

“Armed Forces Ltd.”

Fails On All Counts

Nigel Brodeur

Some years ago, when Canada still possessed a strong and diverse defence industrial capability, the anti-military establishment liked to trumpet dire warnings about “the military/industrial complex,” making it sound as though the Canadian Armed Forces were part of some gigantic malevolent corporation.

As most of us now know, those warnings were rubbish where Canada was concerned – but much political hay was made out of that rubbish.

Let’s suppose the Armed Forces were a corporation. What would its product be? What are the demands for that product? What would its assets look like? How does it get and train its workforce? How well are they paid? Where are its branch offices? Who are its customers and how reliable are its clients?

Its product is national and international protection and stability. High-sounding meaningless words? Not to those Canadians who watch their military disarming explosives, rescuing crews from sinking ships, saving lives during forest fires, floods and freezing weather, and searching for bodies following aviation disasters.

Not for those citizens in faraway lands who watch the Canadian military risking their lives to save and protect total strangers. Not to those allies who need, and count on, Canadian assistance in battles to preserve peace and freedom.

As for demand for the product, it’s huge, it’s never-ending, and it’s continually straining the corporation beyond its limits.

What about its workforce?

With about 60,000 full-time and 21,500 part-time employees, the Armed Forces would rank as the third largest corporation in Canada. Its workforce has all the earmarks of a profession – not just an employment opportunity.

So what’s the pay like?

Well, the newly trained “blue collar” person gets considerably less than a new bus driver or police officer, and the trained neophyte executive gets considerably less than a new school teacher.

The pay of top management is only about six times that of the lowest paid worker, and is about 1/20th the remuneration received by top management in similar sized Canadian corporations.

Let’s look at our corporation’s material assets. The replacement value of its physical assets (land, buildings and mobile “machinery”) would exceed \$300 billion, of which \$100 billion would be the mobile equipment essential for producing the aforementioned “product.”

This actually is our corporation’s “plant” equipment – it should be updated at least every fifteen years, and be replaced every thirty years. That would entail a yearly

equipment expenditure of about \$4 billion. The corporation isn't getting that sort of money, so its "plant" is slowly dying.

Additionally, the wear and tear on our corporation's workforce and assets is exacerbated when it frequently has to assemble and move very large portions of its equipment and workers—its branch plants and offices so to speak—anywhere in the world, usually at very short notice.

No other Canadian corporation is faced with that challenge and hardship.

Who are the customers? Every province and every municipality in Canada has been a customer at one time or another. Internationally, there are bilateral and multilateral agreements and accords with the United Nations, with NATO, and with individual allies.

This brings us to the last question—how reliable are its clients? Therein lies the problem, our corporation has only one paying client: the federal Government of Canada.

When the corporation asks, "How much product should we be prepared to produce?", the paying client answers, "As much as we want."

When the corporation asks, "how much long-term money can we count on to update and replace our plant, and to train our workforce?", the client responds, "We'll tell you annually, oh, and by the way, if we run short elsewhere, we'll want quite a lot of that money back."

Ask any of the CEOs of large Canadian corporations how long they could stay in business if their clients treated them the way Ottawa treats the Canadian Armed Forces.

So what can be done about it?

For a start, the "client" must recognize that when it takes ten years or longer to plan and procure major equipment, the corporation must have long-term guaranteed financing—a permanent percentage of the client's budget.

Second, the "client" must cease its habit of stealing cash "dividends" from the corporation.

Third, the client must accept that when extra product is demanded, extra funding must be provided.

When those things come to pass, our Canadian Armed Forces "corporation" will recover, and will continue to produce the product of which all Canadians can be rightly proud.

This article was originally published in the "Toronto Star." Nigel Brodeur's naval career spanned thirty-five years and included many senior positions in both the RCN and NATO. He retired as a Vice-Admiral in June 1987, after serving as Deputy Chief of the Defence Staff. He is a member of NOAVI.

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(Originally Published in Vol VII, No. 22, Spring 2003 Edition of Starshell.)