

**The End of Foreign Policy?
The Long-Term Implications of the Reorganization of the Department of External Affairs,
1982-2009**

Kim Richard Nossal
Queen's University

In 2001 Peter Hain, minister of state in the British Foreign and Commonwealth Office, published a pamphlet entitled “The End of Foreign Policy?” that predicted that “as the concept of ‘foreign’ becomes ever harder to define,” foreign ministries would be renamed Departments of Global Affairs, and “international policy” would “no longer be split into arbitrary compartments.”¹ In this paper, Hain identifies a major paradox that all foreign ministries face in the contemporary era: the expanding nature of what constitutes “foreign policy” makes it difficult for traditional “foreign ministries” to organize themselves.

In Canada, the expansion of what constituted “foreign policy” – and thus what should be within the purview of the foreign ministry – occurred a generation ago, when the trade function of the Canadian state and the “foreign policy” or diplomatic functions were folded into a “new” Department of External Affairs. In this paper, I argue that the process started in the 1970s remains unfinished, a function largely of the difficulty of defining the very nature of “foreign policy,” just as Hain suggests.

The story of Canada’s initial attempts to grapple with how to organize the state in an era when the concept of foreign policy became increasingly problematic is well known. It began with the creation of the Interdepartmental Committee on External Relations in the early 1970s, and intensified with the efforts of Allan Gotlieb, when he was appointed as the under-secretary of state for external affairs in 1977, to reposition the Department of External Affairs within the Ottawa bureaucracy and to restore its central role in the making of international policy: External Affairs should become a central agency, and like other central agencies, such as the Privy Council Office, the Prime Minister’s Office, the Treasury Board

¹ Peter Hain, *The End of Foreign Policy: Britain’s Interests, Global Linkages and Natural Limits* (London: Fabian Society, 2001), 61.

Secretariat, and the Department of Finance, engage in a broad coordinating role across government, advising cabinet as a whole on a range of foreign policy issues, rather than running programs.

This movement included the consolidation of the foreign service, bringing together those civil servants from External Affairs, International Trade and Commerce, Immigration, and other government departments who served abroad. Introduced in 1980, consolidation saw all the senior officials serving abroad in the Department of External Affairs, the Department of Industry, Trade and Commerce (IT&C, as it had become in 1969), and of Employment and Immigration (E&I) integrated into External Affairs. From this common pool were drawn the heads of posts for Canada's missions around the world. The idea behind this scheme was to allow posts abroad to operate more efficiently by streamlining the authority of the head of post. Instead of having to coordinate the activities of officials at a mission abroad who were receiving instructions from DEA, CIDA, IT&C, and E&I in Ottawa, the head of post would have authority over all staff, regardless of their function.

The final component was the reorganization of the government by Prime Minister Pierre Trudeau on 12 January 1982. All departments with an economic mandate were affected. A new central agency, the Ministry of State for Economic and Regional Development, replaced the Ministry of State for Economic Development; the Department of Regional Economic Expansion and the "industry" side of the Department of Industry, Trade and Commerce were replaced by a Department of Regional Industrial Expansion. The "trade" side of IT&C, including those parts of the Trade Commissioner Service not included in consolidation, as well as the Export Development Corporation and the Canadian Commercial Corporation, were all merged into the Department of External Affairs.

The reorganization did not resolve any of the bureaucratic "turf" issues that continued to appear as other departments continued to pursue their international policy mandates. The attempts of External Affairs to establish its primacy over all aspects of international policy produced mixed results. It lost control of the most important foreign policy area, the negotiation of a free trade agreement with the United States. The Progressive Conservative government of Brian Mulroney decided to create a separate agency to guide the process of negotiating that agreement. Usually, international negotiations on trade would be conducted by External Affairs and International Trade Canada (EAITC), but cabinet decided that this issue was too important to be left to one department, but would be given to a Trade Negotiations Office (TNO) under a chief negotiator, Simon Reisman and staffed by officials seconded from other agencies of government like Regional Industrial Expansion, Finance, External Affairs, and the PCO, with some drawn from outside the bureaucracy. While Reisman was nominally a deputy in EAITC, and while the TNO was nominally an administrative unit of that department, in fact the TNO was an autonomous organization that reported directly to the prime minister.

When Reid Morden was appointed under-secretary of state for external affairs in the early 1990s, there was a change in direction. Under Morden, the department went "back to basics" – focusing only on political and economic affairs and eliminating overlap. This required transferring some roles to other

departments. External's immigration function was moved to Employment and Immigration Canada; responsibility for international expositions was moved to Communications Canada; international sports was transferred to Fitness and Amateur Sport; cultural and academic programs were moved to the Canada Council (a measure that was subsequently defeated in the Senate). As Evan Potter has argued, the "back to basics" shift effectively brought the "central agency" role of External Affairs to an end.²

In one policy area, however, EAITC continued to try to extend its policy control. The reorganization in 1982 had left CIDA alone, and during the 1980s Joe Clark, as the minister responsible for both External Affairs and CIDA, had allowed CIDA considerable policy autonomy. After Clark became the constitutional affairs minister in 1991, however, the cabinet decided to put funding for both ODA and assistance to the former Soviet Union and Eastern Europe into one budget envelope. The International Assistance Envelope (IAE) was controlled by External Affairs, which sought to shift large amounts of development assistance funds to spending on projects designed to assist countries in Central and Eastern Europe make the transition to democracy.³

After the Liberals under Jean Chrétien came to power in November 1993, the Department of Foreign Affairs and International Trade (DFAIT), as it was renamed by Chrétien, experienced a serious shrinkage in size over the course of the 1990s as part of deficit reduction. As Andrew Cohen notes, DFAIT's budget was cut 25 per cent, and 980 positions, or 13 per cent of its employees, were eliminated.⁴ By 2001, the size of the department had been reduced to 1900 foreign service officers, 2800 non-rotational officers in Canada, and 4600 locally-engaged personnel in foreign missions.⁵

The problem for the Department was that the policy demands on it did not diminish with the shrinking resources. Because the number of independent countries grew in the wake of the Cold War, there were always good reasons to expand the number of diplomatic posts maintained by Canada, and so while some embassies abroad were closed, many more were opened. The activities of the Canadian government in international organizations increased as new organizations like the International Criminal Court were created and negotiations in the institutions of global governance increased and became more complex. We should not forget that the number of Canadians traveling abroad during this period

² Evan Potter, "A Question of Relevance: Canada's Foreign Policy and Foreign Service in the 1990s," in Fen Osler Hampson and Christopher J. Maule, eds., eds., *Canada Among Nations 1993-94: Global Jeopardy* (Ottawa: Carleton University Press, 1993), 48-51.

³ Cranford Pratt, "Humane Internationalism and Canadian Development Assistance Policies," in Pratt, ed., *Canadian International Development Assistance Policies: An Appraisal* (Montreal and Kingston: McGill-Queen's University Press, 1994), 356-63.

⁴ Andrew Cohen, *While Canada Slept: How We Lost Our Place in the World* (Toronto: McClelland & Stewart, 2003), 137.

⁵ Department of Foreign Affairs and International Trade, *2000-2001 Estimates*, pt. 3, 8.

expanded, and when citizens travel abroad, they frequently need consular services provided by their government. Finally, as Denis Stairs has noted, DFAIT was required to engage in more consultations with the Canadian public and non-governmental organizations.⁶ Moreover, as the department was forced to try to “do more with less,” morale sagged dramatically: fully one-half of the officers who had joined the department after 1990 had resigned by 2001.⁷

The pressure on DFAIT accelerated in the post-9/11 period, when a new emphasis was placed on the so-called “3D” approach to foreign policy: integrating the contributions of diplomacy, development, and defence in initiatives such as the Canadian mission to Afghanistan. In 2003 and 2004, DFAIT increasingly worked with CIDA and the Department of National Defence to coordinate activities abroad, particularly in Canada’s growing mission in Afghanistan.⁸ However, this increasing focus on the integration of the activities of the three departments abroad was interrupted by Paul Martin’s decision to pull DFAIT apart. On 12 December 2003, the day that he became prime minister, Martin suddenly announced that the Department of Foreign Affairs and International Trade would be divided into two separate departments again, bringing to an end 21 years of fusion. He made this announcement without any prior discussion, or consultation with affected industry groups such as the Canadian Manufacturers and Exporters (CME). Nor was any explanation offered. The divorce was just imposed by prime ministerial fiat.

It did not last long. Although the Martin government split the department by using an Order-in-Council, the legislation to give the two new departments their new formal mandates was never passed. By the time that legislation was ready to be considered by Parliament, the 2004 election had reduced the Liberals to a minority government. Moreover, there was growing criticism of the idea of splitting the department from academics, journalists, and former bureaucrats. For example, Jeffrey Simpson of the *Globe and Mail* famously characterized it as “an idea so splendidly stupid that literally no one in Ottawa will admit to having favoured it.”⁹ Even the CME declared that they were quite happy with the combined

⁶ Denis Stairs, “The Making of Hard Choices in Canadian Foreign Policy,” in David Carment, Fen Osler Hampson and Norman Hillmer, eds., *Canada Among Nations 2004: Setting Priorities Straight* (Montreal and Kingston: McGill-Queen’s University Press, 2004), 168.

⁷ Daryl Copeland, “The Axworthy Years: Canadian Foreign Policy in the Era of Diminished Capacity,” in Fen Osler Hampson, Norman Hillmer and Maureen Appel Molot, eds., *Canada Among Nations 2001: The Axworthy Legacy* (Toronto: Oxford University Press, 2001), 168.

⁸ Douglas L. Bland and Sean M. Maloney, *Campaigns for International Security: Canada’s Defence Policy at the Turn of the Century* (Montreal and Kingston: McGill-Queen’s University Press, 2004); David S. McDonough, “The Paradox of Afghanistan: Stability Operations and the Renewal of Canada’s International Security Policy?” *International Journal* 62:3 (Summer 2007), 620-42.

⁹ Jeffrey Simpson, “A bureaucratic python is crushing this vision,” *Globe and Mail*, 27 November 2004, A29, cited, inter alia, in Gerald Schmitz and James Lee, “Split Images and Serial Affairs: Reviews, Reorganizations, and Parliamentary Roles,” in Andrew F. Cooper and Dane Rowlands, eds., *Canada Among Nations 2005: Split Images* (Montreal and Kingston: McGill-Queen’s University Press, 2005), 254.

department. When Bills C-31 and C-32 were introduced, this criticism was seized on by the opposition parties in Parliament. On 15 February 2005, on second reading, the three opposition parties in House of Commons combined to defeat this government bill – the first time since 1925 that a government bill was defeated on second reading. When the Martin government insisted on pressing on with its plan, the Standing Committee on Foreign Affairs and International Trade, which was dominated by the opposition parties, protested the divorce by reducing the Estimates for the department by a single symbolic dollar.

After the Conservative Party of Canada under Stephen Harper won a minority in the January 2006 elections, the bureaucratic landscape did not much alter. To be sure, one of its first acts on taking office was to cancel Martin's Order-in-Council of 12 December 2003; and Harper also confirmed the continuing responsibility of the Department of Foreign Affairs and International Trade for the coordination of the international policy agenda. However, the Conservatives had already decided that, as one put it, "we would not get involved in a complicated rejigging of the machinery of government... basically for the reason that if you start to reorganize the machinery of government, you kiss your productivity goodbye for the next two years as everyone figures out who reports to whom."¹⁰

However, these decisions did not manage to resolve the essential dilemma. While the Department of Foreign Affairs and International Trade continues to have the central role for the coordination of foreign policy that it enjoyed for much of the twentieth century, the bureaucratic landscape remains as crowded with those agencies with responsibility for key elements of Canada's foreign policy: at the centre, the clerk of the privy council, the foreign and defence policy advisor to the prime minister, located in the Privy Council Office; the Department of National Defence and the Canadian Armed forces; CIDA, which underwent a major reorganization in 2007¹¹; the Department of Finance and Treasury Board Secretariat; and Public Safety Canada, with its various agencies that are involved in national security, including the Canada Border Services Agency, the Royal Canadian Mounted Police, the Canadian Security and Intelligence Service.

In short, the reorganization of the foreign policy bureaucracy in the early 1980s remains incomplete. The logic of that reorganization would be for what Hain describes in his paper as "arbitrary compartments" should be progressively brought into the ministry that is supposed to be charged with "foreign policy."

The reason for the failure to follow through on that logic is, of course, quite simple. As Hain and others have noted, there is little agreement on which policy matters are to be included in "foreign" policy,

¹⁰ Quoted in Paul Wells, *Right Side Up: The Fall of Paul Martin and the Rise of Stephen Harper's New Conservatism* (Toronto: McClelland & Stewart, 2006), 283.

¹¹ Ian Smillie, "Foreign Aid and Canadian Purpose: Influence and Policy in Canada's International Development Agency," in Robert Bothwell and Jean Daudlin, eds., *Canada Among Nations 2008: 100 Years of Canadian Foreign Policy* (Montreal and Kingston: McGill-Queen's University Press, 2009), 183-208.

and which are to be excluded. Most other policy areas are defined in purely *functional* terms: fisheries policy, forestry policy, correctional policy, industrial policy and so on. While there will inevitably be some overlaps among policy areas, a functional delineation makes differentiation between “fisheries” policy and “forestry” policy relatively easy. However, “foreign” policy suggests a delineation on fundamentally *geopolitical* terms: it begins where the territorial jurisdiction of the state ends. For some, therefore, “foreign” policy is likened to any other type of governmental policy – the programs and instruments used by governments to achieve their political objectives. It is not so much “foreign policy” as it is “policy that is foreign,” in the sense that foreign policy is assumed to be little more than the external dimension of domestic policy, the projection of the government's interests beyond the boundaries of the state. In other words, any aspect of governmental policy that extends beyond the geopolitical boundary is, ipso facto, foreign policy.

While the realist perspective insists that we can conceive of foreign policy as a thing in itself – the “high politics” involved in the struggle for power and peace, as Hans Morgenthau most famously put it¹² – there are not too many who would say that a small country like Canada can realistically limit its definition to this limited view. Rather, in an era of globalization, market forces and revolutions in technology and communications diminish the autonomy of states and increase their dependence and interdependence create issues of global magnitude that are beyond the capacity of any one state to address. In this era, issues of “high” politics have given way in importance to the “low” issues of international relations: the distribution of wealth, the exchange of goods, services, capital, and knowledge, the protection of the environment, the maintenance of adequate global food supplies, the management of global threats to health, and such issues as international communications, the transnational trade in drugs and sex workers, money laundering, and the protection of copyright. In short, realists would have us believe that international politics and foreign policy is only about power and “high” politics, with the economic concerns of “low” politics in their own separate domain. But, as Geoffrey Underhill has put it crisply, “the political and economic domains cannot be separated in any real sense.”¹³ To exclude from the area of “foreign policy” the profound transformations taking place in the international system is, in this view, no longer makes much sense (if it ever did).

The rejection of such high/low politics and politics/economics dichotomies makes particular sense in Canada's case, since Canadian governments have always focused on issues of both high and low politics, and a range of different functional issue areas, from alliance politics to trade relations. But this more expansive approach does not solve the terminological conundrum. The Canadian government

¹² Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace* (New York: Alfred A. Knopf, 1948).

¹³ Geoffrey R. D. Underhill, “State, Market, and Global Political Economy: Genealogy of an (Inter-?) Discipline,” *International Affairs* 76:4 (October 2000), 806.

pursues policies that have a “foreign” component in a wide variety of policy areas, making distinctions between those various policy areas problematic. Thus, it can be argued that “defence policy,” which consumes \$19 billion per year and is implemented by the Canadian Armed Forces and administered by the Department of National Defence, is “foreign policy.” Likewise, development assistance policy, which accounts for approximately \$4.5 billion and is administered by CIDA, can also be conceived of as foreign policy. The same argument could be made about trade policy, fisheries policy, or any other policy area that has an international reach. However, there is still a tendency to conceive of defence, development assistance, trade and other policy areas with a “foreign” element as something different than “foreign policy.”

To grapple with the phenomenon of “departmentalism” – the tendency of government agencies to pursue their own mandates and resist centralized coordination – some have responded to this with a change of terminology: since all of these areas of policy are part of the Canadian government’s engagement with the international system, we should regard this as *international policy*. Certainly Prime Minister Paul Martin also embraced this change of language. The result of his government’s review of different aspects of Canada’s international engagement in 2004 and 2005 was entitled the *International Policy Statement*. It consisted of reviews of each the three Ds (diplomacy, development assistance and defence) – plus a T (for international trade), with an overview presented by the prime minister himself.¹⁴

However, precisely how to create a bureaucratic structure for “international policy” is much more difficult. Certainly a number of governments in the late 1990s and early 2000s adopted what was called a “whole-of-government” approach to policy, where different agencies would work to provide integrated policy that crossed department lines.¹⁵ As noted above, the “3D” approach was designed to combine the efforts of the main agencies of the NATO states who were involved in Afghanistan – the defence forces, the development assistance agencies, and the diplomats from the foreign office.

However, as the Canadian experience has demonstrated, it will not be until governments are willing, or able, to address the propensity to divide the policy landscape into “arbitrary compartments” that the essential tensions in how to organize the state apparatus for the conduct of international policy will be resolved.

¹⁴ Canada, *A Role of Pride and Influence in the World: Canada’s International Policy Statement*, overview booklet (Ottawa, April 2005).

¹⁵ Tom Christensen and Per Lægveid, “The Whole-of-Government Approach to Public Sector Reform,” *Public Administration Review* 67:6 (2007) 1059-66. The related notion of ‘joined-up-government’ introduced by the government of Tony Blair in 1997, was designed to address intractable social problems that could not be solved by a single government agency alone.