

The Canadian Policy Context

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Executive Summary

Canada's foreign, defence, and development policies now operate in a context of extraordinary international turmoil and an unsettled domestic political transition. Policy content and processes are undergoing extensive re-examination and change, while decisions are subject to budgetary pressures, delay, half-measures, and improvisation.

Even so, two powerful trends shape Canadian policy in both content and process. First, managing post-9/11 Canada-US relations continues to demand ever greater attention from the policy community, and more resources. Second, "security" assumes new and larger meanings in the design and execution of foreign, defence, and development policy.

Ottawa policy processes have remained contingent on decisions and actions taken in the slow transition from the closing of former Prime Minister Jean Chrétien's decade in office to the installation of a new prime minister and a subsequent general election. His successor, Paul Martin, has expressed a personal interest in Canada's international affairs — and in the machinery of government for conducting those affairs. Mr Martin has stressed the importance of managing Canada-US relations; of helping poor countries share the gains of globalization; of reinforcing the Canadian Forces; and of reforming and strengthening multilateral institutions, in the UN and elsewhere. As for process, he has proposed the creation of a cabinet committee on Canada-US relations, and called for the better coordination of international relations activities by all departments and agencies. In late 2003, new coordination measures were under way while others were under study.

Thorough and substantive reviews of foreign and defence policy await later stages of the transition. Meantime, policy content is increasingly shaped by management of relations with the United States. What Canada does abroad colours Canadian relations with Washington; the strength of those relations affects what Canada can do abroad; and what Canada does abroad can influence what the United States does abroad.

A June 2003 report by Foreign Affairs Minister Bill Graham, following a public Dialogue on foreign policy (*A Dialogue on Foreign Policy: Report to Canadians*), emphasized public recognition of Canada-US relations as a "fundamental foreign policy priority," public support for bigger defence and aid budgets; popular approval of multilateral institutions and the international rule of law; and the prevailing public sentiment that Canadian policy should be grounded in Canadian values (however defined).

In development policy, the Chrétien government reaffirmed increases in aid spending — and gave easier tariff-and-quota access to many imports from poor countries. The Canadian International Development Agency (CIDA) has announced a shift from project-based aid to program-based approaches, in line with the Poverty Reduction Strategy Papers (PRSP) undertakings in developing countries. CIDA has also declared a sharper focus on fewer bilateral aid partnerships, with a new concentration on just nine countries.

Key implications emerge for the International Development Research Centre (IDRC). The Centre will continue to operate in a domestic policy setting of uncertainty. Coherence and durability of foreign, defence, and development policy will be vulnerable to inconsistencies, diverging priorities, and process struggles. But there is a growing emphasis throughout Canadian policy on promoting peace, order, and good government abroad — all requiring a global mobilization of knowledge for democratic and sustainable development. This mobilization invites contributions of IDRC's special capacities: informing policy with knowledge that is pertinent and timely; advancing participatory, community-based research and deliberation; and fostering the work of international policy and research networks.

Introduction

Never in the past 50 years has Canada's foreign, defence, or development policy been designed and executed against a more turbulent and uncertain disorder. The uncertainties are familiar and inescapable — but nonetheless defy easy summary or confident prediction. They arise in the foreign environment and in the domestic policy process, and in the complex interplay between domestic and international politics. And they all bear on the operations of the International Development Research Centre (IDRC).

As a contribution to the preparation of IDRC's Corporate Strategy and Program Framework for 2005-2010, this paper addresses the sources of uncertainty in the Canadian policy setting; identifies present and probable directions in the content of Canadian policy; and suggests implications for the conduct of IDRC's legislated mandate. We try to capture what clarity we can in the confusion of policy and politics, and to discern some possible alternative futures.

The analysis proceeds in three parts. Part I explores questions of political transition, in the Liberal party, and the Government of Canada. Part II takes up longer-term issues of process and machinery in policy-making, and their significance for IDRC. Part III turns to current and future content in foreign, defence, and development policy — and to the coherence and durability of that content. All three sets of problems — transition, machinery of government, policy content — will define the domestic context for the successful planning and implementation of IDRC's development research strategy.

Domestic Political Transition, 2003-2005

Throughout 2003, the Ottawa policy process — along with many of the decisions it is meant to generate — seemed suspended between the slow closing of the Chrétien era and the installation of his successor as Liberal party leader and prime minister. Jean Chrétien himself announced his intended retirement in 2002, but his party did not complete Paul Martin's accession to the Liberal leadership until its November 2003 convention. Only then did Mr Chrétien announce that he would relinquish the Prime Minister's Office in December 2003.

Mr Martin gave foreign and development policy a prominent place in his acceptance speech to the leadership convention. "Like other countries," he said, "we must come to grips with the fact that the United States has emerged as the world's lone superpower. We need a proud partnership based on mutual respect with our closest friend and nearest neighbour. Two nations with many shared values but each acting independently." He pointedly added that Canada's world role "extends far beyond our relationship with the United States," and that "our foreign policy must always express the concerns of Canadians about the poor and underprivileged of the world; the frightened and helpless victims of battle-torn societies; the sick and vulnerable without adequate health care and education."

But the long course of transition, including the general election expected in 2004, has itself delimited current and future decisions (and fortified indecision) throughout foreign, defence and development policy-making. Some of the transition effects have concerned the ways policy in Ottawa is made; other effects have coloured emerging policy content. Mr Martin — for many months Mr Chrétien's apparent successor — made plain, for example, that he intended to alter cabinet committee structures to better "monitor and manage" Canada-US relations.

At the same time, the transition has unfolded through a period of extraordinary turmoil internationally — not least in the character and management of Canada's relations with the United States. The transition has naturally reflected those pressures (in leadership candidates' speeches and otherwise). And in turn, the future of the Canada-US relationship will be affected by the events and decisions of the transition.

The prevailing policy effects of the transition have been clear enough — in delay, half-measures, and improvisation. Substantive and comprehensive reviews of foreign or defence policy, although arguably long overdue, will not be undertaken during the interregnum; Mr Martin's proposed "joint, systematic defence and foreign policy review" looks unlikely to begin — much less end — before an election. (Canada's last foreign policy white paper was published in 1995, the last defence white paper in 1994.) The most that could be ventured before the change in government leadership was Foreign Affairs Minister Bill Graham's *A Dialogue on Foreign Policy* (a wide-ranging, Internet-based public consultation), and his response to it in a Report released June 27, 2003.

As a consequence, there has been no thoroughgoing, decisive, public reconsideration of the significance of the terrorist attacks against the United States, the violent response in US policy and action, wars in Afghanistan and Iraq, tests and failures of the United Nations Security Council, and the transformed quality of relations along the Canada-US border. Still less has there been any open, extensive, government-led reassessment of the obligations of continental defence, or the new and future accommodations required to realign Canada's relations with the United States and the rest of the world. Policy initiatives have instead looked temporizing and partial.

The suspension of policy during Canada's transition is partly attributable to the world's own complicated emergencies. As one senior policy manager put it, "you can't write a policy in the midst of a crisis." Not only are a department's minds concentrated on the difficulties at hand, but the crisis itself can skew perceptions and mislead long-run expectations. And it has often seemed, in recent years, that foreign, defence, and development policy has engaged in more or less continuous crises.

Still, some general policy tendencies are detectable as the transition advances. First, macroeconomic uncertainties and potentially diminishing budgetary surpluses will constrain federal government spending decisions in the foreseeable future; domestic and foreign policy priorities will be framed by these constraints. Second, the predominance of the Canada-US agenda is more obvious (and less resistible) with every passing week. Mr

Martin responded with, among other things, his early proposal to create a permanent cabinet committee to supervise the Canada-US relationship “in all its aspects.” The committee would also serve, he has said, to “organize horizontally many of the elements of Canada-U.S. policy — from defence and foreign policy, to transport and customs.” The third evident tendency is driven by the still inconclusive struggle in the Canadian policy community to reconsider and redefine, the operational meaning of “security.” To quote Mr Martin again: “We must develop as a matter of priority a national security policy for Canada. We are the only G8 country without a comprehensive policy to manage all aspects of our security. This goes far beyond the border.” Security is now a central concern of Canadian policy, even if its variable meanings remain imprecise and controversial within the policy community.

(A Liberal loss in the next election, however improbable, has always been possible in principle. So it bears noting that these three preoccupations will persist no matter who is prime minister after that election. Although the defeat of a new Martin government would be a shape-shifting event in Canadian politics, it would not diminish issues of fiscal limitation, the management of Canada-US relations, or security as preeminent imperatives for any new cabinet.)

Policy Coordination: Improving Machinery of Government

It was a startling discovery — and alarming to those in government responsible for managing Canada’s international affairs. In the course of exploring Canadian relations with China, a group of public service executives recently found to their surprise that their own various departments had over the years concluded some 100 or more memorandums of understanding (MOUs) with counterpart authorities in China — many of those MOUs unknown to the Department of Foreign Affairs and International Trade (DFAIT). The conduct of international relations by “domestic” departments is nothing very new. But the revelation gave telling proof that the demands of coordinating foreign, defence, and development policy had surpassed the government’s institutional capacity to manage that coordination.

Through the coming decade, IDRC will conceive and carry out its strategy and programs amid continuing scrutiny and adjustment of the Canadian government’s international affairs policy-making processes. By late 2003, early measures were under way to improve governmental machinery for better coordination of the foreign relations conducted by the broadening array of domestic departments as well as by DFAIT, The Department of National Defence (DND), and the Canadian International Development Agency (CIDA). Deputy ministers from DFAIT, DND, and CIDA have started a more routine schedule of joint consultations, and policy planners have intensified their own cooperation.

One of the most rigorous government examinations of the policy-process problem so far has been conducted by the Foreign and Defence Policy Secretariat of the Privy Council Office (PCO). The PCO exercise started with some incontestable facts. For one,

successive budget cuts through the 1990s had significantly weakened DFAIT's own capacity to analyze and execute policy. Simultaneously, well-known dynamics of globalization had hastened the proliferation of foreign relations activities in domestic departments and agencies — from Health and Environment to Justice, Industry, the RCMP, and Agriculture. Indeed, the PCO's International Policy Framework Task Force identified no fewer than 26 departments with some interest or engagement in international relations. Many of them reported an urgent need for some overarching policy coherence and guidance from the centre, and an eagerness for stronger interdepartmental consultation.

But there was noticeably less enthusiasm in these departments for outright centralized control. Nor is there any unanimity on the pivotal question: Who should direct the desired coordination? DFAIT, as first among equals? The Privy Council Office, as the quintessential power centre? The Prime Minister's Office? The Task Force report, *Toward an International Policy Framework for the 21st Century*, presented 15 recommendations. Among them: creation of a new cabinet committee on international policy, supported by a PCO international secretariat; initiation of routine "international policy reviews" every two-to-four years; establishment of international policy committees for deputy ministers and assistant deputy ministers (chaired or co-chaired by DFAIT); stronger policy analysis capacity in DFAIT; better coordination by DFAIT and CIDA with other departments; and "greater coherence and coordination in the management of Canada-US relations." The report also made the argument for stronger coordination of international relations between federal authorities and the provinces — a need dramatically demonstrated by Toronto's SARS outbreak earlier in the year. The PCO survey marked a potentially important step in improving the policy process. It was left to ministers — and a future prime minister — to respond with remedial action.

And in truth, much is still contingent on directions chosen in the current and continuing transition. For his part, Mr Martin has publicly emphasized three critical points in the machinery-of-government context: First, the central importance of foreign policy and international relations in the organization of government. (He chose foreign affairs as the subject of his first major speech as a leadership candidate.) Second, the necessity of fully backing policy commitments with policy resources. ("Resources to underpin a clear set of priorities and practical approaches" is how he phrased it in his April 2003 speech.) And third, specifically to execute a redefined national security policy, the requirement "for much closer cooperation among the many agencies and departments of government than has been realized to date." This might well include (he went on to say) "a substantial reorganization" of departmental activities, "and we had better get on with the job."

Any new prime minister will have a number of reorganization instruments at the ready. Among the most useful are the "mandate letters" a prime minister routinely presents to newly appointed or reassigned cabinet ministers. Drafted in the Privy Council Office, they typically set out the prime minister's own priorities for the new minister's department, and signal the prime minister's expectations for ministerial performance.

Creation of new cabinet committees, of the kind Mr Martin has proposed for Canada-US relations, is another powerful instrument for process reform, because it can impart political energy to bureaucratic reorganization. But the Martin proposal has aroused misgivings at Foreign Affairs and DND. The fear is that establishing a cabinet committee on Canada-US affairs would relegate all other matters to a subordinate category of “everything else.” (Since 1993 there has been no permanent cabinet committee on foreign and defence policy.)

The choices that Mr Martin makes about the character, purpose, and authority of the PMO’s own foreign policy capacity will crucially influence both the process and the content of policy-making. The creation of a Canadian equivalent to the US National Security Council (NSC) staff — as urged by some in Ottawa — would centralize decision-making, and counteract some of the natural centrifugal forces of bureaucratic and ministerial autonomy. But a strong and politically directed foreign policy operation in the PMO, even if structured less formally than an NSC analogue, will inevitably stimulate resistance in departments and agencies protective of their own powers in foreign, defence, and development policy. Pierre Trudeau applied his personal preferences to foreign policy from time to time, occasionally deputizing an energetic and self-confident PMO adviser to conduct his diplomacy. That experience was not strife-free, and the political-bureaucratic contests of those years are not entirely forgotten.

In matters of governance, process shapes product. Nowhere is this truer than in the necessary and intensifying interaction of foreign, defence, and development objectives and projects. It is fair to say that the making and implementation of Canadian development policy have too frequently been weakened or diverted by frictions and disconnections between DFAIT, DND, and CIDA.

It is also fair to report that members of all three departments have recognized the harms of miscoordination, and have taken some improving actions. In the cases of Afghanistan and Iraq, for instance, all three have apparently collaborated more routinely and effectively than in past crises. As one senior official at DND observed (while 1,800 Canadian soldiers were deploying to Kabul), there can never be a completely successful military program in Afghanistan without successful development programs; DND and CIDA both understand the symbiotic power of cooperation in such enterprises. Similarly, a senior executive at CIDA remarked that “what we define as security is expanding very rapidly,” and overlaps increasingly with development. By way of example, he argued, CIDA contributions to small-arms control should now be counted as a legitimate form of Official Development Assistance (ODA).

Even so, gaps and lapses in policy processes weaken the chances that any policy will be strong enough to withstand the stresses of external shocks and the internal rivalries of ordinary democratic policy-making. A fuller discussion of policy content follows below, but one example here illustrates the problem.

CIDA has adopted a strategy of enhanced concentration in its foreign aid allocations — selecting nine countries for special focus. Those nine are: Bangladesh, Bolivia, Ethiopia,

Ghana, Honduras, Mali, Mozambique, Senegal, and Tanzania. There is a logic to these choices, as we will see. But it is hard to imagine DFAIT compiling the same list of priority countries for its foreign policy attention — a list that might instead include, say, South Africa, Nigeria, Cuba, Haiti, Brazil, or India. When aid and foreign policy priorities diverge like this, they are much less likely to win full and reliable support from any cabinet later forced to decide among colliding objectives. At the very least, such discrepancies will require exceptional and systematic efforts of coordination to reconcile. The machinery for that coordination has yet to emerge.

Policy Content: IDRC's Contribution

Turning from process to product, the object here is to set out (briefly) the present state of Canadian development policy, to place it in the wider setting of foreign and defence policy, and to specify implications for IDRC.

But first: Nothing practical can now be said of Canadian foreign, defence, or development policy without acknowledging the new and dominating meanings of Canada's relations with the United States. Since 11 September 2001, the power of Canada-US relations has acted as a pervasive force field in Canadian policy — bending and reorienting at least some element of every public policy or purpose. It goes without saying that cross-border, bilateral issues now consume immensely more governmental energy in Ottawa than before. It is just as obvious that “security”— in its several mutating definitions — now infuses nearly every consideration of foreign, defence, and development policy. These are facts that compel recognition, with whatever reluctance or dismay.

Particularly when thinking about developing countries, it is a risky mistake to ignore the deep interactions between Canada's management of the bilateral US relationship and Canada's pursuit of interests and objectives far beyond North America. These interactions work in three distinguishable ways.

First, what Canada does abroad can affect Canadian relations with the US government and with other constituents in the US policy community. In fact, the argument is made (not just in CIDA) that strengthening Canada's capacity and participation in international development will strengthen Canada's hand and reputation in Washington. If nothing else, it would endow Canadian authorities with more and better intelligence about parts of the world that may suddenly excite US attention.

Second, the health of Canada-US relations affects Canada's capacity to influence events abroad. This is true not just in the sense that the exertions of servicing troubled Canada-US relations will tend to suck the oxygen out of Canadian activities overseas. It is true also because Canadian initiatives outside North America — whether departing or not from approaches favoured in Washington — are easier when the overall Canada-US relationship is seen in Ottawa and elsewhere as informed, friendly, and dependable.

Third, and importantly, what Canadians do abroad or multilaterally can influence what the United States does (or doesn't do) abroad or multilaterally. There is a modest but noble tradition in Canadian diplomacy of trying to arrange distant events so as to induce the United States to "do the right thing"—or to resist doing the wrong thing. Whether by engineering consensus in a UN forum, or persuading a foreign government with new information to meet US terms half-way in some negotiation, or creating an appealing situation for helpful US aid, Canada can influence the preferences and actions of the superpower. In any event, no calculation of Canadian policy options abroad is complete without some consideration of the reactions, positive or negative, that they might elicit from the United States.

Development policy

In its February 2003 budget the Canadian government reaffirmed earlier promises to increase "international assistance" spending by 8 percent annually in 2003-04 and for the following two years — and to double assistance by 2010. This commitment, said Finance Minister John Manley, "reflects the understanding that you cannot have a world of peace unless you address the world of need." At least half these budget increases are allocated to Africa, as part of Canadian support for the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. IDRC is allotted 8 percent annual increases for the two fiscal years 2003-05, "in recognition of its world-class reputation for supporting research aimed at finding innovative solutions to challenges facing developing countries."

The 2003-04 international assistance envelope was set at \$2.9 billion, of which \$2.3 billion is ODA spent through CIDA.¹ (Among non-ODA commitments: up to \$1 billion over 10 years — \$100 million yearly — to the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, mostly in Russia, under DFAIT management.) A recent and accessible account of CIDA development policy is contained in its September 2002 publication, *Canada Making a Difference in the World*. This statement lays out priorities and principles, and announces two key changes in CIDA strategy: a shift from project-based to program-based approaches, and a declared determination to focus future CIDA spending on a much smaller number of recipient countries.

To see the significance of these two strategic changes — and gauge their coherence and durability — it is first worth recalling the rich abundance of development policy priorities that CIDA has compiled over the years.

Begin with the 1995 white paper on foreign policy, *Canada in the World*. That document asserted six program priorities for ODA: basic human needs; women in development; infrastructure services; human rights, democracy, and good governance; private sector development; and the environment. CIDA's 2002 *Canada Making a Difference in the World* observes that "these priorities cannot be seen as providing a focused agenda for

¹ Unless otherwise indicated, all amounts are in Canadian dollars.

CIDA. Rather, they are a broad menu of thematic options.” But whether as priorities or options, the six remained embedded in CIDA’s policy scheme.

In September 2000 CIDA formally adopted for itself four social development priorities: health and nutrition; HIV/AIDS; basic education; and child protection. At the same time, gender equality was declared integral to all four of these priority areas. Again, these social development priorities were reaffirmed in CIDA’s 2002 policy statement, along with a commitment “to double CIDA’s investment in social development over a five-year period with specific targets in each of the four areas for each year through to 2005.”

Yet another priority materialized in 2002, shortly after Susan Whelan joined the cabinet and became minister responsible for CIDA. Henceforth, explained the minister in her foreword to the 2002 statement, “CIDA will give added emphasis to rural development and agriculture.” This emphasis was described as a contribution to economic growth and poverty reduction, and to reversing the decline in agricultural investments recorded in developing countries through the 1990s.

And finally, to read again from the minister’s foreword: “In keeping with Prime Minister Jean Chrétien’s stated priorities at the [Kananaskis] G8 Summit, Africa will remain the priority for our work.”

What is striking in this accumulation of CIDA priorities is that while all have been added, none has been subtracted. In the Canadian policy process, it usually proves easier to declare a new priority or focus than to abandon an old one. The operational salience of any development priority is therefore subject to dilution by the issuance of every new and competing priority.

That said, the move from project-based to program-based approaches constitutes an important initiative announced in the 2002 policy statement. CIDA explains the transition in part as an outgrowth of principles articulated in *Shaping the Twenty-First Century*, the influential 1996 report by the DAC, the OECD’s (Organisation for Economic Co-operation and Development) Development Assistance Committee. The five principles recited by CIDA include local ownership; improved donor coordination; stronger partnerships between donors and recipients; a results-based approach, with better monitoring and evaluation; and greater coherence between aid and nonaid policies in trade, investment, and technology transfer. As well, CIDA adds “three other factors. . . of central importance to the effective use of aid investments:” good governance; building capacity in poor countries to support sustained development; and engaging civil society in recipient countries (thereby adding eight more principles and factors to CIDA’s pre-existing priorities).

The arguments for program-based approaches are strong. These approaches might (but not always) reduce costs otherwise attached to multiple and separately administered projects. They can minimize burdens on developing-country capacity, while expanding that capacity. And they can encourage more efficient coordination among donors while promoting local ownership.

Program-based approaches are consistent with the now-conventional Poverty Reduction Strategy Papers (PRSPs) first conceived at the World Bank and the International Monetary Fund (IMF). Further still, they mesh with the Sector-Wide Approaches (SWAs) now gaining ground in the ODA community. CIDA's objective, put simply, is to align its program-based approach for any development country with that country's PRSP and SWAs — all for a comprehensive, coordinated, and locally owned development strategy.

The second significant change confirmed in the 2002 policy statement was the determination to focus aid on fewer countries. Despite an earlier notional focus on 30 countries and regions, the statement says, bilateral Canadian aid has really been dispersed across about 100 countries. Of all the donor countries, Canada has been among the least concentrated in its aid allocations.

As a corrective, the statement committed CIDA to focus on a particular category of developing country — those that are poor, but have “functioning governments, albeit with weak capacity.” The needs in these countries for external resources may be substantial, “but they are also committed to taking ownership of their development challenges.” In short, CIDA will focus on countries with “a high level of poverty as measured by income per capita and a commitment to development effectiveness, as demonstrated through efforts to improve governance, ensure local ownership of poverty reduction strategies, end corruption and make effective use of aid monies.” In addition, “special consideration may also be given to countries with the potential to exercise regional leadership.”

The logic of concentrating ODA on a smaller number of promising recipient countries is undeniable, especially if CIDA's program-based approaches are to reach the necessary critical mass to make any genuine or lasting difference. Aid increments will have no noticeable sector-wide or economy-wide impact if they are dispersed too thinly to have effect anywhere.

The 2002 policy statement did not spell out which countries would qualify under CIDA's new standards. But the nine chosen recipients (listed above) were publicly named in CIDA's annual spending plan, issued with all other departmental and agency estimates by the Treasury Board Secretariat in February 2003. Senior CIDA executives professed confidence that the list of nine will remain intact for the foreseeable future. For one thing, elaborate multiparty agreements are already being put in place, binding donor and recipient governments and international institutions. For another thing, six of the nine are countries in Africa, a region to which Canada is committed by prime ministerial declaration and G8 undertakings at Kananaskis and again (in 2003) at Evian.

For IDRC, implications of CIDA's development policy point in several directions at once. To indicate a few:

1. The durability and coherence of the policy remain to be shown. As suggested above, CIDA's nine chosen focus countries do not correspond unambiguously

to the most probable developing countries of deepest interest to DFAIT (or National Defence, if it comes to that). There will certainly be pressures to enlarge that list, even if not to remove any countries from it. Returning to a leading example: Afghanistan and Iraq now represent significant Canadian aid commitments, even though neither presents itself as credibly qualified under CIDA's declared priorities. Coherence is also jeopardized by the stubborn distance that still separates aid policy from Canadian trade policy. It is not yet clear how or whether the Doha Round — the supposed "development round" of global trade negotiations — will conclude with the far-reaching changes to domestic Canadian agricultural policies that a successful negotiation would presumably require.

2. CIDA's program-based approaches are rooted in development principles articulated by the DAC and the World Bank, and are intended (in part) to stem the capacity drain on recipient countries associated with managing multiple projects. But program-based approaches typically involve bigger sums of money than project-based approaches, and they rely heavily on reasonably smooth and coordinated implementation over several years. As a result, program-based approaches carry their own risks. Because they demand more time, more money, and more complexity, they are vulnerable to setback, blunder, and political retreat, either in donor or recipient governments. Sooner or later, events will test the true commitment of CIDA — and of Canadian ministers — to these approaches.
3. The durability of CIDA's program-based approaches will be further challenged by a tension inherent in the approaches themselves — the tension between local ownership (by the developing country) and the accountability that donor governments owe to their own taxpayers. (These tensions are even more acute in the case of PRSPs, which can give the appearance of imposing "local ownership" on roughly the terms dictated by donors.) Where these tensions cannot be managed to the satisfaction of CIDA and a partner, either the partnership will be subject to defection or the priority itself will be compromised.
4. CIDA's engagement in more comprehensive development approaches, locking its programming into extensive arrangements with other donors and recipient governments, means that any disengagement from such agreements is bound to attract political and financial exit costs for Canada. This will tend to discourage alteration of CIDA commitments once made — reducing flexibility, but increasing durability. Whether these locking-in effects are advantageous or not will be judged according to cases, and no doubt according to the objectives of whoever is making the judgment.
5. CIDA's program-based approaches place a premium on good governance of every kind, from specific program management to the overall government of a developing country. This invites a valuable contribution from IDRC: informing good governance by generating and distributing the timely, relevant knowledge needed for good governmental decisions. Program-based approaches also open new opportunities in the formation of knowledge networks that can complement and reinforce local participatory decision-

making (and local wisdom) with global access to development research and governance skills. These opportunities play to IDRC's special strength and experience in promoting community-based research aimed at serving the interests of poor people before all else.

Foreign and defence policy

As the transition into a post-Chrétien future proceeds, Canadian foreign policy (taken here to include commercial and trade policy) still rests formally on the three objectives that frame the 1995 white paper: prosperity, security, and “the promotion of Canadian values and culture.” In practice, however, operational policy content is now marked by an intense (if not always consistent) concentration on the linked problems of security and Canada-US relations. Significantly, the government’s 2003 Budget Plan — in the chapter headed “Canada in the World” — starts its survey of foreign, defence, and development activities by specifying what it calls the four highlights: “strengthening Canada’s military,” with the promise of higher defence spending; “ensuring security at home,” outlining mainly antiterrorist measures; “enhancing Canada-US trade,” with the “Smart Border” security program and trade promotion; and “increasing Canada’s international assistance,” with more aid and easier access for imports from poor countries.

Foreign Affairs Minister Graham’s “Report to Canadians” on his department’s public foreign policy Dialogue reflected these same preoccupations with security and the management of Canada-US relations. (Given the timing, the emphasis was understandable. The Dialogue’s town hall meetings and Internet colloquies took place from January to May 2003, through the heat of the Iraq crisis and a war that Canada did not join.)

The Minister’s introduction to the Report says “most contributors” to the Dialogue stressed that “Canada’s position as long-standing friend, neighbour and ally of the world’s only superpower makes close relations with the United States a fundamental policy priority.” It goes on: “Views diverge about how best to preserve our sovereign ability to act in accordance with Canadians’ values and interests while realizing the advantages of North American ties. However, citizens recognize that skilfully managing Canada’s occasional differences with the US must be part of a long-term commitment to strengthening our continental relationship in ways that advance the many shared goals of our two countries.”

On defence, the Report says Canadians “endorse a broad notion of security — one that sees our own security at home as dependent on the stability, order and prosperity of the global community,” and one that associates Canadian security with the exercise of “human rights and democratic development” around the world. “A large majority of respondents,” it says, support bigger budgets for the Canadian Forces.

In fact, the 2003 budget provided multiyear annual increases of \$800 million for National Defence, along with a \$200-million contingency reserve for 2003-04. DND estimates its “net planned spending” for 2003-04 at \$13.1 billion. Most of this is already committed to operations and capital projects. But in defence, as in other policy realms, key strategic questions await later phases of the political transition. There is full agreement inside DND, for example, that the needed defence policy review should be synchronized with,

or follow, the foreign policy review. With an election in 2004, it is unlikely a new defence policy could be elaborated until sometime in 2005.

It is expected, however, that any useful new defence policy will include a fresh conceptualization of national security, an analysis of continental security requirements, and some accommodation of political and economic development within a larger security framework. DND will reassert its commitment to the interoperability of the Canadian Forces with allied forces. But that commitment might have to be reconciled with a different — if not conflicting — approach stressing “joint operations” that blend civil and military elements all drawn from Canadian capacity. This is the sort of “full-service” package that the European Union is able to offer, and it conforms (at least in the abstract) with the more coordinated, integrated security designs now ascendant in policy circles.

On development, Minister Graham’s Report declares: “Both our values and our long-term interests in prosperity and stability, citizens have told me, require Canada to be more active in ensuring that millions of people around the world come to share in the rewards of the new global economic system.” Besides increases to foreign aid, there were calls in the Dialogue for trade policy reforms to favour poor countries. (The 2003 budget reaffirmed the 1 January 2003 elimination of tariffs and quotas on all imports from 48 least developed countries — “with the exception of certain agricultural products.”)

Two other elements of the Dialogue and Report warrant attention. First, both contain many references to Canadian values as the proper foundation of foreign, defence, and development policy — with repeated mentions of human rights, socioeconomic equity, environmental stewardship, pluralism, diversity, and tolerance. Taken together, these values remain inchoate and even (when it comes to telling foreigners how to behave) contradictory. But no future cabinet will find it easy to avoid casting policy in the explicit language of values and moral purpose.

The second element is the permeating emphasis on multilateral institutions and international rule of law as both ends and means of foreign policy. In the Report’s words: “One of the most consistent themes among Dialogue participants is that despite the problems highlighted by the Iraq crisis, multilateral cooperation based on international law must remain a foundation of Canadian foreign policy.” What the Report does not take up are the hard choices ahead about which multinational institutions are worth reforming, and which might just as well be abandoned — as past their useful lifespan, or beyond hope of recovery.

Looking forward, Paul Martin has emphatically voiced his own conviction that multilateral capacity-building is essential to Canadian interests. “We have to develop new thinking about how the international community governs itself,” he said at the November 2003 Liberal convention. “We must ensure that the global institutions of the coming decades are suffused with the values Canadians treasure — rule of law, liberty, democracy, equality of opportunity and fairness.”

This was a theme he had broached in his April 2003 speech. “Of course, we must try to fix the UN system,” he said then. “Multilateralism through the UN system is clearly our preferred approach.” At the same time, “fixing multilateralism is not just a matter of strengthening the UN. It also means identifying — and using — new arrangements and rules outside of the UN.”

To illustrate, Mr Martin recalled the origins of the G20 as a group of rich and poor countries formed to address global financial crises with approaches unavailable to other groupings, like the G7, G8, or the IMF. Some G7 partners had been reluctant to involve developing countries, said Mr Martin (a G20 founder and former chairman). “But we convinced the United States; and once the US agreed, the Europeans and Japanese did as well.”

As Minister Graham himself took pains to say, his Report was not a statement of policy. At most it might serve as an indicative expression of public sentiment for the next government’s guidance. By all appearances, however, the Report fairly summarizes contributions from thousands of Dialogue participants — and illuminates some crucial policy questions still to be resolved.

Three scenarios

If security and the management of Canada-US relations are to dominate the near-term Canadian policy future, much hangs on the future course of US policy and action. That course is likely to take one of three alternative directions in this decade, in response to domestic US political developments and to events abroad. The future therefore might resemble some variant of these three scenarios:

Scenario A. The United States persists on a course of hard-power unilateralism, with unrelenting assertions of the Bush administration’s doctrine of preemptive war. US authorities in this scenario will no doubt solicit support from coalitions of the willing and able (or bully-able). And they are certainly constrained by limits on military and other resources. But the United States in this outlook defines its foreign policy chiefly as national security policy, and as almost always directed against terrorism.

For Canada, this is a scenario of continual crisis and response, demanding ever more investments in the management of relations with the United States. It also means more demands on Canadian resources for postwar humanitarian aid and reconstruction, on the Afghan and Iraqi models. Preset Canadian foreign, defence, and development priorities will be challenged and perhaps overturned by these new obligations. Within the Canadian public, degrees of anti-American nationalism might reach levels requiring political attention and action.

Scenario B. The United States withdraws toward isolation, recoiling from costly losses in the Middle East and answering domestic popular antipathy against continuing military deployments or new foreign adventures. A Canadian government in this scenario

experiences fewer US-related constraints on action abroad, despite undiminished US pressure on allies and the UN to assume reconstruction burdens in Iraq, Afghanistan, and Israel-Palestine.

But there is no relaxation of US demands on Canada for tightened security along the US-Canadian border. And the US government redoubles attempts to erect a continental missile defence — with or without Canada's collaboration. Whereas Scenario A implies a Canadian interest in subduing US interventionist impulses, this second scenario suggests a return to another familiar Canadian imperative: trying to activate resistant US authorities to join an intervention for humanitarian or other benevolent purposes. The urgency here arises with crises in Africa or parts of the Asia-Pacific region, where Americans see no compelling national interest in acting to avert a humanitarian calamity. This scenario engages Canadians in complex calculations as they try to balance Fortress North America pressures from Washington with Canada's own enduring interests in fostering relationships and world order beyond North American shores.

Scenario C. Rejecting the neorealist world view and the hard-power tenets that go with it, the U.S. government embraces a new foreign policy built around creative rapprochement with allies, the exercise of diplomacy, confidence in soft power, and a restored commitment to reviving and strengthening international institutions. This scenario unfolds most plausibly after a change of presidential and/or congressional leadership in the 2004 (or 2008) US elections. It might well follow some mistake of overreach, or a defeat, or simply fatigue, in the war against terrorism; but it could evolve from an achievement, even a victory of sorts, sufficient to inspire a renewed sense of normalcy and safety in the US public. In any case, the logic of multilateral collaboration, including the economies of burden-sharing, resurfaces in official US policy language.

However unlikely, this scenario plainly works to Canada's advantage. It facilitates Canadian leadership in institution-building, and expands Canada's manoeuvring room abroad. But it also imposes new expectations on Canadian policymakers. And it places new demands on resources, as Canadians abruptly confront the danger that their long-held policy objectives might actually be accomplished: Bold new treaties, better development strategies, and strong new multinational institutions will not come cheap.

Implications for IDRC

These alternative scenarios (and their hybrids) each suggest particular operating environments for IDRC and the development community generally. Nevertheless, four implications emerge for IDRC that seem likely to withstand many of the variabilities described above.

1. Through every serious consideration of Canadian policy content there is a heavy (but seldom explicit) reliance on mobilizing Canadian research capacity and knowledge — both to advance Canadian interests and values and to promote sustainable, democratic development abroad. Yet it is rare to find any systematic

- treatment of how to organize and execute that mobilization in Canada and overseas. IDRC's experience and expertise in the purposeful mobilization of knowledge can address a real and growing need. If there is a ready-made niche for IDRC in the Canadian policy setting, this is it.
2. As the governmental transition continues in Ottawa, as budgetary priorities emerge, and as machinery-of-government issues reach successive decision stages, there will be pressures to coordinate — even to centralize — the design and execution of international relations across government departments and agencies. IDRC will not be entirely immune from these pressures, notwithstanding its present statutory autonomy. At the very least, it can find itself a participant in discussions of policy coordination and coherence — if not of organizational merger. IDRC's own strategic approaches should reflect this probability.
 3. Mr Martin's lively interest in multilateral capacity-building resonates with IDRC's own pioneering participation in the new architecture of international partnerships — especially in the innovative realms of issue and knowledge networks, where research, policy and practical application are assembled in new kinds of collaboration. Operating as it has at the nexus of intergovernmental and nongovernmental cooperation, IDRC is well placed to inform and influence the evolution of these multidimensional partnerships.
 4. Development policy and practice will have to progress in the context of continuing and compelling public policy concerns with security. What is less obvious, however, is how definitions of security will evolve. In some settings, security policy will shoulder development priorities to the margins; in others, development objectives will be absorbed (and perhaps lost) in the all-encompassing determination to apply coercive solutions to any problem. On the other hand, moments will arise when the needs of security policy will genuinely invite redefinitions of the problem to embrace concepts of human security, economic security, postconflict peacebuilding, and good governance. There will be times when development principles and techniques can make a real contribution to resolving a security danger; the trick is to distinguish these opportunities from cases where those same principles and techniques will only be co-opted and subverted. This distinction will be hard to make, but not impossible.

Conclusion

Contagions of disease, the menace of terrorism, upheavals of conflict, the commanding promise of development — all prove the point: Interdependence fuses interests, cultures, disciplines, and destinies in powerful and sometimes unexpected ways. One effect, in the Canadian policy context, is to make every ministry to some extent a foreign ministry; this explains the prevailing and lasting concern with policy coordination and coherence. Similarly, interdependence means that development research must continue to include within its scope the fast-changing and far-reaching phenomena of interdependence itself.

Interdependence does not abolish the border between domestic and foreign. It does not banish sovereignty. But it can alter relationships, suddenly and radically, in families,

communities, and countries. So these stand among the urgent and enduring missions of development research: to explore the best means of governance, and to understand the global interactions that affect so profoundly the well-being of us all.

Sources

The authors spoke with senior officials in relevant departments and agencies, including Foreign Affairs, National Defence, and CIDA, and with associates of Paul Martin's Liberal leadership campaign, from April through October 2003. All participated in interviews on the usual condition of anonymity.

On the present complexities of Canada-US relations, diverse perspectives are presented in Carment, D.; Hampson, F.; and Hillmer, N. ed. 2003. *Coping with the American Colossus: Canada Among Nations* 2003. Oxford University Press, Toronto.

CIDA policy is stated in its publication *Canada Making a Difference in the World* (CIDA 2002). Useful material is to be found on its website, www.acdi-cida.gc.ca The Agency's spending estimates and plans are posted by the Treasury Board Secretariat at www.tbs-sct.gc.ca/est-pre/20022004/cida-acdi/cida-acdir34_e.asp

Foreign Affairs Minister Bill Graham's Report on his department's foreign policy Dialogue is at www.foreign-policy-dialogue.ca/en/final_report/scrolling.html DFAIT's main site, with other policy documentation, is www.dfait-maeci.gc.ca

Plans and spending at the Department of National Defence are accessible at www.tbs-sct.gc.ca/est-pre/20032004/ND-DN/ND-DNr34_e.asp and at DND's own web address, www.dnd.ca

Paul Martin's November 2003 convention speech and his April 2003 foreign policy speech were downloaded from his Liberal leadership campaign site, www.paulmartintimes.ca