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Canada As Seen from the United States

It is time for Canadians and Americans ... to recognize that we have very separate identities, that we have significant differences ... mature partners must have autonomous independent policies; each nation must define the nature of its own interests.

– President Nixon to the Canadian Parliament, 14 April 1972

What is required of the United States ... ? It must come to think of Canada ... not as a source of raw materials, not as a useful, if backward, annex to the domestic market, not as a *glacis* between itself and the Soviet Union, not as the great-out-of-doors ... not as a museum of old-fashioned qualities miraculously frozen in ice ... but as a country with its own problems, possibilities, desires.¹

– Douglas LePan, Canadian academic and former diplomat, 1964

Academics and writers from all parts of the world have at times savagely denounced American foreign policy as imperialistic or exploitive. Others sycophantically praise the United States and its good deeds. Yet other studies fall between these two extremes. Many Americans do not realize it, but there is a large gap between what they say and what they do in their foreign policy, and an equally large gap between how they see their actions and motives and how others perceive these same actions and motives.

Perhaps no one has studied their country's relationship with the United States as obsessively as have Canadians. Yet we still do not know if there is or ever has been an American policy toward Canada. In fact, hardly anyone has ever attempted systematically to place American policies toward Canada in the general context of American foreign policy. To date there appear to be only two book-length studies of American policies toward Canada. Gordon Stewart's *The American Response to Canada Since 1776* gives an excellent and thorough analysis of the documentary record as it describes American policies during the nineteenth century, but it touches only briefly on a few major incidents during the first half of the twentieth century.² Lawrence Robert Arosen's *American National Security and Economic Relations with Canada, 1945-1954* gives thorough coverage to resource issues and to the national security implications of the St. Lawrence Seaway.³

This book will try to identify and, where possible, analyze, some of America's Canada policies from 1945 to the end of the Cold War. Because so much has already been written about Canadian-American relations, there is no shortage of – Canadian – interpretations of American policy toward Canada. We shall analyze American policies toward Canada in relation to the overall objectives of American foreign policy. This book will, therefore, mention the familiar Canadian works on Canadian-American relations only occasionally. Because we are studying American policies, we shall try to rely on American sources, primary as well as secondary. Strange as it may seem, however, there are times when only interested Canadians have dug out the necessary primary sources to study American policies toward Canada.

A first question is the extent to which American policies toward Canada relate to American policies overall. Note the term “policies,” not “foreign policy,” because in the case of American-Canadian relations, the distinction between foreign and other governmental policies is increasingly blurred. This observation may have been less true in 1947 than today, although many bilateral issues have been of the “low politics” variety since at least the 1920s, when Canadians became concerned about American cultural influence on their country. No value judgment of the importance or prestige of one or the other type of policy is intended here, nor is there any intention to deny the link between the two types of policies. However, most studies do distinguish between traditional foreign policy or “high policy” issues (such as defence and security) and “low politics” issues (such as energy, culture, and resources), even though on resource issues at least, foreign and domestic politics tend to overlap.

Charles Doran, an American academic, suggests that Americans and Canadians may differ in the extent to which they emphasize “high” and “low” politics: “From the American foreign policy perspective, nothing exceeds the importance of the political strategic dimension; from the Canadian foreign policy perspective, this dimension is secondary to the economic and commercial dimension.”⁴ A 1978 document, prepared in the Carter White House for a meeting of world leaders, provides some support for Doran's distinction. The document lists ten issues that might have come up in discussions with Prime Minister Trudeau. Of the ten, six are of a multilateral nature, and of those, five have security and/or Cold War implications (the Belgrade Conference on Human Rights, the situation in southern Africa, the American withdrawal from the International Labour Organisation, the Law of the Sea Conference, and Caribbean economic cooperation).⁵ The existence of such a list suggests that a number of general American policies may have Canadian implications. In this book, the high and low politics issues are discussed in separate chapters; the Cold War-related or strategic security issues are discussed in Chapters 2, 3,

and 4; the “low” politics issues of resources, investment, and trade, in Chapters 5, 6, and 7. “High” and “low” issues are brought together in the concluding chapter.

For such American policies, at least two assumptions are possible: the United States government had general policies, and policies toward Canada constituted a subset of these policies.⁶ Or the American government had policies, but specific policies toward Canada were not a part of these general policies. The papers of American presidents and secretaries of state are full of pronouncements, principles, and doctrines that describe American foreign policy in grand, idealistic terms. This book takes these general principles and attempts to identify to what extent these principles translated into policy toward one of America’s closest allies.

Determining whether there was an American policy toward Canada and Canadian issues is a problem which can be approached in at least two ways. One way is to attempt to identify policy coordination across issue areas. Did American policies toward Canada represent specific applications of policies on such issues as access to oil supplies or foreign investment? Or were America’s Canada policies ad hoc and *sui generis*? That is, are they afterthoughts or responses to momentary pressures not related to more general policies? Another way of determining whether there was an American policy toward Canada is to look at issues across time. Did American policies on issues such as the stationing of American weapons in Canada or trade with Canada reveal a pattern? Or was policy erratic, determined simply by the pressures relating to a specific “Canadian” issue as that issue arose?

The two types of policy coordination are not necessarily related to one another. It is possible to imagine – and indeed there were times when – as a result of able leadership, policies were coordinated across issues during the term of one president or secretary of state, but ceased to be so coordinated at a later date. It is also possible to imagine that a well-trained bureaucracy (say, in the Office of the United States Trade Representative) might coordinate policy from the administration of one president to that of the next one, but that bureaucracy might not bother to coordinate, or might deliberately avoid coordinating policy, with other central agencies of the American government. This second contingency is, however, less likely than the first one, because the American system of replacing senior bureaucrats as well as policy makers when a new president takes office makes coordination over time unlikely in all but the most entrenched bureaucratic environments.

Americans and Canadians often assumed that there was no US-Canada policy. In 1947, the then Canadian minister for external affairs and later prime minister, Louis St. Laurent, said of Canada and the United States, “Like farmers whose lands have a common concession line, we think of

ourselves as settling, from day to day, questions that arise between us, without dignifying the process by the word 'policy.'"⁷ In a follow-up letter to the 1965 Merchant-Heeney report, American diplomat Livingston Merchant wrote President Johnson to point out that at least twenty-three American government departments and agencies dealt regularly with their Canadian counterparts. He suggested naming an assistant secretary of state for Canadian affairs who would coordinate America's Canada policies. Eighteen years later, Kenneth Curtis, another former ambassador to Canada, made a similar suggestion with as little consequence.⁸

Canadians seem almost to enjoy citing examples of how Americans forget about them. John Holmes, in earlier days an ardent liberal-internationalist, said in a 1981 lecture, "The Americans have a galling habit of regarding us as a regional aspect of a national problem," and "one persistent problem is that the US forgets about us."⁹ There are several instances of Canada's simply being forgotten in Washington; for example, President Nixon identified Japan as America's largest trading partner; a November 1975 document on economic recovery mentions the importance of France, Germany, and Japan – someone pencilled Canada into the margin.¹⁰ Even if *Foreign Relations of the United States* devotes many pages to Canada and Canadians, we would not always expect that from reading the history books. Some prominent American diplomatic historians totally ignore Canada's importance to the United States after 1945. Similarly, some recent books specializing in the twentieth century, or even in the United States since 1945 leave the impression that Canada was totally irrelevant to the United States.¹¹

On the other hand, books by diplomatic historian Walter LaFeber frequently mention Canada.¹² In view of the vast nature of their subject – American foreign policy since 1900 – Thomas G. Paterson and his fellow researchers devote considerable attention to Canada.¹³ Subjects of interest to American writers include Canada's contribution to nuclear technology, the Soviet spy ring exposed in Canada in 1945, and Canada's role as a founding member of the North Atlantic Treaty Organization (NATO).¹⁴ Yet such issues as the withdrawal of Canadian forces from Europe at the end of the Second World War, their return after the outbreak of hostilities in Korea, Canadian thoughts about China, and even Canada's relevance to Korea and Vietnam (before 1960) have all attracted little attention from American writers.

There have been a few exceptions to this general forgetfulness about Canada in recent years. In their quasi-memoirs, President George Bush and National Security Advisor Brent Scowcroft write that Canadian prime minister Brian Mulroney was a person whose advice they valued. Bush welcomed Mulroney's judgment on international issues and used him as a messenger when dealing with other leaders. This relationship, if confirmed

by the primary sources on the Bush presidency (which will become available as of 2005), would indeed be exceptional.¹⁵

Obviously, if Americans ignored Canadians when they made foreign policy, there would be little or nothing to write about here. The fact is not, however, that they had no policy on Canadian issues, but that they often had a number of policies on various issues. In many cases, the different departments of the American administration practised their own policies for whatever Canadian issues came their way. While it is true that the complex bureaucracies of contemporary governments often have difficulty coordinating their policies, this situation might be even more true of relations with Canada than of those with countries on America's crisis list. Canada also has not found its own niche in the State Department. Because it fits in with neither the Caribbean nor Latin America culturally or politically, Canada, since its independence from Britain, was appended to the State Department's European Office. (It remains there to this day, and as a non-European country, Canada receives relatively little attention there.)

As a result, only a few cases of linkage among Canadian issues come to mind: the exemption in 1962 from an investment tax in return for a double-taxation treaty (see Chapter 6) or a favourable deal in 1965 for the automobile industry in return for cooperation on Cyprus (see Chapter 3). Instead, different departments of the American government (such as the State Department or the Department of the Environment) might have various policies on issues relating to Canada. Such policies need to be examined individually, but the lack of linkage is itself evidence of a lack of an overall policy toward Canada.¹⁶ As this book will show, this situation prevailed for most of the Cold War years. On only a few occasions – for example, when the Truman administration in 1947 set the policy guidelines to shape the geopolitical framework of American foreign policy; when Kennedy's "best and brightest" tried in 1962 to recast American foreign policy on rational foundations; and when Kissinger in 1974 tried to do likewise, albeit from a more geopolitical frame of reference – did the American central administration attempt to review its Canadian policy in its entirety. We shall try to determine the extent to which such guidelines translated into specific policies. General policy guidelines are the academic's *faux amis*. They may suggest, for example, that some American policy makers saw Canada simply as a great storehouse of resources, or as a country with no future as an independent state (as did George Ball, a former under-secretary of state), but such guidelines need to be translated into specific policies, and it is these specific policies that we shall be looking for.¹⁷

There is another way that the various policies of the American government departments could amount to a Canada policy. The various policies might result from a common mindset among officials in the various

departments. While such a concordance of views cannot be ruled out, it seems unlikely. Most studies of American government policies in whatever domain have found a great variety of views and a lack of, not an excess of, coordination. It is also possible that a general policy existed on, say, the NATO allies, or America's energy supplies, but that policy was applied to Canada only in its role as one ally among others. In other words, American policy was applied to Canada as general policy, with no special provision for Canada as a neighbour or an ally with a longstanding special relationship with the US.

Now, of course, the rational policy-making model assumes that policies, especially foreign policies, are usually made from the top down, so that a general policy of alliance with some countries (for example, "the West") and hostility to others (for example, "the Communist bloc") is applied to the individual states constituting those blocs. A lack of policy precision, however, can result if the overall policies are applied rigidly, without adaptation to the individual states. Or if it is blithely assumed that all allies will always follow in the steps of the alliance hegemon, then no specific policy on the individual allied states may exist. According to Canadian academics Laura McKinsey and Kim Nossal, "The United States does not make a habit of consciously evaluating ... options in relating to Canada because of the tendency to assume almost automatic acquiescence in decisions made by the alliance leader."¹⁸ In the case studies included in this book, we shall be looking to see if general policies were adapted for Canada and communicated to the Canadian government, or whether Canada was expected to fall into place once the general policy was implemented.

Here we tread a fine line. One would normally expect a general policy, for example, toward NATO allies not only to be applied to Canada but also to be adapted to Canadian circumstances. What we are looking for are such Canadian adaptations of American policies. Yet it is easy to fall into the trap of damning American policies whatever the Americans do. If America's Canada policy was made especially for Canada case by case, one could accuse the American administrations of not having a Canada policy. If other policies were expected to apply to Canada, willy-nilly, without any adaptive measures, one could accuse Americans of insensitivity and rigidity or of demoting Canada to the status of a satellite. Ideally, one could compare Canada to other allies. Was Canadian policy more ad hoc or more rational than policy on, say, Italy? But that goes beyond the topic of this book.

Some Canadians, especially those of a Marxist or other left-wing persuasion, might say that the term "ally" does not accurately describe the relationship between the US and Canada; that terms such as "satellite" or "peripheral dependence" might provide a more accurate description of the relationship. This question is another to which our cases may provide an

answer. Was Canada an ally that supported American policy, and also contributed to that policy? That is, did Canada make a difference? Or did American policy makers expect Canadian “policy makers” to implement policies made in Washington with few questions asked? That is, did they treat Canada as a satellite? In our cases, we shall try to determine to what extent American policy makers considered Canada as a satellite.

Technical Issues

This book uses a simple analytical framework. The given, or the independent variable, is the policy of the American government. The topic to be studied, or the dependent variable, consists of the role, if any, Canada played within American policy; the focus is thus not on Canada as an actor, but on Canada as a subject of American policy.

We assume that there is such a phenomenon as American policy on most issues, even if there may not be a Canada policy. American policy may appear to consist of an amalgam of the interests of various groups, the Congress, the administration, and the president and his advisors. At the end of the day, there emerges from what has aptly been called the “foreign policy fudge factory” (or in our case, perhaps more accurately, the policy fudge factory) a recognizable series of pronouncements and/or actions that can be called American policy.¹⁹ Our analysis is thus unabashedly and unashamedly state-centric. This approach does not mean that either author subscribes to a particular view about the endurance of the nation-state; it means only that for the purpose of this topic and for the time covered, the nation-state still constitutes a useful element of analysis.

The researchers’ problem is to identify a national policy. Like Stephen Krasner, we have, therefore, relied on both State Department and White House documents and presidential papers, with a heavier emphasis on the latter, on the assumption that if there is one place where the policies of the American government are likely to be coordinated, that is the spot where it is most likely to happen. Krasner, who used the statist approach to study American raw materials policy during the early Cold War, relied largely on the policies of the White House and the State Department as “the pivot of the state.”²⁰ But the State Department, much as it would have liked to be the coordinator of all things foreign in Washington, increasingly had to share that role with other central governmental agencies. We have therefore also sometimes needed to determine the policies advocated or implemented by other parts of the American government, most notably the Department of Defense, the Department of Energy, and the Office of the United States Trade Representative.

This book will deal with American policy as made in and carried out from Washington. What this means with respect to America’s Canada policies is

that we shall look at the policies as revealed by the documentation of the American government and as carried out by American diplomats and other bureaucrats. To that end, we will not always need to distinguish between policies that succeeded (that is, which elicited the desired response from Canada) and those that did not. Our primary purpose is to study not the outcomes, but the intended consequences, of American policy.

Obviously, such a perspective misses some aspects of American policy. This book takes American policy as a given. It does not delve into the interest groups and political pressures preceding the making of the policy. Nor does it look at many of the departmental archives, except for those of the State Department. The assumption is that there is an American state and that that state has a policy, which is that of the White House and the State Department.

The method used is case studies; that is, for the most part, the book deals with substance rather than process. Our means of finding out what role Canada was assigned and/or played in American policy will be to examine issues, such as the beginning of the Cold War, the Vietnam War, American concerns about supplies of raw materials, or American trade policy. In the case studies, we shall be particularly careful to identify which of the two governments initiated particular proposals. If few proposals came from the American government, that might help confirm that there really was little Canada policy on the part of the United States. We chose the cases as representative of major issues that would occupy the attention of the highest American decision makers. For the most part, this approach means issues that attracted a fair amount of public attention in the US or in Canada when they occurred. Thus, we had to include the Korean War, the Vietnam War, and the 1970s energy crisis, though only the last had an immediately evident Canadian component. Our second criterion for cases was that the issues involved should be expected to involve Canada. Otherwise, there obviously would not be a Canada policy. Canada is a major producer of energy, the most important trading partner of the United States, and a major destination of American investment. So policies on all three of these issues have a Canadian component. Other important issues in Washington (such as the arms limitation agreements with the USSR) involved Canada only marginally and were therefore not included.

That said, we could not deal with all the cases we might have liked to include, because in some instances (such as that of the Congo crisis of 1960-2) the documentary record simply did not reveal enough of an American policy toward Canada for there to be anything worth writing about. Canadians might believe that their contribution to peacekeeping would entitle them to some role in American policy on the Congo. But the documentary record, which by now appears to be fairly complete, does not reveal much evidence of such a policy. In other cases, such as that of

Yemen or Namibia, the documentary trail led us down roads we had not expected to travel. In the end, the cases were chosen by a combination of the first two rational criteria – representativeness and relevance – and the serendipitous – an adequate documentary record.

Most of the cases discussed in this book predate January 1981, when Ronald Reagan succeeded Jimmy Carter as president. We are aware that some of the most frightening years of the Cold War were those of the Reagan presidency. ABC featured the television program *The Day After*, which dramatized the possible outcome of nuclear war; Ronald Reagan referred to the Soviet Union as “the evil empire”; and the Soviets launched Operation RYAN (a Russian acronym for a program which anticipated nuclear war). Historian Christopher Andrew believes that Operation RYAN was the world’s most dangerous event since the Cuban Missile Crisis of 1962.²¹ The Reagan administration also conducted a military build-up, including the controversial Strategic Defense Initiative (SDI) or Star Wars. There were wars in Central America and the Caribbean, notably in Nicaragua and El Salvador. But, unfortunately, documentation on the Reagan presidency was not available as this book was being written. The focus of most of the cases therefore remains on events during the terms of office of earlier presidents. Indications are that the people in the Reagan White House did not like Prime Minister Trudeau’s peace initiative and did not solicit Canada’s help with or opinion on the 1983 invasion of Grenada. It also seems that Brian Mulroney, prime minister from 1984 to 1993, was anxious to adopt most of the policies advocated by the Reagan administration and that Mulroney and Reagan liked one another personally. But the kind of documentation available for the earlier years is not yet available for this later time period. We therefore had to omit many events of the Reagan and Bush years. The main exception is trade, where Canadian researchers have ferreted much about the origins of the FTA and the NAFTA, though the official records are not yet available.

Chapter 2 deals with the early part of the Cold War and includes eight case studies. The first case deals with Canada’s strategic importance. The second and third cases discuss North American air defence and the role that nuclear weapons played in that defence in the early Cold War. The fourth and fifth cases deal with the early years of the United Nations and the founding of NATO. The sixth through eighth cases deal with the Cold War as it played itself out in the Far East: Canada’s role in the Korean War, the consequences of the Communist takeover of China, and the International Control Commission, which made up part of the Geneva settlement by which the French withdrew from Vietnam. Canada participated in this commission; the US disapproved of the settlement.

Chapter 3 continues with the Cold War since 1961 and includes seven case studies. The first case is that of the controversy over the stationing of

nuclear weapons in Canada. The second deals with the Vietnam War and Canada's various roles as that tragedy played itself out. The third case is Cuba, from the time of the Cuban Revolution and the Cuban Missile Crisis to the continuing problem of the American trade embargo against Cuba. The fourth case concerns Cyprus and the role Canada played in helping the United States deal with that problem and its Cold War implications. The fifth case concerns the admission of China to the UN, and the sixth the Soviet invasion of Afghanistan and the various attempts by the Carter and then the Reagan administration to obtain the support of allied governments for American policies designed to oppose the Soviet intervention in that country. The seventh case concerns the possibility of Quebec independence (after the 1976 elections in that province) and the American administrations' thoughts on the effect Quebec's separation from the rest of Canada might have on North American defence.

Chapter 4 looks at post-colonial and North-South issues, and includes eight case studies. The first two cases consist of a review of American and Canadian roles in the Middle East, first in the 1956 Suez crisis and then in Yemen. The third and fourth cases consist of two Latin American issues: the 1965 invasion of the Dominican Republic and the negotiation by the Carter administration of the 1977-8 Panama Canal Treaties. The fifth case is technically not Latin American; it concerns Guyana, where both Americans and Canadians had major investments. The sixth case deals with the Law of the Sea conferences, where North and South clashed on issues such as the international control of resources and the rights and obligations of multinational corporations. The seventh case in this chapter concerns Africa, where Cubans and Soviets opposed Americans in Angola, and a final case examines the Iranian Revolution, where Canadians helped Americans.

Chapter 5 discusses resources, which have been a topic of American policy toward Canada in both the nineteenth and the twentieth centuries. In 1908, President Theodore Roosevelt told Prime Minister Sir Wilfrid Laurier, "The progress of the people of the United States obviously depends on the availability of resources, and it is evident that natural resources are not limited by the boundary lines which separate nations."²² Americans have continued their interest in Canada's resources, and that interest has been heightened by external events such as the Second World War, the Cold War, and the 1970s energy crisis. This chapter consists of four case studies. The first deals with the need for resources and the control over mineral resources as part of American strategy from 1945 to 1960. The second case describes the oil shortage that followed the Middle East War of 1973 and recurred in the early 1980s. The third case provides a brief explanation of natural gas policies. The fourth case study traces the history of atomic energy, from its discovery at the end of the Second World War, through

the fears in the 1970s of a worldwide energy shortage, to the 1980s, as the star of atomic energy waned.

Chapter 6 deals with American investment and the extent to which American policy supported American-based multinational firms. While resources have been primarily an American interest, Canadians have shown great concern about American investment in Canada. Americans have replied by insisting on the right to invest without restriction. At the same time, Americans faced much more serious challenges to their overseas investment in Latin America and the Middle East than they did in Canada. The chapter will relate American policy on investment in Canada to American policy on foreign investment generally. The first topic is monetary policy and the relationship between American monetary policy and the Canadian dollar. The 1971 American dollar crisis and the consequent attempt to put an end to exemptionism is of special importance in this respect. The second topic is direct investment by the US in Canada, which has at times been the subject of a major public debate among Canadians. The third topic is that of the various American attempts to impose export controls on American-owned corporations in Canada, a subject that is closely related to direct investment.

Chapter 7 deals with American trade policy. Whether to protect or trade freely has been a controversial topic in American politics since the founding of the American Republic. After all, British efforts to control American trade formed part of the background to the American Revolution. Because Canada was the largest trading partner of the United States for most of the period after 1945, it will be interesting to see to what extent Canada fit into American trade policy overall. The first case deals with various attempts to create some kind of a free trade system between the two countries, from 1947 to 1975. The second case deals with the slide away from multilateralism and the negotiations leading to the 1988 Canada-US Free Trade Agreement. Was it an American or a Canadian initiative – or both? The next case deals with the NAFTA. How, if at all, did Canada fit into this policy, whose focus was primarily directed at Mexico? The last case demonstrates the extent to which trade between the two countries is managed rather than free. It is an examination of the 1965 Autopact and its revisions by the FTA and NAFTA.

The methodology is simple and analytical. Each chapter begins with a brief summary of the major outlines of American policy on the relevant issues during the time period in question. The chapter then examines specific American policies on the issues selected and attempts to determine the role, if any, Canada was assigned or undertook in the making and implementation of these policies. Each chapter concludes with summary answers to questions posed earlier in this introductory chapter.

In the concluding chapter, we attempt to determine if there has been an

American policy toward Canada, especially insofar as issues affecting Canada may have been coordinated. Overall, we found little evidence of such a coordinated policy. Surprisingly, much of America's Canada policy originated with stimulus from Washington, but beyond that simple fact there was little in the way of a pattern to that policy. Instead, we identified three different policy patterns in America's Canada policy: times when Canada played the role of a strong and independent ally, able to influence American policy; times when Canada was treated differently from other allies (exceptionalism); and times when Canada was treated like a satellite or dependent state. There were also occasions when Canada was just forgotten or ignored. No single policy pattern predominated, a fact which leaves us with a long and varied story to tell.

This book builds on the work of its predecessor in the field, Annette Baker Fox's *The Politics of Attraction*.²³ Fox described the relations between the US and four of its middle-power allies – Australia, Brazil, Canada, and Mexico. Her study is based on the writings of scholars and the statements of officials from the four middle powers. She did not focus on American policies or on the thinking of the White House, the State Department, and the National Security Council, which are the central concerns of this book.