

# Canada's Postwar Re-armament: Another Look at American Theories of the Military-Industrial Complex

Lawrence R. Aronsen

Volume 16, numéro 1, 1981

Halifax 1981

URI : <https://id.erudit.org/iderudit/030874ar>

DOI : <https://doi.org/10.7202/030874ar>

[Aller au sommaire du numéro](#)

## Éditeur(s)

The Canadian Historical Association/La Société historique du Canada

## ISSN

0068-8878 (imprimé)

1712-9109 (numérique)

[Découvrir la revue](#)

## Citer cet article

Aronsen, L. R. (1981). Canada's Postwar Re-armament: Another Look at American Theories of the Military-Industrial Complex. *Historical Papers / Communications historiques*, 16(1), 175–196. <https://doi.org/10.7202/030874ar>

## Résumé de l'article

De 1947 à 1953, le budget canadien pour la défense nationale est passé de 195 millions de dollars à 1,8 milliard. La défense nationale, comme le signalait Brooke Claxton, est devenue la plus grande industrie du Canada. L'auteur se propose donc de nous éclairer sur les aspects économiques de la politique de défense et, entre autres, sur celui de la mobilisation de l'industrie au service de la guerre. Les raisons d'être de cette mobilisation sont étudiées plus particulièrement de même que le processus de son développement et l'impact qu'elle a exercé sur l'économie canadienne.

Dans le regard qu'il porte sur ce problème, l'auteur se demande de plus dans quelle mesure la littérature américaine concernant le MIC (Military-Industrial-Complex) peut aider à l'analyse de la question du réarmement dans cette période de l'après-guerre canadienne. Il conclut en expliquant les raisons pour lesquelles le Canada n'a pas développé un « complexe de l'industrie militaire » comparable à celui qui a été édifié aux États-Unis pendant la même période.

# *Canada's Postwar Re-armament: Another Look at American Theories of the Military-Industrial Complex\**

LAWRENCE R. ARONSEN

In the period immediately following World War Two, Canada underwent an economic transformation as dramatic if not as significant as that in the years from 1939 to 1945. The change from a wartime economy to a peacetime one witnessed the almost total demobilization of the armed forces, the dismantling of several crown corporations, and a massive economic reconstruction and reconversion of the labour force and industry to civilian production.<sup>1</sup> By the end of 1947, the process was nearly complete and in that fiscal year the defence budget declined to \$196 million and the number of armed forces personnel to 32,000.<sup>2</sup> The years to follow were to prove equally unsettling for the country. In 1948 the policy of demobilization came to an end and a period of planning and limited re-armament for war began. The Korean War accelerated the process and, in the 1952-53 fiscal year, the strength of the armed forces tripled to 105,000 while defence expenditures rose geometrically reaching a highpoint of \$1.85 billion.<sup>3</sup> Only by the end of the decade would there be a significant reduction in defence spending, both in absolute terms and in relation to overall government spending.

The impact of these changes rippled throughout postwar society. Most notable was the emergence of a complex bureaucratic network to coordinate and implement defence policy. Old defence related government agencies gained new life and new ones such as the Defence Research Board, the Industrial Defence Board, and the Department of Defence Production were created. Similarly, in the civilian sector, the appearance of the Canadian Ordnance Association, later renamed the Canadian Industrial Preparedness Association, marked an important development in Canada's postwar military-industrial relationships. "Defence," remarked Brooke

---

\*The author wishes to thank the staff of the Directorate of History, Department of National Defence, for their helpful comments on an earlier draft of this paper.

1. Public Archives of Canada (hereafter PAC), Records of the Privy Council, RG 2/18, vol. 60, file C-10-10-D, Cabinet Committees on Demobilization and Re-establishment, Miscellaneous Reports, 1945-1946. See, also, Robert Bothwell and William Kilbourn, *C.D. Howe: A Biography* (Toronto, 1979), pp. 180-96.
2. Brooke Claxton, *Canada's Defence Program, 1949-1950* (Ottawa, 1950), pp. 15-20, 23-9.
3. Brooke Claxton, *Canada's Defence Program, 1953-1954* (Ottawa, 1953), pp. 16-21, 33-42; *Third Report of the Department of Defence Production, 1953* (Ottawa, 1954), pp. 12-7.

Claxton, the minister in charge, "had become the biggest single industry in Canada."<sup>4</sup> In 1953, the Department of Defence Production placed 138,000 contracts for defence equipment and stores which affected all regions and all sectors of Canadian industry. Approximately 260,000 workers or one in eight of the industrial labour force were directly or indirectly involved with military production. Federal government expenditures on defence totalled 43.5 per cent of the budget, nearly three times that allocated for social security.<sup>5</sup> Indeed, it could be argued that Canadian history from 1948 to the end of the Korean War in 1953 is not so much the story of the expanding welfare state, but the rising national security state.

To what extent the existing literature on the military-industrial complex (MIC) in the United States can be applied to analyse Canada's postwar re-armament is the focus of this paper. Since its first academic appearance in C. Wright Mills' *The Power Elite* and later popularization in President Eisenhower's 1961 Farewell Address, the idea of a MIC has come to be widely used and abused in commentaries on the nature of postwar American society.<sup>6</sup> Recent efforts have been made to analyse the MIC in the broader historical context as well as to examine the usefulness of the theory for other countries.<sup>7</sup> There is a consensus among American social scientists and historians that the MIC is an identifiable social phenomenon, motivated by an interest, but not necessarily self-interest, and that it possesses economic and political power.<sup>8</sup> On specific issues however, there is considerable conflict of opinion. Much of the controversy on the subject is concerned with establishing the origins of the MIC; its structural make-up; its relationship with other elites, classes, or organizations; and its overall impact on society. American Marxist scholars have viewed it as part of the ruling class while those influenced by the writing of C. Wright Mills see it as the central component of the power

- 
4. Brooke Claxton, in Canada, *House of Commons Debates*, 7th Session, Twenty-first Parliament, vol. 1 (27 November 1952), pp. 136-7.
  5. *Canada Year Book, 1954* (Ottawa, 1954), pp. 243-63, 1064-5, 1200-6.
  6. C.W. Mills, *The Power Elite* (New York, 1957); Dwight D. Eisenhower, "Farewell Radio and Television Address to the American People, January 17, 1961", in *U.S. Presidents, Public Papers of the President of the United States: Dwight D. Eisenhower, 1960-1961* (Washington, D.C., 1961), pp. 1035-40.
  7. Some recent examples of this approach include Benjamin Franklin Cooling, ed., *War, Business, and American Society: Historical Perspectives on the Military-Industrial Complex* (Port Washington, New York, 1977); Paul A.C. Koistinen, *The Military-Industrial Complex; A Historical Perspective* (New York, 1980).
  8. *Ibid.*, pp. ix-xii. This point is also made by those critical of the way many MIC theorists have used the concept. See, for example, Charles C. Moskos, Jr., "The Concept of the Military-Industrial Complex; Radical Critique or Liberal Bogey?", *Social Problems*, 21 (April 1974), pp. 498-512.

## CANADA'S POSTWAR RE-ARMAMENT

elite. Still others have identified it as a National Security bureaucracy and some have even defined it as a loose coalition of groups spread throughout society.<sup>9</sup>

To assess the validity of American MIC theories, this paper will analyse the structure of the defence policy-making process, the reasons underlying Canada's accelerated re-armament program in the early 1950s, and the reasons for its reversal by the end of the decade. Specific attention will be paid to Canada's historical traditions in civil-military relations and the impact of the corporate sector on Canada's industrial mobilization for defence during the early years of the Cold War.

Generally, scholars of a Marxist persuasion have not incorporated the concept of a MIC into their work largely because the basic premises are borrowed from such anti-socialist elite theorists as Vilfredo Pareto, Gaetano Mosca, Robert Michels, and Max Weber. Those Americans that have done so have employed a rather unsophisticated Marxist view that the capitalist class dominates the government and the military bureaucracy and that in time of crisis it prefers military solutions to economic and political problems.<sup>10</sup> Such a crisis arose during the Cold War when the United States was confronted with a series of nationalist and socialist upheavals throughout the world that threatened to "close the door" to American capital investments and commodity exports. This postwar unrest perceived to be the machinations of an "expansionist Soviet Union" led the capitalist ruling class to employ military instruments of policy to preserve its "open door empire." The militarization of the American economy not only made the world safe for Wall Street, but had the albeit unintended effect of averting a return to the depression of the 1930s, which the 1949 downswing seemed to indicate was going to happen. Military expenditures according to this view provided the ideal outlet for the surplus capacity generated by American monopoly capital.<sup>11</sup>

To what extent American Marxist theories can define the contours of the defence policy-making process is beyond the scope of this paper. While it can be quite easily demonstrated that Canada's postwar defence policy was determined by what the political scientist, Robert Presthus, has called the "governmental elite," it is difficult to establish the elite's relationship to social class, even if the larger question of whether or not social classes in the Marxian sense exist can be an-

- 
9. For an overview of the conflicting interpretations of the MIC, see Jerome Slater and Terry Nardin, "The Concept of a Military-Industrial Complex", in Stephen Rosen, ed., *Testing the Theory of the Military-Industrial Complex* (Toronto, 1973), pp. 27-60; Max L. Stackhouse, *The Ethics of Necropolis* (Boston, 1971), pp. 25-42; and Charles Wolf, Jr., "Military-Industrial Simplicities, Complexities and Realities", in Sam C. Sarkesian, ed., *The Military-Industrial Complex: A Reassessment* (London, 1972), pp. 25-52.
  10. David Horowitz, "Introduction", in his edited *Corporations and the Cold War* (New York, 1969), pp. 1-13; Paul M. Sweezy, "Power Elite or Ruling Class", and Herbert Aptheker, "Power in America", in W. Domhoff and Hoyt B. Ballard, eds., *C. Wright Mills and the Power Elite* (Boston, 1968), pp. 115-32, 133-64.
  11. Paul Baran and Paul Sweezy, *Monopoly Capital* (New York, 1966), p. 176.

swered.<sup>12</sup> Assuming that Canada did have a ruling class, one dominated by the United States as a recent study suggests, re-armament can then be seen as necessary to keep the Canadian-American export markets throughout the world secure from an "expansionist Soviet Union."<sup>13</sup> However, re-armament was not required to protect foreign capital investments because Canada for much of the postwar period was a capital-importing rather than capital-exporting nation.<sup>14</sup> Furthermore, re-armament was not the result of internal contradictions in the domestic economy leading to stagnation that could only be overcome by military spending. In fact, the Canadian economy was in a period of rapid and unprecedented expansion which prompted concern from political decision-makers and corporate officials that rapid re-armament would produce unbearable inflation, high taxation, and shortages of key materials such as oil and steel.<sup>15</sup> Lastly, if the Canadian ruling class was dominated by its southern neighbour, then why did the American media and officials in the Truman administration see the need to constantly remind their ally to strengthen its defences?<sup>16</sup>

In contrast to the Marxist view of an omniscient capitalist ruling class, the elite theorists posit that the MIC constitutes an entity composed of three separate and roughly equal power centers: the military, the corporations, and the government.<sup>17</sup> It is recognized as the Marxists are wont to point out that there are overlapping ties of class, vocation, economic interest, education, personal friendship, and membership in social clubs, but it is nonetheless a sociological reality that these elites have their own power base and interests which depending on the circumstances result in conflict or cooperation. For the most part, it is not an economic class with wealth in the form of capital and property that determines defence policy, but institutional power that in a modern complex industrial society is distributed through large bureaucracies that may or may not act in the interests of the capitalist class.

Appealing as the power elite theory is to some Canadian scholars, it does not adequately explain the structure and function of the country's national security

- 
12. Robert Presthus, *Elite Accommodation in Canadian Politics* (Toronto, 1973), pp. 3-19. The term "governmental elite" is defined to include cabinet officials and senior officials in the bureaucracy and makes no distinction between them in terms of their roles in the policy-making process.
  13. Wallace Clement, *Continental Corporate Power: Economic Linkages between Canada and the United States* (Toronto, 1977). The importance of European markets is discussed in Robert Cuff and Jack Granatstein, *Canadian-American Relations in Wartime* (Toronto, 1975), pp. 140-2.
  14. One notable exception was the \$1.25 billion loan made to Great Britain in 1946.
  15. PAC, Industrial Defence Board Records (hereafter IDB Records), RG 36/19, vol. 8, file C5/8, Machine Tools Committee Report, 17 October 1949. C.D. Howe's reservations about large defence budgets is discussed in Bothwell and Kilbourn, *C.D. Howe*, pp. 180-96, 244-60.
  16. James Eayrs, *In Defence of Canada: Growing Up Allied* (Toronto, 1980), pp. 194-201.
  17. Mills, *Power Elite*, pp. 3-29, 269-97. Other works influenced by Mills include John K. Galbraith, *The New Industrial State* (New York, 1967); and Sidney Lens, *The Military-Industrial Complex* (Philadelphia 1970).

## CANADA'S POSTWAR RE-ARMAMENT

policy-making process.<sup>18</sup> Mills had assigned approximately equal importance to the role of the military in the power elite triad, while other MIC theorists maintain that it quickly became the most influential elite during the early Cold War years.<sup>19</sup> These authors have rooted the origins of the MIC to this period largely because of the inability of the civilian government to control the military. Retired World War Two officers in the corporate elite, regular service officers (rank of Colonel and above), and conservative Southern senators and congressmen worked in close collaboration to undermine the emerging welfare state by replacing it with a "warfare state." In short, the militarization of American society was correlated with the shift to the right in domestic politics. The role of the military was further enhanced when the Truman administration encouraged the movement of military personnel into high appointive federal agency posts and sought the use of prestigious military officers to deal with difficult political problems.<sup>20</sup>

For a variety of reasons, the Canadian military never emerged as an elite in the Millsian sense of the term. Historically, the country did not have a revolutionary past or a traumatic Civil War in which the military played a critical role in the nation-building process. After World War Two, James Eayrs notes that cabinet officials and most higher civil servants had a distinct aversion to military advice and influence because they were sensitive to having their own power weakened, but more importantly senior officers lacked the type of training to deal with national security in the nuclear age.<sup>21</sup> Also, a counterpart to the strong military tradition that developed in the American South does not exist in Canada. Indeed, within at least one sector of Canadian society, French Canada, there exists a deeply rooted scepticism of the military combined with an isolationist non-interventionist impulse.<sup>22</sup>

In addition to political and social factors, there were always limits imposed on the military's organizational power. Unlike the United States, the military in Canada did not directly procure its material supply, nor was it ever primarily re-

- 
18. Wallace Clement, *The Canadian Corporate Elite* (Toronto 1975); Dennis Forcece, "Elites and Power in Canada", in John H. Redekop, ed., *Approaches to Canadian Politics* (Toronto, 1978), pp. 302-22; John Porter, *The Vertical Mosaic* (Toronto, 1965).
  19. Fred J. Cook, *The Warfare State* (New York, 1962), pp. 111-5; Lens, *Military-Industrial Complex*, p. 39.
  20. Morris Janowitz, *The Professional Soldier* (Glencoe, Illinois, 1960), pp. 377-9. A recent study suggests that the role of the American military has been over-emphasized with regard to crisis management. See Richard K. Betts, *Soldiers, Statesmen, and Cold War Crises* (Cambridge, Mass., 1977).
  21. James Eayrs, *In Defence of Canada: Peacemaking and Deterrence* (Toronto, 1972), pp. 55-6.
  22. Mason Wade, *The French Canadians* (Toronto, 1968), II, pp. 708-81, 916-94; François-Albert Angers, "Why We Shall Never Accept Conscription for Overseas Service", in Ramsay Cook, ed., *French-Canadian Nationalism* (Toronto, 1969), pp. 228-36; Desmond Morton, "French Canada and War, 1868-1917: The Military Background to the Conscription Crisis of 1917", in J.L. Granatstein and R.D. Cuff, eds., *War and Society in North America* (Toronto, 1971), pp. 84-103.

sponsible for industrial planning and mobilization for defence.<sup>23</sup> Beginning with the 1903-04 reorganization of the armed forces in Canada, controls were tightly imposed to make the command structure more accountable to civilian authority compared to the United States. In time of national crisis, there have never been any high ranking officers that publicly questioned defence policy as did General MacArthur during the Korean conflict. Neither has there been any effort to work with parliamentary committees, sidestepping the cabinet and the Office of the Prime Minister, because, unlike the Senate and House Armed Services Committees in the United States, parliamentary committees do not have independent fiscal authority. Military influence is also restricted within high level organizations responsible for defence policy such as the Cabinet Defence Committee. Its operational equivalent in the United States, the National Security Council, was initially top heavy with representatives from the three armed services who frequently aired their inter-service rivalries and would on occasion question civilian authority. In Canada the military was always one of many government organizations represented at Cabinet Defence Committee meetings and would infrequently assume a critical role.<sup>24</sup> The Chiefs of Staff while present generally acted in an advisory capacity on general defence policy by giving periodic strategic reports and submitting plans for the military at the operational level. Before attending Cabinet Defence Committee meetings, the Chiefs of Staff had to arrive at one common policy and then submit their proposals to the minister who then decided what would go before the defence committee and what would be decided by himself. With regards to the origins of Canada's postwar defence policy, the Chiefs of Staff did not even attend the initial meetings and only when the Cold War began to intensify did they participate on a regular basis.<sup>25</sup>

A third school of theorists views the MIC as a bureaucracy composed of non-elected bureaucrats or managers in the executive branch with its industrial and military allies playing a supporting but distinctly secondary role.<sup>26</sup> The noted historian of the American constitution, Edwin Corwin, has observed that with each war the United States has fought the country has increased the power of the executive and speeded the centralization and bureaucratization of government.<sup>27</sup> Not only did Congress and public opinion play a less influential role, but so did other

---

23. Koistinen, *The Military-Industrial Complex*, pp. 9-10.

24. PAC, Records of the Department of National Defence (hereafter DND Records), RG 24, vol. 4217, file 700-0-171, part 1, The Organization for National Mobilization and Manpower in the United States and Canada, April 1949; PAC, Records of the Privy Council, RG 2/18, vol. 70, file D-19-C-20, Canadian Organization for Defence, 3 July 1947.

25. Directorate of History, DND Records, file 11.013 D8, R.A.J. Phillips, *A Brief History of the Development of the Cabinet Defence Committee* (November 1953), p. 8; Colonel R.L. Raymont, *The Evolution of the Structure of the Department of National Defence, 1945-1968* (Ottawa, 1979), pp. 16-7.

26. Examples of this school include Richard Barnet, *The Roots of War* (New York 1972); and Seymour Melman, *Pentagon Capitalism* (New York, 1970).

27. Edwin S. Corwin, *The "Higher Law" Background of American Constitutional Law* (Ithaca, New York, 1955).

government bureaucracies in relation to the rising national security bureaucracy. This new bureaucracy which emerged in response to "America's rise to globalism" included the Secretary of Defence, and his principal advisers, the Joint Chiefs of Staff, the Secretary of State and his staff, and the National Security Council.<sup>28</sup> In theory, the national security bureaucracy is accountable to the President, but in practice it has an independence of its own. In essence, defence policy is made without regard to political debates in the House or Senate, the will of the Executive, or the mood of public opinion.

The relevance of this bureaucratic model can be assessed by looking at the organizational framework through which Canadian defence policy was made. Given the complexity of the issues, the need for secrecy, and the rapidly changing international scene, defence policy was largely the prerogative of the Prime Minister's Office, the cabinet and its secretariat, and what will be referred to as the national security bureaucracy.<sup>29</sup> The latter included the senior officials and their assistants from the Departments of Defence, External Affairs, Trade and Commerce, and Finance. By 1953, members from Health and Welfare and the Justice Department participated in policy-making as well. Because of the limitations of available documentation, it is difficult to ascertain precisely the origins of each policy and how the final decisions were reached.<sup>30</sup> Generally, it can be surmised that policy was made on an assessment of the international situation based on reports from External Affairs and the Chiefs of Staff and the Joint Security Committee of the Department of National Defence. Ultimately, the size of the defence budget and how it was to be allocated were usually decided by the advice and reports prepared by Trade and Commerce, Finance, and the Treasury Board. The final policy proposals were summarized by Defence Minister Brooke Claxton, who in turn either

---

28. Barnett, *Roots of War*, pp. 76-94.

29. Of all the issue-areas in Canadian politics, defence and foreign policy were the least affected by Parliament. In terms of organization, there was no House of Commons Defence Committee until the 1960s. More importantly, the crisis of the Cold War tended to temper Parliamentary debate. From 1945 to the end of the Korean War, there was a basic consensus among all political parties on the need to re-arm and maintain a high level of defence expenditures. Although the CCF and the Progressive Conservatives expressed criticism of certain aspects of defence policy (i.e., how much power should the Minister of Defence Production have? should the government create crown corporations as it did during World War Two?), the St. Laurent administration quickly dismissed these points in Parliamentary debate. See, for example, the debates over the 1951 Defence Production Act in Canada, *House of Commons Debates*, vol. 1, pp. 836-956. Public opinion had little impact on defence policy mostly because of the prevailing anti-communist consensus and low level of understanding of the complex issues. A 1952 Gallup Poll indicated that 36 per cent of those interviewed had heard of NATO, but only 1 per cent could define precisely what the acronym meant and what its objectives were. See *Montreal Star*, 17 May 1952.

30. The Cabinet Minutes are not available and one has to rely on very brief summaries in the Cabinet Conclusions. See PAC, Records of the Privy Council, RG 2/16, 1945-1950.



directly submitted them to the appropriate minister or later presented the proposals to a general cabinet meeting.<sup>31</sup>

In time of crisis (e.g., World War II and the Cold War), the distinction between the defence bureaucracy and the government in power became blurred. There was as Brooke Claxton observed "No gap" in the policy-making process between the Armed Forces, the Department of National Defence, the Cabinet Defence Committee, or the departments represented in the cabinet, "We worked out a complete system of interlocking memberships so that everyone responsible had a responsible share in arriving at approving a decision and everyone knew what was going on."<sup>32</sup> In effect, the national security bureaucracy was an extension of the cabinet into the labyrinth of the civil service. Its primary function was to undertake research on a variety of defence problems, coordinate industrial defence mobilization with the corporate sector, gather information and prepare reports, and to make recommendations to cabinet officials and at times participate in the decision-making process with the prime minister and his cabinet. However, the national security bureaucracy did not develop a dynamic of its own as American theorists suggest. The "special relationship" between the defence organizations and the Liberal government did not continue through the Diefenbaker years, an era marked by strained relations and defence budget cutbacks.<sup>33</sup>

The principal forum which brought the members of the national security bureaucracy, the cabinet, and the prime minister together for the consideration, recommendation, and often decision-making of Canada's defence policy was the Cabinet Defence Committee. Created in August 1945, the committee was the peacetime equivalent of the 1939-45 Cabinet War Committee. Immediately after the war it worked closely with C.D. Howe's Department of Reconstruction and Supply to assist in the demobilization of the armed forces. At the same time, the committee was responsible for the reorganization of the Department of National Defence which culminated in the move towards a unified service with the appointment of a single Minister of National Defence in December 1946. For the first two years, Prime Minister Mackenzie King maintained tight control of the committee, but his successor, Louis St. Laurent, decided to delegate more authority to Brooke Claxton. The change not only reflected St. Laurent's approach to governing, but was a response to the growing complexity of the national security bureaucracy as the Cold War crises began to multiply.<sup>34</sup> By 1948, the Cabinet Defence Committee was responsible for coordinating the programs of the Defence Research

---

31. Phillips, *History of Development of the Cabinet Defence Committee*, pp. 6-7; Raymont, *Evolution of the Structure of the Department of National Defence*, pp. 4-6.

32. Brooke Claxton, quoted in Eayrs, *Peacemaking and Deterrence*, p. 109. For a discussion of the World War Two years, see Arnold Heeney, *The Things that are Caesar's: Memoirs of a Canadian Public Servant* (Toronto, 1972), pp. 54-72.

33. Colonel Raymont notes that Diefenbaker discontinued the use of the Cabinet Defence Committee because of the conflict with the civil service. See, also, Peter Newman, *Rene-gade in Power* (Toronto, 1973), pp. 295-321, 333-54.

34. PAC, Records of the Privy Council, RG 2/18, vol. 70, file D-19-C-20, Canadian Organization for Defence, 3 July 1947; Eayrs, *Peacemaking and Deterrence*, pp. 107-8.

## CANADA'S POSTWAR RE-ARMAMENT

Board, the Industrial Defence Board (later replaced by the Department of Defence Production), and a crazy-quilt of new agencies within existing departments.

Canada's postwar re-armament programme evolved through stages commencing with the creation of a research programme (1947), followed by industrial defence planning (1948-50), and mobilization for limited war (1951-53). These stages mirror the government's rather moderate response to the Cold War, at least when compared to the United States.<sup>35</sup> The first stage of research was really a continuation of the programme started during World War Two. Previous to 1939, there was no organization in Canada responsible for the research into new equipment for the armed services. During the war, new research and development agencies emerged wherever a need arose and by the end of the war Canada had developed a substantial military research complex. Because Canada had certain specific defence problems (e.g., the Arctic region) together with the exigencies of an era of rapid technological advances in warfare, the Cabinet Defence Committee decided that it would be necessary to coordinate defence research under the guidance of a single agency. Referred to as the "Fourth Service" in the Department of National Defence, the Defence Research Board was created in 1947 with headquarters in Ottawa. Among the board's research centres located across the country was the well-known Suffield Experimental Station in southeastern Alberta, an inter-allied chemical warfare testing area; the Naval Research Establishment at Halifax; and the RCAF Institute of Aviation Medicine in Toronto. The operations of the facilities expanded rapidly and by 1953 Canada when scaled on a per-capita basis was one of the world's largest spenders on defence research.<sup>36</sup>

It was through the Defence Research Board that the government was able to establish ties with one of the organizations in the civilian sector most willing to cooperate, the nation's universities. On the board's council were members from the leading universities whose function it was to determine the type of research to be undertaken and the amount to be allocated.<sup>37</sup> By 1953 approximately \$1.25 million a year was distributed to nineteen universities. Some 600 professors and graduate students were involved on 184 major projects covering a wide range of topics. Most of the research was of a highly theoretical nature, but practical work was done in the area of electronics, meteorology, oceanography, psychology, and

- 
35. By 1948, the United States legislated its first peacetime draft, had begun a comprehensive industrial defence planning programme, and had in operation a strategic weapons research and development programme. See Daniel Yergin, *Shattered Peace: The Origins of the Cold War and the National Security State* (Boston, 1977), pp. 336-65.
  36. PAC, DND Records, RG 24, vol. 2425, O.M. Solandt Papers file, "Plans for Defence Research in Canada", 1 May 1946; E.L. Davies, "The Organization and Procedures of the Defence Research Board", *Industrial Canada*, 52 (July 1950), pp. 327-31.
  37. PAC, Brooke Claxton Papers, MG 32 B5, vol. 22, Defence File No. 4, 1946-1954; Directorate of History Records, DND file 77/460, "The Defence Research Board and the Defence Scientific Service", 1953, pp. 16-8.

chemical and biological warfare.<sup>38</sup> For the most part, the university professors and administrators did not question the assistance from the Defence Research Board because they shared the prevailing Cold War consensus. Moreover, the money was welcomed because the universities were in a period of rapid expansion.<sup>39</sup>

Within the national security bureaucracy, the function of the Defence Research Board was to undertake and coordinate research between various government agencies as well as to maintain a liaison with the universities and to a limited extent with the larger defence industries. On matters relating to the strategic and operational aspects of warfare, the Chiefs of Staff and the Joint Security Committee provided the necessary expertise. Until 1948, there was no comparable organization to give authoritative advice to the Cabinet Defence Committee on the economic aspects of defence. Given the highly technological nature of World War Two and the importance of industrial mobilization in determining its outcome, the Cabinet Defence Committee recognized the need for an organization to collect data and formulate plans for the utilization of manpower, national resources, and industry in case of a national emergency. Thus, in April 1948, by Order in Council, the Industrial Defence Board was created. Over the following three years, the board was given the mandate to advise the government on all matters relating to the industrial war potential of Canada. Within Canada, the board acted as a liaison between the armed forces, the Canadian Ordnance Association, Canadian Arsenals (a crown corporation), and numerous defence related industries in the private sector. Internationally, it worked with the United States Munitions Board and National Security Resources Board to coordinate the continental integration of the Canadian-American arms and resource industries.<sup>40</sup>

Given the complexity of industrial defence planning, the uncertainty of limited re-armament, and the ambiguous nature of overall defence policy from 1947 to 1950, the Industrial Defence Board was confronted with some difficult problems regarding its position in the national security bureaucracy. Specifically, the board's officials were concerned with establishing a precise operational definition of its relationship with the other government departments responsible for economic policy such as Trade and Commerce and Finance. More important, however, was the question of how long the board was to remain in the planning and

- 
38. PAC, DND Records, RG 24, vol. 2425, Solandt Papers file, Report, 13 April 1953; Department of Finance Records, RG 19 E 2 (1), vol. 520, file 124-62, Defence Research Board, Semi-Annual Report, June 1949, pp. 175-6. In the 1948-49 fiscal year, the University of Toronto was awarded a contract to research the production of diphosgene gas. The University of Western Ontario completed work on the toxicity of lethal gases while McGill University carefully researched the "Measurement of Intelligence of Military Personnel".
39. W.H. Barton, "Defence Research in the Universities", *Chemistry in Canada* (March 1951), pp. 3-4; PAC, DND Records, RG 24, vol. 2425, Solandt Papers file, Address to Dalhousie University, 16 October 1952.
40. PAC, IDB Records, RG 36/19, vol. 2, file C. 1/Organization, Department Report, 6 December 1948; "Industrial Defence Board Set up", *Industrial Canada*, 49 (May 1948), p. 95.

## CANADA'S POSTWAR RE-ARMAMENT

advisory stage before assuming the status of the Department of Munitions and Supply during World War Two.<sup>41</sup> These questions would not be completely resolved until the creation of the Department of Defence Production in 1951.

Although the Industrial Defence Board was originally the responsibility of the Department of National Defence, it was made known very early that its formal connection with the military would be limited. In December 1948, the board was transferred to the Department of Trade and Commerce, coming directly under the authority of the associate deputy minister, S.D. Pierce. Not only did Trade and Commerce officials have greater expertise in foreign and domestic economic matters, they could more effectively coordinate industrial mobilization planning with procurement because the department also controlled the Canadian Commercial Corporation.<sup>42</sup> To be sure, the Industrial Defence Board continued a liaison with the Joint Chiefs of Staff and other defence organizations, but the nature of its new role required closer relations with the defence industries.

In terms of its organization, administration, and personnel, the Industrial Defence Board was designed to work effectively and as closely as possible with business. The appointment of Harry J. Carmichael, a well-known Canadian industrialist, as chairman of the board was a signal of the government's willingness to facilitate a harmonious relationship.<sup>43</sup> Nevertheless, the government made it clear from the beginning that it would decide what was to be produced, how much was to be produced, and when it was to be produced. To the extent that there were linkages between the corporate and political elites, the Millsian model is of some value. But it should be emphasized it was not a relationship of equals. Moreover, not all businesses perceived the creation of a military-industrial complex to be in their immediate economic interest. In other words, the origins of the Canadian industrial defence programme do not lie with the corporate sector nor was its cause of an economic nature.

Although some industries—notably the aircraft, shipbuilding, and specialized electronics industries—welcomed the government's initiative in industrial defence planning and limited mobilization, and in fact encouraged further government action, other industries were content to remain with the status quo of an expanding civilian market.<sup>44</sup> Their reluctance was also in part due to the suddenness of the call to arms so quickly after the successful completion of the postwar reconversion program. Corporations like government organizations can develop a bureau-

---

41. PAC, IDB Records, RG 36/19, vol. 14, file TS6/CDC/11, Report to Cabinet Defence Committee, 19 September 1948.

42. *Ibid.*, vol. 21, file 13-2-21, part 1, Claxton to Denney, 5 January 1949, Denney to Pierce, 2 May 1949.

43. *Ibid.*, vol. 22, Minutes File, 5 May 1948.

44. *Ibid.*, vol. 8, file C. 14/7, M.W. Mackenzie Report, 1 September 1950. Initially, the aircraft, shipbuilding, and electronics industries were the most active members in the Canadian Industrial Preparedness Association while other industries did not become involved until 1950. See The Canadian Industrial Preparedness Association, *The Bulletin*, 2 (August 1948), pp. 1-4; and 23 (December 1950), pp. 2-5.

cratic momentum of their own which make them at times not only hesitant to explore new market possibilities, but new relations with government as well. With the government's limited mobilization programme, defence production costs were difficult to ascertain in advance. Moreover, the necessary planning required at the plant level would require the corporation's time, effort, and money, all for an uncertain profit margin on a limited contract.<sup>45</sup>

In the 1948-49 fiscal year, the government doubled its defence expenditures and indicated that in the following year they would go even higher. In September of 1949, C.D. Howe confirmed to a Canadian Industrial Preparedness Association meeting in Toronto that Canada was committing itself on a long-term basis to be prepared to meet the threat of war. For those businessmen concerned about limited contracts, this was more than good news.<sup>46</sup> The nation-wide anti-communist propaganda campaign conducted by the Chamber of Commerce since 1947 was beginning to crest, and this contributed to the growing enthusiasm for greater expenditures on defence as well. By 1950, the Canadian Industrial Preparedness Association (CIPA) beginning with a membership of less than fifty in 1947 now listed 304 members on their masthead. At a Canadian Club gathering of Canada's leading industrialists in January of 1951, Rhys McSale, president of Ford of Canada, received a standing ovation after calling for a speed-up of defence production, higher taxes, and a ban on the Communist Party.<sup>47</sup> The corporate elite had now become an integral part of the national security state.

The concentration of economic power in 170 corporations which formed the core of the Canadian corporate elite in 1950 suggests that businessmen would wield a disproportionate influence on defence policy.<sup>48</sup> However, the origin of Canada's accelerated defence programme in 1948 was a response to external conditions and not to domestic elite pressures or contradictions in the capitalist political economy. In the presence of the Soviet Union led by the enigmatic Joseph Stalin and the rising instability in postwar Europe, a socialist CCF government would have implemented a re-armament policy much the same as the Liberal government did, with perhaps a greater emphasis placed on the use of crown corporations for defence production.<sup>49</sup> As the Sino-Soviet dispute and other conflicts between left-wing governments demonstrates, a world of communist or socialist nation-states does

---

45. PAC, Privy Council Records, RG 2/18, vol. 77, file D 100-E, Report, 18 July 1947; *Financial Post*, 29 April 1948.

46. PAC, Department of Defence Production Records (hereafter DDP Records), RG 49, vol. 62, file 200-4-2-2, part 1, C.D. Howe address to the Vancouver Board of Trade, 25 September 1950; *Globe and Mail*, 27 September 1949; *Financial Post*, 1 October 1949.

47. Rhys McSale, quoted in *Time*, 29 January 1951, p. 22.

48. Porter, *Vertical Mosaic*, pp. 233-4.

49. During the Cold War, the CCF supported Canada's entry into NATO and the Korean War based on the assumption that it was necessary to contain what was perceived to be an "expansionist" Soviet Union. See Lawrence Aronsen, "The Northern Frontier; United States Trade and Investment in Canada, 1945-1953", (Ph.D. thesis, University of Toronto, 1980), pp. 224-9; and Denis Stairs, *The Diplomacy of Constraint: Canada, the Korean War, and the United States* (Toronto, 1974), p. 83.

## CANADA'S POSTWAR RE-ARMAMENT

not necessarily remove conflict in the international arena. It is not the structure of the domestic political economy that produced re-armament in Canada after World War Two; it was the structure of the international system with its lack of adequate control mechanisms that produced the insecurity that led to re-armament.<sup>50</sup> In looking for the motives underlying Canadian postwar re-armament policy, one should not ignore the point the former American Secretary of State Dean Acheson made in 1940: "The judgment of nature upon error is death."<sup>51</sup>

Specific evidence that officials were acting on the perception of an external threat is found in the memoirs of key decision-makers and manuscript collections of the prime ministers and cabinet officials.<sup>52</sup> The 1947 crisis in Turkey and Greece and the Czechoslovakian coup in the spring of 1948 produced a mood of deep pessimism in the Canadian government. Based on an assessment of Soviet capability, Canadian officials agreed that Stalin did not want war at that point, but there was a grave danger that conflict could erupt from miscalculation or short-sighted diplomacy.<sup>53</sup> By the end of 1948, the first draft of the War Book had been completed, industrial mobilization planning had begun, and the CF 100 production programme was in operation. Over the next year and a half, defence officials changed their assessment of Soviet capability and intentions. The successful test of a Soviet atomic device in 1949, evidence of the production of a Soviet inter-continental bomber, and the outbreak of the Korean War convinced decision-makers that Stalin was preparing for a war that would come by 1952 or 1953.<sup>54</sup> These developments underlay the next stage of re-armament, the 1951 Defence Production Act. External pressures to re-arm also came from the United States. Mounting criticism in the American media of Canada's vulnerable northern defences and the State Department's insistence that Canada commit itself to the Mutual Aid Program of NATO were taken into consideration.<sup>55</sup> Finally, by the end of 1950, Canadian officials were convinced that there would be markets for its surplus defence production. During World War Two, the country used approximately 25 percent of what it produced and, although domestic consumption would be higher in the early 1950s, it was still necessary to work out foreign defence

---

50. Kenneth N. Waltz, *Man, the State, and War* (New York, 1963), pp. 159-88.

51. Dean Acheson, quoted in Daniel Yergin, "The Arms Zealots", *Harpers*, (June 1977), p. 67.

52. John Holmes, *The Shaping of the Peace* (Toronto, 1979), I, pp. 92-4; Escott Reid, *Time of Fear and Hope: The Making of the North Atlantic Treaty, 1947-1949* (Toronto, 1977), pp. 13-44; and Lester Pearson, *Mike: Vol. II, 1948-1957* (Toronto, 1973), pp. 24-36.

53. Department of External Affairs Records (hereafter DEA Records), file 2 AE IS, Holmes to Pearson, 1 April 1948; Reid, *Time of Fear and Hope*, pp. 17-8.

54. DEA Records, file 50028-U-40, JIC Report, 10 June 1950; Directorate of History Records, file 9002, PJBD Report, 12 September 1950.

55. For an example of American press coverage, see the *Chicago Tribune*, 26 February 1950; and the *New York Times*, 26, 27 February 1950. The *Times* commented that Canada was practising "a military austerity program to keep the budget as low as possible." The Mutual Aid Program and its effect on Canada is discussed in Eayrs, *Growing Up Allied*, pp. 194-7.

sharing agreements in advance. The creation of the Joint Industrial Mobilization Planning Committee, the NATO Mutual Aid Agreements, and the 1950 Canadian-American defence production agreement assured that there would be stable foreign markets. The international market factor not only affected the expansion of defence industries, but would also account for their decline in the later 1950s and resurgence by the mid 1960s.<sup>56</sup>

The decisive turning point in Canada's postwar re-armament program came shortly after the outbreak of the Korean War when the Cabinet Defence Committee allocated an emergency defence appropriation and held discussions about how to implement an accelerated mobilization program. In the fall of 1950, the government decided on the creation of a new department which would integrate the procurement functions of the Canadian Commercial Corporation and the production functions of the former World War Two Department of Munitions and Supply.<sup>57</sup> To administer the new defence program estimated to cost \$5 billion over three years, the Department of Defence Production was established under the terms of the Defence Production Act which came into existence on 1 April 1951. This development marked a turning point in the organizational structure of the national security bureaucracy, but there was continuity with earlier policy. The Department of Defence Production was to remain under the control of Trade and Commerce and its operations were to be closely coordinated with the private corporate sector. In February of 1951, C.D. Howe announced that the "dollar-a-year men" would be returning to government. It should be emphasized that integrating corporate officials into the defence production programme was not undertaken in response to lobbying pressure or an ideological conviction that the state existed to sustain business profiteering. Instead, the primary reason was to gain access to the technical expertise of the private sector defence industries which would be particularly useful in time of an emergency. Moreover, by providing business with an overall vision of the defence programme, corporate officials would come to see the necessary sacrifices in terms of tax policy, priorities allocations, and inflation that they would be called on to make. This is not to say that the state was going to deny profits to the business sector, for officials like C.D. Howe would certainly agree with Henry L. Stimson, the Secretary of War in the Roosevelt administration, that "if you are going to try to go to war, or prepare for war, in a capitalist country, you have got to let business make money out of the process or business won't work."<sup>58</sup> It is, nonetheless, sufficient to say that the Defence Production programme rested on a consideration of national security foremost, not the security of a particular class or elite.

56. Robert W. Reford, "Merchant of Death?", *Behind the Headings*, 27 (October 1968), pp. 1-27; Ernie Regehr, *Making a Killing: Canada's Arms Industry* (Toronto, 1975), pp. 1-33.

57. PAC, C.D. Howe Papers, MG 27III B-20, file S-19-2, Norman Robertson memo, 1 August 1950; Howe to Robertson, 21 November 1950.

58. Henry L. Stimson quoted in Richard Polenberg, *War and Society* (New York, 1972), p. 12. See also, PAC, DDP Records, RG 49, vol. 707, file 247-5, Privy Council Panel, R.B. Bryce memo, 22 January 1951; *Ottawa Citizen*, 24 February 1951.

## CANADA'S POSTWAR RE-ARMAMENT

The most obvious weakness in applying MIC theory to Canada, therefore, was the different civil-military traditions that evolved in this country. Unlike the military, the corporate sector had a much more independent position from which they expressed views on defence policy. They were not restricted by tradition or political structure from exercising power on or within the national security bureaucracy. Cabinet officials and defence planners came to view corporate expertise as necessary to the re-armament programme while the universities and to a much lesser extent organized labour had a secondary position. While having influence on policy in an advisory capacity, businessmen did not make it, but responded to it. Those who became part of the national security bureaucracy in the capacity of "dollar-a-year men" came to share the view that, although industry was the most important sector in society, it was an entity that had to be seduced with a carrot and if necessary bludgeoned with a stick.<sup>59</sup>

By 1950 the large industrial corporations in the manufacturing and resource sectors began to take an active role in the accelerating mobilization programme.<sup>60</sup> To be sure, they were motivated by economic self-interest, but the goal was not always profit maximization. Three-quarters of all defence contracts were awarded on a fixed basis and those that received cost-plus awards had their profits limited by the government's excess profits taxes.<sup>61</sup> The economic motivation underlying involvement in defence production was largely to keep the competition from gaining an advantageous position and to put corporations in a good position with the government should a national emergency occur and strict regulation of materials was imposed. In the case of the shipbuilding, aircraft, and some of the electronic industries, the defence programme was supported largely for reasons of corporate survival. Many of these plant operations were by 1948 operating at less than half capacity and skilled personnel in the hundreds were leaving for the United States. Company officials argued that it was in the national interest to sustain operations through difficult times because there may be a high demand for their products later, when it would be too late to gear for production because the technology and skilled manpower would not be available. Furthermore, their

---

59. An example of the coercive power of the national security state is section 27 of the 1951 Defence Production Act which allowed the government to nationalize inefficient operations or those industries not willing to cooperate with the goals of the programme. If organized labour stood in the way of defence mobilization, it received equally if not more severe treatment as the example of compulsory settlement of the 1950 railway strike demonstrated. See Kilbourn and Bothwell, *C.D. Howe*, p. 253.

60. Members List, Canadian Industrial Preparedness Association, *The Bulletin*, 22 (August 1950), pp. 4-5. The major defence contractors in the manufacturing sector were A.V. Roe, Canadair, Canadian Industries Ltd., Canadian Pratt & Whitney Aircraft, Co., Canadian Westinghouse Ltd., General Motors Products of Canada Ltd., Halifax Shipyards Ltd., Burrard Drydock Ltd., Canadian Aviation Electronics Ltd., and Canadian Vickers Ltd. The active resource industries included International Nickel, Noranda Mines, Consolidated Mining and Smelting, Asbestos Corporation, Sherritt Gordon Mines Ltd., and the Hudson's Bay Mining and Smelting Co.

61. Department of Trade and Commerce, *Report of the Department of Defence Production, 1951* (Ottawa, 1952), pp. 9-15.



presence in Canada diversified the industrial base and helped to alleviate the serious balance of payments problem by reducing imports of the products they produced.<sup>62</sup>

Ideological factors were also of considerable importance in determining business opinion on defence issues. As early as 1947, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association began a programme to "enlighten" the Canadian public as to the nature of the Communist threat and need to re-arm to contain Soviet expansionism.<sup>63</sup> On questions concerning defence and foreign policy, the Canadian Chamber of Commerce and the Canadian Manufacturers' Association may have been ahead of at least part their membership, for some businesses until the outbreak of the Korean War preferred to continue trade with Communist bloc countries while others as noted above expressed reservations about re-armament so quickly after peacetime reconversion. At the same time, an effort was made to expose the public to the dangers of a growing welfare state—how the dignity and freedom of the individual would be compromised, not to mention the cost in added taxes. At the height of the Cold War in the early 1950s it seemed that business would be able to accommodate itself easier to the national security state than to the burdensome welfare state.<sup>64</sup> In either case, there would be a trade-off of "freedom of action" for sustained but limited economic security.

While the Canadian Chamber of Commerce and the Canadian Manufacturers' Association addressed themselves to the larger questions of defence and foreign policy, there was need of an organization to handle the day-to-day practical aspects of business' relations with the national security bureaucracy. After the dismantling of the Department of Munitions and Supply and the demobilization of the armed forces, a group of officers from the Royal Canadian Ordnance Corps met in December 1946 to discuss how the expertise and experience in war production gained during World War Two could be continued into the postwar period. Their efforts culminated in the creation of the Canadian Ordnance Association in November 1947. The organization was composed of recently retired supply officers from the armed forces, former officials of the Department of Munitions and Supply, and manufacturers of war material.<sup>65</sup> In response to the growing membership and the Industrial Defence Board's increasing reliance on its advice, the association changed its name in October 1948 to the Canadian Industrial Preparedness Asso-

---

62. Aronsen, "The Northern Frontier", pp. 271-7.

63. L.W. Calwell, "Industry in Relations to the Present World", *Industrial Canada*, 49 (May 1948), pp. 64-5; "Industrial Preparedness Discussed", *Industrial Canada*, 51 (November 1950), pp. 63-6; "The Communist Cancer", Canadian Chamber of Commerce, *Newsletter*, 82 (February 1949), p. 1; The Canadian Chamber of Commerce, *The Communist Threat to Canada* (Montreal, 1947), pp. 1-7.

64. The Chamber of Commerce views on social security are discussed in its monthly *Newsletter*, 122 (October 1952); and 128 (April 1953).

65. Victor Sifton, "The Purposes of the Canadian Ordnance Association", *Industrial Canada*, 49 (July 1948), pp. 196-8. Canadian Ordnance Association, *News Release*, No. 1 (January 1948), pp. 1-4.

ciation and J.G. Notman, the Manager of the Dominion Engineering Works of Lachine, Quebec, was elected president. In his address to the annual meeting of the association, Brooke Claxton welcomed its efforts because "defence today depends on industry. The industrial know-how of North America was the ultimate reason for the defeat of Nazi Germany."<sup>66</sup> The research and development programme coordinated under the Defence Research Board and Canada's industrial resources in the private sector were to become what the minister described as the "fourth and fifth arms of the defence establishment."<sup>67</sup>

CIPA's primary function as a private business organization was to establish and maintain a close liaison between industry and those government departments and agencies responsible for industrial mobilization for defence. Modelled after the American National Security Industrial Organization, CIPA kept its members up-to-date on recent developments in defence policy. The association encouraged cooperation between defence industries on standardization of defence production and the rational allocation of skilled manpower to prevent "sheep stealing" and unnecessary competitive bidding for the services of workers.<sup>68</sup> Its officials believed that the interests of the defence industries as a whole would be better served if it could negotiate with the national security bureaucracy as a cohesive organization. There was concern among some of its members that, if business did not organize in advance of a national emergency, the government would in time of crisis move in and create crown corporations for defence production as it did during the Second World War and impose what businessmen perceived to be somewhat arbitrary price controls and overly strict regulations on materials allocations.<sup>69</sup> Internationally, CIPA worked closely with its American counterpart for the continental integration of the North American defence industry and played an important role in the creation of the Joint Industrialization Mobilization Planning Committee in 1949.<sup>70</sup>

CIPA merits close attention because it was the centre of business-military relations which underwent significant changes in the postwar period. During the two world wars, military officials had relatively little contact with business because most of the designing and planning of arms production was done in the United States and Great Britain. After World War Two, Canada continued to be dependent on the American and to a lesser extent the British arms market, but its own defence needs required closer military-industrial relations. The Canadian navy and

---

66. Editorial, Canadian Industrial Preparedness Association, *The Bulletin*, 45 (October 1948), p. 2; PAC, Claxton Papers, MG 26 J4, vol. 249, file 2579, "Canadian Defence Plans", Address, 5 March 1947.

67. *Ibid.*

68. PAC, IDB Records, RG 36/19, vol. 14, file C. 6/CIPA/5, S. Carroll to J.K. Richards, 16 March 1950; Editorial, Canadian Industrial Preparedness Association, *The Bulletin*, 22 (July 1950), p. 2.

69. PAC, IDB Records, RG 36/19, vol 23, file IDB Agenda, J.G. Notman memo, 27 July 1950; Editorial, Canadian Industrial Preparedness Association, *The Bulletin*, 4 (October 1948), p. 1.

70. PAC, DDP Records, vol. 136, file 13-34-1, Denney to Notman, 20 April 1949.

particularly the air force developed a new liaison with industry for the development and production of the CF 100 fighter interceptor and the St. Laurent class destroyers.<sup>71</sup> The ties were further cemented when many Canadian officers retiring from the service found that they could obtain relatively important positions in the rapidly expanding private business sector. This shift of former World War Two officers into the corporate world was most visible in the executive structure of CIPA. The organization's first president, Colonel Victor Sifton, was the former Master General of the Ordnance and, of the eighteen officers on the board, eleven were retired from the armed forces with the rank of colonel or above. On the recommendation of CIPA's council, Major-General J.H. MacQueen, President of Canadian Arsenals, was appointed an honorary officer as were the chief supply officers from each armed service.<sup>72</sup> The linkages followed a similar pattern as in the United States with two notable exceptions. In Canada, the military was in a much weaker position in the national security bureaucracy and the arms industry was not as large in relation to industrial output, primarily because this country did not develop a strategic weapons capability. Nor was the arms industry as dependent on the military as in the United States because of the importance of the foreign market. In short, the military-industrial link, so crucial to MIC theories, existed in a more restricted and less developed relationship in Canada.

Since the planning, procurement, and production for national defence were the responsibility of the Department of Trade and Commerce, it was at that level that CIPA focused its attention. Although the association emphasized its "independent character," it nonetheless sought the closest possible relations by means of the telephone, mail, personal visits with officials, not to mention the attendance at conventions and other public gatherings. In an effort to demonstrate the willingness to cooperate and perhaps influence, Chairman J.G. Notman put at the disposal of the Industrial Defence Board and its successor, the Department of Defence Production, the services of the foremost business leaders in Canadian industry.<sup>73</sup> The government reciprocated by giving CIPA officials top secret security clearance which allowed them access to highly classified documents. CIPA businessmen also participated in the planning conducted by the Industrial Defence Board and were responsible for producing the industrial surveys of Canadian industry which later formed a chapter in the 1950 edition of the War Book.<sup>74</sup> As the government moved from planning to production with the creation of the

---

71. Canadian Shipbuilding and Ship Repairing Association, *Newsletter*, 8 (16 March 1953), p. 1; L.F. McCaul, "Many Firms Contribute to C.F. 100 Production", *Canadian Aviation*, 25 (December 1952), pp. 43-4; "The Department of Defence Production and the Aircraft Industry", *Aircraft*, 16 (March 1954), pp. 39, 94.

72. Canadian Ordnance Association, *The Aims and Objectives of the Canadian Ordnance Association* (Montreal, 1947), p. 1; PAC, IDB records, RG 36/19, vol. 22, IDB Minutes file, 5 May 1948; Major-General J.H. MacQueen, "Industry in Relation to National Security", *Industrial Canada*, 49 (July 1948), pp. 2-3.

73. J.C. Notman, "President's Report", Canadian Industrial Preparedness Association, *The Bulletin*, 23 (December 1950), pp. 3-4.

74. Directorate of History, DND Records, file 112.3M2 D 13, "Revision of the War Book", 26 January 1949.

## CANADA'S POSTWAR RE-ARMAMENT

Department of Defence Production in 1951, CIPA's role increased as well. In the words of CIPA's official publication, *The Bulletin*, the greater responsibilities would require industrial executives "to make the necessary personal sacrifices involved in going to Ottawa to work long hard hours in the service of the country."<sup>75</sup> Taken at face value, this statement indicates altruism. Marxists would respond that the altruism masks an economic class interest. The political commentators, sociologists, and international relations theorists from Lord Acton through Max Weber to Hans Morgenthau dismiss it as a striving for power. Perhaps there is an element of truth in all these views.

In summary, then, Canada's defence policy-making process did not evolve into a military-industrial complex that can be explained by American theories. Instead of a complex of three elites as the Millsian model posits, Canada had a national security bureaucracy that interacted with and was dependent on cabinet authority and the prime minister. One fundamental weakness of the power elite model is that it does not take into consideration the emphatic civil tradition which restricted the power and influence of the armed forces in the governmental decision-making process. Both the Millsian and Marxist theories do not adequately account for the role of businessmen on day-to-day policy as well as their influence in determining the larger goals of policy. As to specific policy, C.D. Howe pointed out that "it remained the responsibility of the government to decide which recommendation it should follow and the order of the priority in which it deals with those recommendations which it accepts."<sup>76</sup> Marxists may argue that it is not necessary to demonstrate the connection between each individual policy output, it being sufficient to say that general policy was ultimately made to protect and preserve the overall interests of the capitalist state. But in so preserving the capitalist state, the capitalist economic system was changed as the state intervened in the allocation of materials, determined what and how much was to be produced, and produced a host of problems from inflation to taxation which were certainly not what businessmen desired.

Important as the universities were to Canada's postwar re-armament, their role was considerably less than the defence industries because they did not develop "think tanks," strategic studies institutes, and area studies programmes like the major American universities. They did not, therefore, have the expertise to influence important defence policy decision-making as did some of the major universities to the south.<sup>77</sup> The Canadian re-armament programme was little influenced by other sectors of society. Organized labour confronted with internal disputes and growing hostility from business was concerned primarily with its own survival and did not develop any coherent positions on defence policy from the point

- 
75. The Canadian Industrial Preparedness Association, editorial, *The Bulletin*, 27 (April 1951), p. 1.
  76. PAC, DDP Records, RG 49, vol. 568, file 200-1, C.D. Howe memo on Defence Supplies Bill, 11 August 1950.
  77. North American Congress on Latin America, *The University-Military-Police Complex* (Berkeley, California, 1970); David Horowitz, *The Universities and the Ruling Class* (San Francisco, 1969).

of view as to what was in its own interests.<sup>78</sup> Public opinion while convinced of the need to contain "Communist aggression" was not overly preoccupied with security questions, a position which was reflected in the fact that in the 1953 election only 9 per cent believed defence was a major issue.<sup>79</sup> If public interest groups and labour unions had developed a strong interest in re-armament, the disciplined party system and limited fiscal powers of Canadian parliamentary committees made lobbying ineffective, at least on defence policy. For these reasons, it was not possible for Canadian politics to produce a Henry Jackson, otherwise known as the United States "Senator from Boeing." This particular characteristic is best reflected in the allocation of defence contracts which in the United States are distributed on a broader geographic basis because of political lobbying, whereas in Canada economic factors regarding location were more predominant.<sup>80</sup>

The application of the bureaucratic model used by some American theorists is of importance in examining the structure and function of national security bureaucracy, but not necessarily its development. According to one American scholar, the national security bureaucracy like all bureaucracies had a tendency to proliferate, to extend its influence, to augment its power, and to create a continuing need for its services.<sup>81</sup> Created in response to what was perceived as an aggressive Soviet Union and under pressure from the NATO powers to accelerate re-armament, Canada's postwar re-armament program was dependent on developments in the international situation. The end of the Korean War and Soviet overtures for detente after the death of Stalin in 1953 marked an easing of international tension. After 1953, Canada's defence effort levelled out and in the latter half of the decade began to decline as the country completed its early Cold War re-armament programmes and began to shift its policy to "peacekeeping." The Progressive Conservatives under John Diefenbaker adopted an even more modest approach than their Liberal predecessors and by 1959 defence expenditures had dropped to \$1.4 billion or about 29 per cent of the national budget.<sup>82</sup>

As Canada's military requirements were reduced, the defence industry contracted as well. The completion of the Mackenzie class destroyers and the decision not to replace the St. Laurent class had a great impact on the shipbuilding industry which went into rapid decline in the early 1960s. The army's reluctance to adopt the Bobcat armoured personnel carrier was a setback to the automotive defence industry. Most important, however, the decision by the Diefenbaker government in 1959 to terminate the Avro Arrow programme in part because of

---

78. PAC, Canadian Congress of Labour Records, MG 28 I 103, vol. 266, Labour problems/unemployment file, 1950-51.

79. The Canadian Institute of Public Opinion, *The Gallup Poll Results* (Toronto, 1953), p. 6.

80. R.M. Brophy, "Canada's Preparedness Program", *Statements and Speeches*, S/S-52/42, 16 October 1952.

81. Bert Cochran, *The War System* (New York, 1965), p. 123.

82. Department of National Defence, *Explanatory Material Relating to 1961-1962 Estimates* (Ottawa, 1961), pp. 48-49. When inflation of 3 per cent a year is taken into consideration, the decline becomes even more significant.

## CANADA'S POSTWAR RE-ARMAMENT

mounting costs and the lack of any firm commitments from foreign buyers came as a severe blow to the aircraft industry.<sup>83</sup> The defence industry would survive the 1960s only because it was able to adopt the role of supplying components and specialized weapons systems to the United States, but its relationship with the national security bureaucracy would remain tentative.

As noted earlier, MIC theories have been used to explain the causes of post-war re-armament, but they cannot adequately explain fluctuations, particularly when defence expenditures decline, as happened in Canada and the United States after the Korean and Vietnamese Wars. By studying the multifaceted infrastructure of the MIC and its ideological dimension, some insight can be gained into how and why a great power like the United States has reacted to what it perceives to be threats to its national security. For example, MIC theories can help to explain why that country since 1945 has consistently overestimated the capability of the Soviet Union while underestimating its own capacity to respond to crisis situations. The bomber gap of the early 1950s, the missile gap of 1959-60, the anti-ballistic missile (ABM) gap of 1966-67, and the current concern over the vulnerability of land-based missiles to a Soviet first-strike attack are some cases in point. But it should be emphasized the presence of a MIC in the United States only helps to reinforce the general attitude of insecurity generated by the anarchy of the international system. It does not follow as some theorists believe that, if the MIC were to disappear, reason and rationality would prevail in the determination of defence policy.

As it has been shown, Canada did have observable military-industrial relations after the Second World War, but they did not develop into a complex having the same degree of political and economic power as in the United States. After the setback in the late 1950s, defence industries in 1964 again began to expand, reaching a peak in 1967 when their largest customer, the United States Department of Defense, purchased some \$441 million in goods. In absolute terms, Canada became the world's sixth largest exporter of arms.<sup>84</sup> Yet the impact of the defence industries and the military sector on political decision-making remained negligible. Recognizing that more research needs to be done on this particular period, it is tentatively concluded that the Canadian defence industries probably had a closer liaison with American military officials on questions concerning equipment design and production than they did with the Canadian military. The defence industries despite their growth would have little impact on the Canadian government's defence allocations. In fact, when measured in relation to gross national product (GNP), Canada's defence spending continued to decline, reaching a low point in 1975 when only 1.79 per cent of the GNP—the second lowest of all the Nato powers—was spent on defence.<sup>85</sup> Given these developments, it would seem that MIC

---

83. John McLin, *Canada's Changing Defence Policy, 1957-1968* (Baltimore, 1967), pp. 79-81; James Dow, *The Arrow* (Toronto, 1979), pp. 81-132.

84. Regehr, *Making a Killing*, p. 3.

85. Gideon Rosenbluth, *The Canadian Economy and Disarmament*, (Toronto, 1978), p. x.

## HISTORICAL PAPERS 1981 COMMUNICATIONS HISTORIQUES

theories with all their defects are most useful when looking at great power behaviour. For middle power countries like Canada, having modest foreign policy goals, an export oriented economy dependent on international markets, and a relatively restrained military tradition, MIC theories will be of limited use.