

May 2, 2003

MANAGING CANADA'S FOREIGN AFFAIRS

Gordon S. Smith

Need For "Early Action"

The "machinery of government" that a Prime Minister puts in place is always an important instrument of policy - but that is especially so in foreign policy. Means need to be associated with ends. "Machinery" includes assigning responsibilities to ministers (which may require amendments to legislation if changed), the structure and composition of Cabinet Committees, and the supporting interdepartmental co-ordinating structures. That "machinery" can work well or otherwise. It can produce first class analyses, policy options, co-ordination at both the political and public service levels, as well as ensuring implementation. It can also fail to do so.

It is therefore appropriate in this volume devoted primarily to the content of foreign policy to review the existing machinery and to propose changes which a new Prime Minister should consider. An incoming Prime Minister must think structure as well as substance if he or she wishes to have an active and strategic foreign policy. It is at the time before a Prime Minister has spoken to his colleagues about their portfolios that he has the maximum discretion. The attractiveness of becoming a minister induces a certain flexibility in the Prime Minister's potential colleagues, a flexibility which has a short shelf life. Once ministers are in their portfolios they tend to become captured by their jurisdiction, with an interest in protecting and in many cases, if possible, enlarging that

jurisdiction. That is not to say that a Prime Minister cannot have continuing influence and the right of final decision in many cases, but “turf” battles are particularly difficult.

The Changing Context

The challenge of establishing the most effective system and process for managing Canada’s foreign affairs is not new. It is, however, becoming a more complicated problem. There are three reasons for this.

In the first place, the separation between foreign and domestic policy continues to blur. Supposedly “foreign policies” can have enormous effects on supposedly “domestic policies”. The opposite is also true. One might reflect on the trade and agricultural domains. Where does one stop and the other begin? Whether the dog wags the tail or the reverse depends very much on perspective. This is not a uniquely Canadian problem, as political scientist James Rosenau has pointed out. Indeed Rosenau has invented a word to describe the phenomenon – “intermestic”. It is interesting that a recent gathering of senior executives in the Federal Public Service was devoted precisely to this theme.

The second reason Canada faces a particular challenge in this regard is a consequence of its very high and indeed growing degree of integration with the United States. Sectoral departments such as Industry or Transport relate easily to their counterparts in Washington, and bridle at the thought they should somehow be “co-ordinated” – not to mention “led” - by the Department of Foreign Affairs. There is so much going on at any given moment that it is difficult to have a longer term set of foreign policy objectives and

to manage accordingly. Moreover there are “hot button” issues such as bulk water exports that discourage idle speculation.

Thirdly, after 9/11, the United States now has one preoccupation that trumps all others – national security. There is a broadly based perception south of the border (and even for some north of the 49th) that the US is under attack from a networked shadowy group of people who pose an existential threat. The thought that these people might get their hands on weapons of mass destruction creates a considerable sense of vulnerability, not to say anxiety. The creation of the huge Department of Homeland Security is a manifestation of this reality. The fact that Canada has a number of separate departments in the same area complicates the management of the relationship. It requires a prior effort of co-ordination in Ottawa, a responsibility that has been given to the Deputy Prime Minister. It is not clear that he has adequate supporting machinery to assist him in these responsibilities (and the present incumbent has other rather important responsibilities as Minister of Finance and as Deputy Prime Minister), although he now has a person of Deputy Minister rank in the Privy Council Office charged with doing so, as well as with being the co-ordinator of security and intelligence issues. There is also an ad hoc committee of ministers on security and intelligence, which meets from time to time, and an inter-departmental committee of deputy ministers which supports it.

Key Objectives

Machinery should not be designed in the abstract, although some designs generally function better than others. Machinery should be designed to achieve certain priority objectives, particularly those that cut across two or more departments.

Looking forward, the following would seem almost certainly to be major objectives over the next decade, and probably beyond:

- Manage relations with the United States in a more co-ordinated way
- Provide the Canada-US relationship with a sense of strategic direction
- Reflect in that direction our increasingly integrated economies
- Weigh over the mid- and long-term what Canada would like and what the US will likely seek, and decide on a strategy and tactics
- Ensure that our security relationship, of increased importance to the US in terms of continental security (immigration, counter-terrorism, internal security, borders), is one of mutual confidence
- Make a contribution to global security (finding a niche - what to do about failed/failing states and WMD is one possible thrust)
- Enhance Canadian prosperity
- Advance multilateral solutions as much as the traffic will bear (which involves the not always easy task of persuading the US that multilateral solutions to global challenges are effective and possible - e.g. on climate change)
- Press the foreign policy case on importance international economic issues – e.g. financing for development.

These objectives must and do both reflect Canadian interests and values. They will provide a basis on which, in the remainder of this article, to examine changes in the machinery for Canadian foreign policy.

Current Realities

The current reality towards the end of Prime Minister Chretien's Government is that he is the sole decision maker on the high profile issues of the day. On particular files, he may or may not be influenced by the small coterie of advisers in the Prime Minister's Office and the Privy Council Office, as well as a few of his ministers. Prime Minister Chretien has an instinctive feel for what he feels the Canadian public will accept, and with very few exceptions has not been prepared to move beyond where he sees the Canadian public as being comfortable.

Overall, he has been focused on avoiding the separation of Quebec, avoiding being perceived to be responsible for losing Canada's independence vis-à-vis the United States and avoiding losing confidence of financial markets and institutions as a result of deficit/debt mismanagement. He is suspicious if not contemptuous of what he sees as the big bureaucracies of Foreign Affairs, National Defence and the Canadian International Development Agency¹. He sees bureaucratic agendas and log rolling as dangers which politicians must vigilantly control. He does not believe that these departments are capable of setting priorities, singly or even more so collectively (and he is right). He believes strongly in personal relationships at the head of government level.

¹ In many cases Prime Minister Chretien believes Canada could be perfectly well served with one-person posts abroad, as well as with less analytic capacity at home.

The full Canadian Cabinet in 2003 meets about two hours a week – or less. This is not much time to discuss the major issues of the day. There is no longer a Priorities and Planning Committee, nor a dedicated Foreign and Defence Committee. The first, initiated about thirty-five years ago, was generally an effective body to consider major issues, including those of foreign policy, without the pressure of transacting a large number of lesser issues, which inevitably clog Cabinet agendas. There is a tendency for the urgent to crowd out the important – the longer range, direction setting discussions and decisions. The second committee was less strategic and more transactional, but it provided a high level instrument of co-ordination. The consequence of the present situation is that there is not much time for the Cabinet to work through collectively decisions on major foreign policy issues or to effect co-ordination, much less integration, of policies. The Deputy Prime Minister, however, chairs an ad hoc committee dealing with “homeland security” type issues that seems to work well.

At the senior public service level, the most important committee is the CCDM – the Co-ordinating Committee of Deputy Ministers, chaired by the Clerk of the Privy Council. It has not spent much time on foreign policy, but there has been very recently a sub-committee established which is focused on international issues. Time will be needed to determine its effectiveness. There have been previous attempts to constitute committees chaired by the Deputy Minister of Foreign Affairs, but attendance degraded over time. Co-ordination, to the extent it has existed, has therefore been ad hoc in nature. It is important to ensure that the newly established sub-committee of CCDM works

effectively. The recent appointment of Peter Harder as Deputy Minister of Foreign Affairs is a very good sign; he is well grounded in the central agencies and domestic policy.

The Department of Foreign Affairs is not really a leader across government in foreign policy. It is perceived “downtown” as disconnected from domestic policy. Foreign Affairs does not have the knowledge or domestic network to provide leadership (due in part to its system of rotational personnel), and is constantly battling for funds to avoid closure of missions (many of which it does not particularly want) abroad. It has proven very difficult to husband resources for initiatives such as those in the field of human security or to support more than a very weak cultural program. New initiatives are often asked of Foreign Affairs and International Trade, but the resources don’t follow. Indeed, at the time of writing, further cuts are being imposed.

Morale is not particularly good. The general sense of many observers is that Foreign Affairs does not do well at sticking to a few priorities and instead tries to respond to demands to be all things to all people, preferring the maintenance of good relations to hard results. Ministers blame officials; officials blame ministers.

The real power in allocating money in Ottawa these days is the Department of Finance, and that comprises effectively making the decisions about resources available to foreign policy. That includes the one third of the aid “envelope” which it allocates for the IMF and the World Bank as well as Multilateral Development Bank replenishments. Finance

is also dominant on tariffs and anti-dumping countervail, rather than International Trade. Indeed, there is no challenge to Finance in the system (unless one is mounted by the Prime Minister) - one of the reasons that Paul Martin was so successful as Minister in reducing government expenditures and ending deficits. The Treasury Board works as a junior close ally of Finance. Finance (with Treasury Board) does not just allocate overall amounts to departments but is quite involved in specific decisions on big ticket items, and even some smaller ones.

The departments with resources in the international area are CIDA and DND. Neither are looking for input, let alone leadership, from Foreign Affairs. Indeed CIDA tends to give only lip service to being an instrument of foreign policy, rather seeing its role as a champion of Canadian values, pursuing poverty alleviation and humanitarian relief in terms of Canada's moral responsibility rather than (what are regarded to be suspect) national interests. Moreover CIDA has been cut substantially and has its own problems with heavy overhead and slow procedures, consciously designed to counter past problems with patronage or corruption, whether perceived or real. CIDA has been trying to reinvent itself as a policy department, off loading delivery onto contractual executing agents, and therefore increasingly competes with DFAIT.

DND has also been significantly cut back and is seriously constrained in what missions it can undertake as a consequence. The military has shown a preference to reduce involvement in UN operated peacekeeping and instead to participate in NATO established missions in the Balkans and "coalitions of the willing" in Afghanistan and in

the Gulf. It is clear there will never be sufficient resources to do everything, yet the internal politics make choices difficult. The problem is not only one of bureaucratic policies, however, as the sad story of the helicopters underlines. While off the screen at the time of writing, there are big decisions ahead on missile defence. In short, decisions must be made on “how much is enough” and “what should we spend our money on” – hopefully in support of an approach that brings together foreign, defence and development policy. One positive development is that three ministers (Foreign Affairs, National Defence and International Co-Operation) now meet for a private lunch every two weeks or so. They feel the problem is one more at the bureaucratic level than at theirs. Senior bureaucrats might be more likely to point the finger at minister’s offices.

One of the consequences of 9/11 is that more resources have gone to the Canadian Security and Intelligence Service (CSIS) and to intelligence more broadly. This makes a great deal of sense and underlines the wisdom of establishing an intelligence function for government separate from that for policing (a problem that the US is clearly wrestling with in the Federal Bureau of Investigation). The debate as to whether CSIS can provide for appropriate and sufficient foreign operations has also resurfaced. The issue is - does Canada need a foreign “human intelligence” capacity, both to pursue our own interests and to ensure we receive comparable material from our allies, principally the US and the UK? CSIS has also been less than enthusiastic about accepting leadership from Foreign Affairs and prefers that such international activities be its own responsibility. That integrated approach could give rise to other problems, for example, with respect to

possible foreign involvement in support of Quebec's separation (something which has happened before).

The provinces are also increasingly players in the international field. Their co-operation and direct involvement is required by an increasing number of international agreements. This has recently been made obvious to all in the case of climate change. The need for close provincial involvement not only in implementation but development of policy is another reflection of the "intermestic" world in which we live.

Thus far this description of the players in the making of foreign policy has been entirely about governments. The private sector has tended not to be involved in foreign policy issues except when concerns mount about reactions in the US to Canadian policies (or lack of them) - for example, on the US attack on Iraq. There have also been specific issues of particular interest such as climate change in which the private sector has been intensively involved. The private sector wants to be able to export wherever markets can be found and to have government guarantees available of the kind provided by the Export Development Corporation. With respect to civil society, the involvement of NGOs is essentially issue focused. Increasingly there are examples of Non-Governmental Organizations working in collaboration with Foreign Affairs (the anti-personnel landmines campaign being the best known example).

It should also be noted that Canada lacks "think tanks", institutes or centres with strong competence in foreign policy. There is nothing close to a Canadian equivalent of the

Council on Foreign Relations, the Brookings Institute or the Carnegie Endowment in Canada. In the US, these bodies and others like them do a great deal to ensure intellectual rigor in debates about foreign policy.

Relations With the United States

In short, Canada lacks an integrated approach to the world and this is reflected in policy and resource allocation. The problem is not peculiar to Canada, as other countries have it, too. But it is particularly serious in the Canada-US context because of the breadth and depth of the issues on the Canadian-American agenda.

There are a wide variety of instruments which come into play here. They start at the top with the relationship established between the Prime Minister and the President. Both have advisers, although the National Security Council staff is relatively much more powerful than the PM's advisers in the Privy Council Office. There is a new instrument in the relationship between the Deputy Prime Minister and the Secretary for Homeland Security.

At the official level, there is of course a large number of public servants who work in the Pearson Building, the headquarters of the Department of Foreign Affairs and International Trade. While there was at one time a full-time Assistant Deputy Minister responsible for overseeing relations with the US, that is not currently the case. It is odd that the ADM dealing with the US also has to deal with all of the Americas (a result of a Treasury Board/PCO diktat of a few years back, which the present author was required to implement).

The Canadian Ambassador to the US is clearly in a critical position. The right individual with the capacity to deal directly with the Prime Minister (and it need not be his nephew – as Allan Gotlieb showed with Prime Minister Mulroney) can play a critical role. In recent years, for example, both Raymond Chretien and Allan Gotlieb did superb jobs and effectively forced a significant degree of co-ordination at a very high level.

The North American Free Trade area has the best dispute resolution process that Canada could negotiate at the time. There are also available, of course, the dispute resolution processes of the World Trade Organization. Still, many Canadians feel that the US never loses in a definitive way – softwood lumber being a case in point. Canadian “victories” are greeted with new assaults, or at least that is what is perceived. NAFTA has clearly not eliminated the American propensity to resort to trade remedies.

The International Joint Commission has been quite successful in managing waters within its scope of responsibility. Its jurisdiction could be increased to cover other areas of the relationship. However, the IJC is made up of experts in the environmental area, and it might therefore make more sense to develop parallel institutions for other areas.

In the defence field, there would seem to be scope for updating the structure of the relationship. The Permanent Joint Board on Defence is off centre stage. It has worked well over the years but is unconvincing as a vehicle for sorting out big issues like missile defence or coastal protection to deal with threats posed by terrorists seeking entry for

themselves or their weapons of mass destruction. Is made up of officials and overseen by political nominees, but it does not have credible political clout.

NORAD was established to deal with the ex-Soviet bomber threat. Canada was comfortable with NORAD assuming responsibilities for early warning and tracking of missiles but has been allergic to any involvement in defensive measures against missile defence². The result is that Canadians have been compartmentalized to be essentially outside the missile defence area. As a result of 9/11, the US has now established Northern Command (NORCOM). At first, concern was expressed by some in Canada that Canadian military personnel would be sucked in. In fact, apart from liaison and exchange officers, the US never wanted NORCOM to be a joint command. But NORCOM reflects a reality which should be constantly in Canadian's minds – the US is at war and will defend itself as it best sees fit. Canada is either part of the process with the benefit that we know what is going on and have a capacity to influence it (but we need to be able to make a substantive contribution to gain such entry) or the US will do what it deems necessary to do on its own. There is a price, as well as benefits in “independence” – in being on the outside looking in. One of the key priorities of the next government should be to re-think whether Canada does not need a new umbrella relationship to cover all the specific agreements and reflect new realities.

Naval arrangements between Canada and the US seem to be working well. They have a long history. On the East Coast, these arrangements are run through our participation together in NATO, although commanders may well wear more than one hat. On the West

² If Paul Martin becomes Prime Minister, it seems this will change.

Coast, the arrangements reflect more a bilateral relationship which operates without major problem.

It is difficult to say much based on what is known publicly about the relationship between Canada and the US in the intelligence and security area. On intelligence, co-operation works on a basis of contribution. It is clear there are no free rides. Deep in the culture of all intelligence organizations is the concept of “need to know” – access to sensitive information must be absolutely required by those wishing access. One wonders whether the recent spat over US policies towards Iraq will diminish the flow of information to Canada. In the security field, the US has and continues to revisit how best to assure its needs are met – with important choices and implications for Canada.

A NSC “Lite”?

There has been some discussion of whether Canada needs stronger machinery at the centre, modelled on the US National Security Council. Examining this seriously would only make sense if Canada were to devote significantly more resources to the instruments of foreign policy, in particular the military, and if its government wanted a much more active foreign policy. There is no evidence that this is about to happen. Even then, there would be problems. The US NSC structure works because of the power and stature of the National Security Adviser. That individual may not have the budgets and staffs of the Secretary of State and the Secretary of Defense, but she has power and a visible role that in Canada would be unacceptable for a public servant. The doctrine of ministerial responsibility is too deeply embedded in Canada for such a radical departure to work.

The recommendations which follow are therefore more modest and more in line with Canadian traditions.

Context for Recommendations

The Prime Minister needs to provide clear leadership on the top foreign policy priority objectives.

- Strategic direction of Canada's relations with the US is required.
- Canada needs a clear sense of both its objectives and those of the US.
- We cannot satisfy every priority and we must be able to make trade-offs – this won't be easy.
- The direction chosen must reflect our economic interests (without compromising core values) and US security concerns.
- One possibility would be a comprehensive treaty, packaging secure access to resources, border measures, Canadian defence specialization, regulatory harmonization and elimination of trade remedies. It could give the US assured access in terms of security of supply to certain resources in Canada; Canada could increase its stocks of strategic reserves; we could develop a fast track high technology identification system (e.g. a retinal scan to simplify and expedite border crossing) which would be voluntary; Canada could agree to continental drug regulation where we would each assume responsibility for certain types of drugs; Canada could agree to specialize in certain military tasks; US trade remedies (countervail/anti-dumping) would be eliminated for Canada.

- The Canadian Forces must have truly cutting edge combat capabilities. Since Canada will never have the money to have such capabilities in every area, we need to pick those areas in which we want our military to be able to perform, and that should be on the basis of a particular view of the world (likely types of conflict combined with Canadian interests in participating).³
- A distinctive approach to development focused on failing/failed states and on building good governance, democracy and respect for human rights; this means stopping doing other worthwhile things and accepting that Canada would, after consultation with other states (very much including the US), somewhat arbitrarily focus on a couple of strategically key countries, e.g. Indonesia and not do others of lesser strategic importance e.g. Haiti.
- A foreign policy which integrates to a high degree defence and development and reflects Canada's interests and values in enhanced global order and justice; to oversimplify, it is in Canada's interests and accords with our values to promote stability, and stop fragmentation and increasing militancy in, for example, Indonesia.
- A commitment to managing global interdependence which strengthens multilateralism and rules based systems – focused on specific solutions to a limited number of global challenges and not as an objective pursued for its own sake.

³ Paul Martin is right about missile defence. Canada really does not have any choice. Canada needs the capacity to participate in the next Afghanistans and Iraqs. But we probably don't need a convoy escort capability, as in resupplying Europe. Left to their own, based on past history, the CF will spread the (extra) money more or less evenly amongst all claimants.

Specific Recommendations

1. The establishment of a Cabinet Committee on Priorities and Planning, one of the responsibilities of which would be the management of the above agenda.⁴
2. The establishment of a Cabinet Committee on Foreign and Defence Policy, chaired by the Minister of Foreign Affairs, which would deal with other issues and ensure implementation of the decisions of P&P.
3. The Minister of Foreign Affairs should be the Minister responsible for CIDA; he or she should be assigned a junior minister (or ministers) to assist in representation – as distinct from policy making.
4. The senior person in the PCO responsible for foreign and defence policy should be at the Deputy Secretary level; that individual should provide leadership at the Deputy Minister level for the integration of the main elements of international policy as well as crisis management; this would require appropriate levels of support entailing the provision of new resources.
5. The Deputy Secretary would be the Prime Ministers Personal Representative (or Sherpa) for the G8 Summit.
6. The Deputy Minister of Foreign Affairs should be on CCDM; CCDM should have as one of its responsibilities the more effective management of the “intermestic” nature of public policy.

⁴ Since this paper was drafted, Paul Martin has advocated a Cabinet Committee which the Prime Minister would chair to oversee Canada’s relations with the US. This is an excellent idea, but a P&P is still needed and it, too would need to be chaired by the PM. One possibility would be that these two new committees meet on alternative weeks.

7. The position of Associate Deputy Minister of Foreign Affairs should be focused on the relationship with the US; that individual should be charged with the overall co-ordination in Ottawa of the relationship.
8. The Canadian Ambassador to the US should be an official at the level of Deputy Minister, but with access on a regular basis to ministers, including the Prime Minister.
9. There should be created an International Policy Council to give advice to the Prime Minister consisting of experienced people outside government; it would require a budget to allow it to hire full time staff and to cover the costs of its operations.
10. Ensure the Deputy Prime Minister can call on sufficient resources in the PCO for his role in co-ordinating security policy and relations with the US in this area.
11. The Standing Committee of Parliament should be requested to undertake future oriented work with respect to Canada-US relations (it has already completed a major report in this area); this could prepare the ground for some of the politically difficult decisions that lie ahead.