

# NovAtel Communications Ltd.

By Richard Sanders, coordinator, Coalition to Oppose the Arms Trade, and editor, *Press for Conversion!*

According to a database of procurement statistics released by the Directorate for Information Operations and Reports (DIOR) of the U.S. Department of Defense, the Calgary-based company, NovAtel, had three small "Ballistic Missile Defense" contracts between 2001 and 2003. All three of these contracts fell into a category that the DIOR describes, in abbreviated fashion, as "RDTE/Missile & Space Systems-Adv Tech Dev." (RDTE stands for "Research, Development, Test and Evaluation" and "Adv Tech Dev" (ATD) stands for "Advanced Technology Development.")

In both 2001<sup>1</sup> and 2002<sup>2</sup>, the U.S. Army is listed as having awarded NovAtel two contracts for which the "Weapon System Name" was listed as the "Ballistic Missile Defense System." These two contracts were worth US\$4,776 each.

Then, in 2003, NovAtel is listed as having

had another ATD contract for the "ballistic missile defense" program, this one with the U.S. Defense Logistics Agency.<sup>3</sup>

The U.S. Government ContractsWon.com website also lists NovAtel as having received a "Ballistic Missile Defense System" contract on January 7, 2003. The U.S. Space and Strategic Defense Command is listed as the contracting office while the "claimant program" was noted to be "Missile and Space Systems." NovAtel's product/service is once again described as "RDTE/Missile and Space Systems-Adv Tech Dev."<sup>4</sup>

Although the exact nature of NovAtel's various "missile defense" contracts is not recorded in the DIOR's annual procurement statistics, or in the GovernmentContractsWon.com website, it seems most likely that NovAtel's contribution to the testing of

"missile defense" weapons is related to its primary business, namely, the production of Global Positioning System (GPS) technology.

NovAtel bills itself as a "A Precise Positioning Technology Company." It sells

"hardware, such as receivers and antennas, with software to enable its customers to fully integrate the company's high-precision GPS technology into their respective products and systems."<sup>5</sup>

NovAtel's annual report for 2003 states that it

"is currently working with OEMs [original equipment manufacturers] and system integrators that have determined precision GPS technology can be utilized in many military applications such as training, logistics and missile tracking." (emphasis added)<sup>6</sup>



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## The Role of GPS in Faking "Missile Defense" Tests

So, how could NovAtel's GPS receivers and transmitters be used to track missiles for testing the "Star Wars" system? The Missile Defense Agen-

## Military Strategies for Success with "Missile Defense"

### Silencing the Critics

Nira Schwartz, a physicist/engineer accused TRW, a military contractor, of faking tests and evaluations for the Pentagon's missile defense program. TRW fired her the next day.

Schwartz then shared the information with Professor Theodore A. Postol, a Massachusetts Institute of Technology physicist, who has long argued that flawed software currently prevents a missile system from distinguishing between decoys and enemy warheads. (See the item on Prof. Postol, pp. 36-37. And, for a critique of this critique, see "The Offensive 'Missile Defense' Program is On Target," p.28.)

In early July, the Department of Defense (DoD) asked MIT to investigate Postol – pitting academic freedom against the military's effort to silence one of its most credible critics. For MIT, the stakes are high: It could lose \$319 million in missile defense contracts.



Nira Schwartz

### Avoiding Congress

For six months, dozens of members of Congress repeatedly asked DoD and Secretary Rumsfeld to release an unclassified Pentagon report that criticized missile defense testing. DoD finally released the Coyle Report, compiled by their chief civilian test evaluator, in June 2001. It concluded that tests have become progressively easier so they can be counted as a "success."

**Source:** Editorial, "On Missile Defense: A pattern of deception," *San Francisco Chronicle*, August 12, 2001. [flybynews.com/cgi-local/newspro/viewnews.cgi?newsid998931694,85288](http://flybynews.com/cgi-local/newspro/viewnews.cgi?newsid998931694,85288),

### Rigging the Tests

After the DoD suffered two widely publicized "misses," they had to prove they could hit a bullet with a bullet. On July 14 [2001], a "kill vehicle" smashed into a rocket hurled from Vandenberg Air Force. Photos of the vaporized target strengthened the DoD view that critics are just cranky curmudgeons.

What most didn't know, was that DoD rigged the \$100 million test. As Joe Conason reported in *Salon*:

"The rocket fired from Vandenberg was carrying a global positioning satellite beacon that guided the kill vehicle toward it."

This fact surfaced when a DoD official confirmed the presence of a GPS device to *Defense Week*, and conceded that "real warheads in an attack would not carry such helpful beacons."

## Corporate/Political Strategies for Success with "Missile Defense"



Gerry Schwartz

Some of the many successful corporate logos of Gerald W. Schwartz



cy's testing program uses targets equipped with GPS transmitters so that "missile defense" weapons can home in on them. In fact,

"all of the flight intercept tests so far have included both a C-band beacon and a GPS transponder on the target re-entry vehicle."<sup>7</sup>

Even with such carefully-rigged tests, the "missile defense" weapons often don't hit their targets. A 2004 report by the Center for Arms Control and Non-Proliferation, entitled "National Missile Defense: Not Ready for Prime Time," notes that:

"Of the 10 flight tests that have been completed, eight were intercept tests; five of the eight have been declared successful. However, all five employed the same unrealistic target missile trajectory, known in advance, and flown at low speed and altitude. The simple target missiles have been rigged with transmitters that exaggerate their signatures to a surrogate transponder/FPQ-14 radar combination for mid-course tracking that employs GPS technology."<sup>8</sup>

A report, published by a U.S. organization called the Union of Concerned Scientists, corroborates this assessment of the rigged tests, saying that the use of GPS transmitters on the "mock warhead" was used to provide "high quality tracking information on the location of the warhead.... This allowed it to launch the interceptor on a trajectory that was aimed essentially directly at the warhead, rather than toward a larger basket

that included the full target cluster. Consequently, the kill vehicle did not need to maneuver much to hit the target. Moreover, this test situation is only relevant to the case in which the radars have already discriminated the warhead prior to the launch of the interceptor booster. If this is not possible, the kill vehicle itself must discriminate. In this case, the kill vehicle would be launched toward a basket containing the full target cluster, which could easily be tens of kilometers across, and homing would require much more maneuvering than is demonstrated in the current tests."<sup>9</sup>

### The Role of Paul Martin's friend and fundraiser, Billionaire Gerry Schwartz

In 1998, 58% of NovAtel's shares were acquired by the Canadian Marconi Co., one of Canada's largest military-related corporation. Canadian Marconi was renamed CMC Electronics in 2001 after the purchase of company shares by an investment group lead by ONCAP.<sup>10</sup> Industry Canada notes that

"CMC Electronics is controlled by Oncap LP, an investment fund owned by Onex Corporation and several major Canadian pension funds and financial institutions."<sup>11</sup>

ONCAP was established by Onex Corp., one of Canada's largest and most profitable corporations. Onex is lead by Canadian billionaire Gerry Schwartz, who is Prime Minister Paul Martin's top fundraiser. Not surpris-

ingly, considering his massive financial support for Martin, Schwartz is also considered the prime minister's most influential (but unelected and hence totally unaccountable) advisors.

As reported in the previous issue of *Press for Conversion!* (June 2005), Paul Martin is deeply indebted to Schwartz for his generous personal and corporate donations. Schwartz has also been Martin's "top corporate fundraiser." In fact, he helped Martin "raise an estimated and whopping \$11 million by the November 15 [2003] leadership convention [of the Liberal Party]."<sup>12</sup>

It was in very large part due to Schwartz's fundraising skills that Martin's campaign surpassed the "\$4-million limit set by the [Liberal] party on campaign spending for leadership candidates."<sup>13</sup>

Onex Corp's Schwartz was certainly no slouch when it came to channelling money from corporations into the war chest of his friend and ally Paul Martin. In fact, one event alone, a \$700-a-plate banquet held on December 9, 2003, was able to raise an estimated \$2.7 million for Martin's campaign. It is considered to be "the largest political fundraiser in Canadian history."<sup>14</sup>

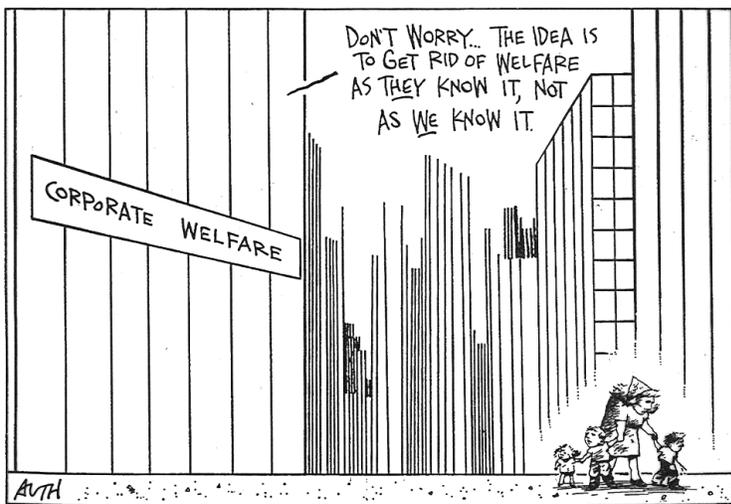
### The Role of Industry Canada in Welfare for War

But, as is par for the course with corporate/political fundraising, the disbursement of cash is often reciprocal: money flows back and forth between government and corporate bank accounts. The major artery through which Canadian government funds flow to military industries, is Industry Canada's Technology Partnerships Canada (TPC). Originally called the Defence Industry Productivity (DIP) Program, it has given away literally billions of dollars in the form of what government and corporations euphemistically call "investments." Those critical of such disbursements of public monies to corporations, see these "investments" as evidence of the corporate welfare state.

The same Industry Canada "Background" cited above, which noted the Onex Corporation's controlling interest in CMC Electronics Inc., focused on a TPC subsidy to Onex's CMC Electronics, which owns the con-

trolling interest in NovAtel. This government “investment,” which was said to support a CMC research and development program, handed over a cool \$16.9 million<sup>15</sup> to CMC. One of the three CMC projects that this grant was supposed to support was R&D into Global Positioning Systems (GPS), although the IC document acknowledges that CMC is “already a leader in GPS technology.”<sup>16</sup>

This government grant, according to then-Minister of Intergovernmental Affairs, Stéphane Dion, was sup-



posedly aimed at supporting “Canadian expertise [that] will build next-generation technologies with limitless potential to improve the safety and efficiency of air travel.”<sup>17</sup> However, it is interesting to note

that the Canadian government was coincidentally (?) pouring money for GPS R&D into NovAtel’s major shareholder (CMC) just as NovAtel was exporting (presumably GPS related) products for the U.S. “missile defense” weapons testing program. This was, of course, not the first government handout given to CMC. Between 1969 and 1990,

Industry Canada’s DIP Program (the forerunner of today’s Technology Partnerships Canada program) gave more than \$111 million dollars to the Canadian Marconi Company (the forerunner of CMC).<sup>18</sup> *Thanks Canada.*

## A Rich History of Corporate Welfare

NovAtel was born in 1983 through the marriage of Calgary’s Nova Corp. and Alberta Government Telephone.<sup>1</sup> Over the years, Alberta’s conservative government shelled out hundreds of millions in “investments,” trying to make NovAtel profitable. The strategy is widely acknowledged to have been a colossal failure, even by the Fraser Institute<sup>2</sup> and Stockwell Day.<sup>3</sup>

Alberta’s Auditor General said taxpayers lost \$612 million when the government sold this public asset in 1992.<sup>4</sup> That year, NovAtel sold its first GPS products,<sup>5</sup> started divesting from non-GPS work and became profitable.<sup>6</sup>

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