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Making the Department of National Defence Work in the 1970s

The Deputy Minister and the CDS Remember

J.L. Granatstein

In 1988, Robert Bothwell and I were completing our research for the final volume in the Canadian Institute of International Affairs' series *Canada in World Affairs*. As the concluding volume in the long-lived series, the ordinary two-year time span was abandoned; instead, the book was to cover the 1968 to 1984 period, or, in other words, all of Prime Minister Pierre Trudeau's foreign and defence policy (as well as the Joe Clark interregnum). Moreover, it had been many years since the preceding volumes had appeared. This delay gave us the opportunity to make use of a wider range of manuscript sources than in most of the earlier volumes, and we secured access to a very broad spectrum of government and private papers.

We also conducted almost two hundred interviews, some together, others alone. Two that I did myself were with "Jadex", General Jacques Dextraze, the great fighting soldier who became chief of the defence staff in 1972, and with Sylvain Cloutier, the deputy minister in the Department of National Defence from 1971 to 1975. Dextraze had led units with distinction during the Second World War and in Korea, been chief of staff to the UN operation in the Congo,

Abstract: In the aftermath of unification, the Canadian Forces were struggling to deal with the changes that overtook them, not least the Trudeau government's relative indifference to the military, the impact of bilingualism, and massive reorganizations. General Jacques Dextraze, who became chief of the defence staff in 1972 and Sylvain Cloutier, the deputy minister in the Department of National Defence from 1971 to 1975, played key roles in managing the changes. Interviews conducted by J.L. Granatstein in 1988 indicate where they agreed - and disagreed - and tell us much about the characters of these two key figures.

served as chief of operations at Mobile Command and then as chief of personnel at National Defence Headquarters before becoming CDS. Cloutier, his civilian colleague in arms, was commissioner of the public service, deputy secretary of the treasury board and deputy minister of taxation in the Department of National Revenue before going to DND as deputy minister.

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the impact of bilingualism, and massive reorganizations. Dextraze and Cloutier played key roles in managing the changes, and these interviews indicate where they agreed - and disagreed - and tell us much about the characters of these two key figures.

As was my regular practice, I took notes during these long conversations rather than using a tape recorder. Immediately after each interview, I typed up a memorandum, not a transcript, of the discussions. These memoranda were used as sources for *Pirouette: Pierre Trudeau and Canadian Foreign Policy*, published by the University of Toronto Press in 1990, and are reproduced below with a few excisions and with minor stylistic and grammatical corrections. The memoranda can be found in Bothwell's papers in the University of Toronto archives and in the Granatstein fonds at the York University archives, along with memoranda of all the interviews conducted for the book. Copies of the memoranda are also deposited at the Canadian War Museum and the Directorate of History and Heritage, NDHQ.

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Interview with Sylvain Cloutier, Ottawa, 20 January 1988

His interest in DND started in 1968 when he was at the Treasury Board [as deputy secretary]. He was trying to change the form of the estimates to give them structure, to present them in a manner that combined legal and financial sides and assisted management in setting and reporting on objectives. DND despite unification was still three services with civilian and military components. He grouped all votes under a single programme (except the Defence Research Board) and started cutting fat off the estimates of which there was a lot. The DND structure wasn't geared to its mission, and this was a period of scandals (e.g., the HMCS *Bonaventure* refit).

Then in 1971 he was told he was going to DND as deputy minister by Gordon Robertson [clerk of the privy council]. The government wanted a hard manager and Donald Macdonald [the minister of national defence] also wanted him. He didn't know Don well, but as deputy secretary of the Treasury Board, he and Macdonald attended some of the same Cabinet committees. His mandate was to make DND work.

Cloutier arrived in September 1971 and found the management review group (MRG) in operation under John Pennefather [and trying to mesh the civil and military parts of DND]. Macdonald told him to take an interest in the MRG's operations, and as he thought DND had to be re-directed he was glad to do so. The MRG could be the way to change direction. But by the time it reported in early 1972 Macdonald was gone and Edgar Benson was filling in. By then Cloutier had his own ideas on how to run DND, and the re-structure he imposed was not that recommended by the MRG, although in line with its philosophy.

Cloutier decided there had to be a strong chief of the defence staff. General F.R. Sharp was retiring in 1972 and he wasn't a strong manager, something Cloutier had decided by Christmas 1971. Jacques Dextraze was strong, and Cloutier got the government to name him CDS-designate early in 1972 so he and Cloutier could get underway as soon as possible. Sharp, he said, was a fine man who went along with the new direction but left the hard decisions for Jadex to handle. In the end, Sharp was sent on tour for the last months of his term.

Within a month, Cloutier had a key meeting with the minister, CDS, etc., and started the restructure rolling. It took 2-3 months to put flesh on the bones – the submission to Treasury Board was 2-3 inches thick. The concepts put forward by Cloutier were novel and predicated on the basis of friendship and cooperation between the CDS and the deputy. He and Dextraze worked closely for five years and never once disagreed in public. When they fought it was in private; at a meeting, if they disagreed, they'd kick each other under the table and change the subject. Now there was resistance to having the deputy with such power – co-equal to the CDS, same rank, same pay – but the deputy was responsible for DND management and the CDS for the operations of the forces. Certainly Cloutier never gave an order to the forces – if that was necessary, he'd get the CDS to do it.

What he did do was to integrate activities which had been parallel in the three services or parallel in the military and civilian components of the deputy's office. The deputy's office had about 200 personnel when he took over; after the change, it had three or four. He created structures that let the CDS and the deputy both use them – this eliminated hassles and sped up the process.

The Defence Research Board (DRB) was a crown corporation with its own budget and it did what it wanted. To Cloutier, DRB had to be made to do what the military wanted. In two stages, DRB was absorbed, leaving only an advisory board which was soon eliminated. The chief scientist became a senior officer under the ADM Materiel. This gave better resource management and made DRB serve military needs.

Cloutier also did a re-structure of the Canadian Forces Commands. He created Air Command which was negotiated between he and Jadex, then done. He brought in General Chester Hull, a big, tough, first class man and the best manager in the CF to be vice chief of the defence staff (VCDS) – talked him out of retiring by saying this was the biggest job in the country. He managed to shuffle General Michael Dare, the previous VCDS with whom he didn't agree, off to the Privy Council Office. For e.g., in 1972 the government wanted to cut budgets and asked departments to suggest cuts. Cloutier asked Dare for suggestions, and his first offering was to eliminate the reserves and save \$30 million. Cloutier, horrified, could see the political fallout and refused.

In the first year he restructured DND and changed the management. He brought in Lew Crutchlow from Treasury Board to be ADM Materiel and Tom Gregg from business to head the finance side. He created military associate DMs (three star officers) in materiel and finance, but not in personnel where the military was on top and a civilian was associate DM.

To him, the military wasn't special. The management of resources and people was the same as elsewhere.

This reorganization created resentment, largely at the novelty of what he was doing, and at the fear that civilians were taking charge. It wasn't true, however; the civilians were just making an appropriate

contribution. The proof of that was when Cloutier left in 1975 the system didn't change. There was a different style but his system survived. There was a strong respect for authority in DND, and that helped. There were also problems with the civilians outside DND. At Treasury Board, the secretary, Al Johnson, didn't believe in the changes, but Cloutier dealt with him by calling a meeting where military and civilians talked for three hours with Johnson and swung him round. It wasn't Cloutier—it was "we" at DND.

But he wouldn't have succeeded without Dextraze. They worked the system out together and started on this the first night they met at a mess dinner at Rockcliffe. They then went to Cloutier's house and drank crème de menthe together until 3 am. That persuaded them they could work together.

At one meeting in the summer of 1972, he and Jadex and General Ross, the senior personnel officer, plotted postings for the next ten years. All the CDSs for the next decade were on that list, and they determined the kind of experience generals needed to prepare for the top. Ramsey Withers, e.g., they decided needed policy experience and command of a large front-end command. They gave him both.

The big flaw in DND was in programme development which was tough as there was no money. In the pre-Cloutier period, a service developed a programme, then put it to the deputy minister who had to re-do it all over again (for how could the deputy OK something without going through it?). In his early days at DND, Cloutier said he got a huge stack of paper to justify the purchase of 48 Boeing 707 aircraft. This wasn't on the budget which was frozen. Why 48?, he asked Sharp. The Orions had to be replaced and they needed twice as many anti-submarine warfare aircraft. Was this documented? No,



Sylvain Cloutier

but we need twice as many. Cloutier refused to sign.

He cited a 1973 example when the Navy made a case to replace the old destroyers [DDHs]. They started the staff work and made a presentation in two parts: on the ships they then had and on their personnel. Dextraze said what Cloutier wanted to hear. The Navy should prepare a new presentation relating their mission to the ships they needed. The Navy always thought in terms of where they'd been – history, in other words – not of their mission. That was why the frigate programme took so long. Dextraze's view was that you might have fewer toys for the boys to play with, but at least you'd have more efficient utilization of resources.

What Cloutier did was to create a programmes chief, always 2-star military, and integrated him under the civilians who worked in the Deputy Minister's office. This way the financial concerns of the civilians could be brought to bear on the process, and this worked well and faster as capital programmes had to be gone through once only. Eventually the 707 became the Aurora and 48 became 18. He had forced the military

to measure the capacity of the aircraft against the need. In his view, the military could choose an aircraft. But he had to insist on testing that choice against the economic priorities of the government and its international commitments. If you bore those in mind then you could get Supply and Services, External Affairs, and Trade and Commerce on side, and the submission to Cabinet would be a complete piece of work that answered all the questions. That way you got your proposals accepted.

His aim was to marry resources to purposes; otherwise you misused resources. When he took over, the capital budget was 12 percent of the DND budget; his goal was to get it up to 22 percent. Indeed he got the DND budget increased within six months – with a \$125 million pay raise, the first since the freeze. That was his first priority ("I'm not dumb"). He was also able to get the OK for things DND couldn't have got before. For example, though Trudeau disliked tanks, he got a decision for armoured cars reversed. They were good for nothing, and he got tanks back. Don Macdonald [by then finance minister] told him "that's not why we put you there." Cloutier replied, "You should have told me." He had asked the military what tank was best and they had said Chieftains or Leopards. At the same time, the Germans were negotiating to train at Shilo, Manitoba. He found out the Germans would rent tanks and although the Canadians didn't like this, the choice was rent or none. As it worked out, they rented tanks initially then bought them, and they could use the German tanks at Shilo when the Jerries weren't.

DND didn't have the people it needed to carry out its commitments. As a result, all units were undermanned. Each day they'd meet for "morning prayers" and report on readiness. But Cloutier asked "ready for what?" They started examining

DND Photo REP 73-4

the shadow establishments, then deciding what they needed as war establishments, then what they could afford. This was a beginning on a White Paper process, a way of demonstrating with sound analysis the gap between what they had and what they needed. Cloutier claimed there was no evidence of decline in military capability.

He had created ADM Policy in an attempt to get DND more clout with External Affairs which hitherto had made policy and told DND to implement it. The implementer has to have a large role in making policy, and that was why the change. He also started loaning bright young officers to Treasury Board and bringing Treasury Board people into DND. Later programmes were easier to push through as a result.

Ministers: He had 26 ministers from 1965 in all his portfolios. [Defence minister] James Richardson [1972-76] was a "horse's ass" and Jadex and he spent a lot of time trying to prevent him doing stupid things. Cloutier was so despairing at one point that when he ran into Trudeau at a party, he asked to be moved from DND and told him why. Trudeau said he had the same reaction to Richardson, but said that Cloutier was in DND because he trusted him. Richardson was a small mind, impressed with his own public relations. He would only make speeches if Cloutier wrote them. Nor was he sympathetic to bilingualism which Cloutier spent much time on. In November 1972, Richardson asked him what he was doing. "Bilingualism." "It's not a priority." "It's mine," Cloutier said. Richardson tried to stall proposals like the French-language training centre at St. Jean, sitting on the memo for three weeks. Cloutier again met Trudeau and told him Richardson was holding this up while other ministers were asking for it. Trudeau replied he should make an effort in the next week

to get Richardson to sign but if he wouldn't then he, Trudeau, would. As it turned out Richardson did sign. The Minister also wanted to close CFB Suffield and move the scientists to his own Winnipeg riding. Cloutier got Cabinet to block this. He was the worst minister he ever served.

He had known Trudeau a long time and knew he wasn't keen on DND. It took two years to get the principle established that the capital share of the budget should be 25 percent, and by the time he left DND in May 1975 he had the 3 percent above inflation [annual budget increase] through. The structure he and Jadex developed was designed to deal with Trudeau – time couldn't be wasted in having civilians and military in DND fighting each other.

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General J.A. Dextraze interview, Ottawa, 12 April 1988.

We began with unification. He favoured integration but disliked unification which he feared would ruin the forces. His view was that men fought because of regimental loyalties, for their friends and not for their country. Unification could hurt this. [Paul] Hellyer was advised by three air officers, [William] Lee, [Edwin] Reyno, and [F.R.] Sharp, and the air people simply didn't understand the navy-army unit feeling. But he didn't resign. [Admiral William] Landymore was stupid to do so. What you do is fight against, lose, and try to make the new system work. That was what he did as a 24-year-old battalion commander in Italy when his brigadier told him to attack where he didn't want to. Still, he said, unification didn't hurt his Mobile Command units in 1967 [sic: 1968].

He was asked to be VCDS to Sharp. He said no. Then he was offered the CDS job (instead of [General Michael] Dare) by [acting minister Edgar] Benson...which surprised him as he thought he was going to Mobile Command. He said yes, and it was announced the next day (April 1972). Sharp was in the Far East. Dextraze took over in September.

When he became CDS he applied himself to openly de-unifying where he could – naval ranks, uniforms on ships and abroad, individual ship names on caps. He didn't want new-old uniforms – he could do better things with \$50 million.

Air Command was his idea. He told [James] Richardson all air should be under one command for training, maintenance, and procurement, but naval helicopters, e.g., would be under command of Maritime Command. It was logical but it did cause fights. It would be easier if each environment had its own air element but that was costly.

As CDS, he said, he travelled to the troops in the field. The VCDS ran the HQ. He took a sergeant with him to make notes on decisions so there could be follow up.

He and Sylvain Cloutier had met and talked over the necessity of ending the civil-military clash in DND. The forces had been unified, and now the civil-military operations at NDHQ had to be unified. It was clear the minister had to be at the top, the deputy minister and the CDS together in the box immediately below. The running of the forces was the CDS' job, and the deputy was to support the CDS in getting what he needed. Syl didn't like this but was persuaded.

He and Cloutier did the integration of the civilian and military streams at NDHQ. They were both honest, cooperated, didn't fight in public but went at each other in private. At meetings, Dextraze

was in the chair with Syl on the left, and the VCDS on the right. If they disagreed in a meeting, the decision was delayed until they could resolve it in private. Once in one private argument Cloutier broke down and cried and Dextraze took him in his arms and comforted him. He then talked to Syl's wife, found out he was ill, and bugged him into seeing the quacks. It was clear they really liked each other. He remarked on how Syl would agree to divide subjects at Cabinet Committee presentations but then leap into Dextraze's areas. Once Trudeau smiled and asked Dextraze what he had to say. "After hearing Admiral Cloutier...", he began. But this was just Syl's style. There was a kind of shyness in Cloutier. Dextraze thought he admired Dextraze's power and strength and his making him do things. Cloutier was a schemer which was good, someone who could make things happen.

He had made an error in the way they divvied up posts at NDHQ under the integrated system. ADM jobs were to be interchangeable except for finance. Syl wanted policy too but Dextraze refused. The problem was the civilians were now taking over at NDHQ because the spots weren't fixed in concrete. Certainly the old system didn't work. The civilians fought the military and DND never got anywhere at Treasury Board where the deputy ministers always preferred the word of [Cloutier's predecessor, Elgin] Armstrong – really difficult to deal with – over that of the military.

As for who ran things, he or Syl, Dextraze was convinced he did. They worked together but it was his show. I asked how he reacted to comments that Cloutier had conned him. He was amused (sort of) and said that so long as he got what he wanted, and he did, people could think that.

He talked about tanks. Trudeau didn't want any, and Dextraze told him if that was the case get the



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Jacques Dextraze.

troops off the NATO central front. Don Macdonald also didn't want tanks or fighter aircraft. Eventually Trudeau agreed to tanks in Europe, but Dextraze persuaded him there had to be some here for training. Which tanks? He preferred US ones if they could be secured (as the US was the closest source of supply) but the US Army was in the midst of developing a new main battle tank. He had to get rid of the Centurion and the new UK tank was too heavy. The Germans were re-equipping with the Leopard I (the II was on the drawing boards), so he saw the German CDS with whom he was friendly and persuaded him to arrange a meeting with the German defence minister. He told the minister he needed only a hundred or so, that these could be found by giving German units a few less. He got him to agree by stressing that Trudeau was usually in disagreement with everything, but that he had agreed to a new tank (he was sure Trudeau thought Dextraze couldn't get new tanks). As a result, Dextraze sent his ADM Materiel to Germany and it was all worked out.

Trudeau, he said, was not really anti-military. Honest, hard-working, with his own ideas of what was best. If you couldn't persuade him

otherwise, he would do what he wanted. People were afraid of him, but not Dextraze. He usually saw him once or twice a year – in a crunch.

Dextraze was funny on Richardson as minister. He had admiration for him, a good fellow, well-meaning. But he was a dummy, a racist, and was absent when brains were handed out. Dextraze said they fought on French-English questions, and he said, "Do you think you can just bury six million French Canadians? They won't lie down." Jim would reply by talking about the costs of having two languages. "So just speak French," Dextraze replied. He was weak in the House, so weak that he couldn't defend himself and the Opposition laid off out of pity.

When they disagreed, Dextraze would say he wanted to see the prime minister. Richardson said no, but the CDS, Dextraze insisted, had the right to do so. One day Dextraze wrote Richardson a letter to tell him that he knew he wanted to be a good minister and could be one by doing the following x points. He made only one copy and sent the letter by hand. The minister then called him and Dextraze went over with his copy which Richardson tore out of his hand and ripped up. "The letter has never been received." But the next day, being a good fellow, Richardson called up to say he couldn't sleep and to apologize. He and Cloutier had to plot together on how to deal with Richardson. When Jim resigned he called Dextraze in Brussels to tell him he was going. Dextraze urged him to wait until he got home, but the next day he read that he'd quit.

[Barney] Danson [minister 1976-79] was much better. He had been a fighting soldier, understood troops and vice versa.

Don Macdonald he liked for his hard work. As Finance minister, however, he had bitterly opposed the new tanks and was really annoyed when Dextraze kept plugging for

them and finally succeeded. But as defence minister, Macdonald didn't push for cuts in NATO.

The armoured cars in Canada he knew weren't great things. Lousy 75 mm gun, etc. But they were all he could get, could be used to train tank crews, and they had utility in civil disorders.

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In the four decades since Sylvain Cloutier and Jacques Dextraze worked together at national defence, the verdict on the Trudeau government's handling of the Canadian Forces has been harshly rendered. The shock of unification was profound, and it was followed by the only slightly lesser impact of bilingualism on a hitherto mostly-unilingual military. Add to that budget freezes, increasingly obsolescent equipment, and the general impact of the unpopular Vietnam War on the way the military, even the Canadian military, was perceived by the public, and it was a dark time indeed. But even rapid change must be managed, and the deputy minister and the chief of the defence staff did their jobs well.

The relationship between Cloutier and Dextraze was a close one, as these interviews show, even though each man was convinced that he was the directing force, the dominant player. Scholars can form their own opinions over, for example, who created the idea of Air Command or who persuaded the government to secure new tanks, and they will likely be as divided in their views as were senior officers who worked in NDHQ during the 1970s. What is clear is that the two men



DND Photo IS75-5885

Chief of the Defence Staff General Jacques Dextraze (right) during a visit to Baffin Island in the Canadian north, circa 1972.

integrated the civilian and military sides of the department, changed the way the headquarters functioned, and secured rather more funding and equipment for the Canadian Forces than seemed possible from a prime minister who was cool to the military and a finance minister who tried very hard to keep defence spending down. This was a major achievement, one that could not have been accomplished if the CDS and the deputy minister had not cooperated closely. No one could have made the

1970s a time of glowing achievement for the Canadian Forces, but matters could have been much worse. That might be a tepid comment, but it is intended as a compliment to Dextraze and Cloutier who served Canada and the Canadian Forces well.

J.L. Granatstein is the author of the second edition of *Canada's Army: Waging War and Keeping the Peace* (University of Toronto Press, 2011).