars, satellites, and other infrastructure associated with the modernization of NORAD. However, in line with the logic of defence for aid, Canada's participation in missile defence should be based on the development of Canadian surveillance, detection, and interception capabilities, within the limits of what appears useful to guarantee Canadian sovereignty. Thus, it would be wise to invest in radar, satellite, and long-range missile systems, but probably less in space-based interception capabilities.

Implementing a defence-for-aid policy would necessarily be more costly than the current policy of integration within the U.S. armed forces. But the political context is favourable to major investments in defence, and the majority of Canadians support an increase in military spending. Prime Minister Carney's plan calls for adding more than $30 billion to the Our North, Strong and Free (NNFL) budget forecast, announced in April 2024. This would increase the annual defence budget from $41 billion in 2024-25 to $68.4 billion in 2028-29, a 67% increase. If NATO allies agree as planned on a new threshold of 3.5% of GDP for defence, this would mean, according to estimates by the Parliamentary Budget Officer, an annual budget of $128 billion in 2030, a 212% increase compared to the 2024-25 budget. Such budget increases would therefore make the implementation of a defence-for-aid strategy not only possible but imperative, since spending such sums on American rather than Canadian industry would be scandalous. Indeed, if Prime Minister Carney is correct in asserting that 75% of Canada's current military procurement is spent on American equipment, maintaining such a ratio would be economically indecent and politically risky. In a context of major defence investments, a defence-for-aid strategy is the best path forward.

Conclusion

The history of Canadian defence policy reflects a consistent choice of dependence on the United States, based on a logic of budgetary rationalization and strategic interoperability. However, the return of Donald Trump to power, and more broadly the growing political instability in our neighbouring country, requires a profound revision of this posture. Updating the concept of "defence for aid" would allow Canada to regain its military sovereignty by strengthening its national capabilities, diversifying its industrial and strategic partnerships, and preparing a credible response to any attempt at "friendly" interference from Washington.

This change of direction requires not only massive investment but also sustained political commitment to develop an autonomous and resilient defence industry. On the cusp of crucial budgetary choices and lasting geopolitical tensions, Canada has a historic opportunity to transform its dependence into a sovereign power. The success of this transformation will depend on our collective willingness to bear the costs of our independence and to build, starting today, the foundations of a national security designed by and for Canadians.

Fatigue will be a major challenge to overcome. Many Canadians will be watching for the slightest sign of Trump backing down to assert that we must return to our old ways. It is true that the old ways are easy, comfortable, and inexpensive. The prospect of returning to the status quo ante and never having to worry about Trump again is very attractive and could ultimately prevail. But only a defence-for-aid strategy will allow Canada to protect its sovereignty, leverage its economy, and make itself less vulnerable to American political upheavals.