
The Politics of Linkage

Brian Bow

The Politics of Linkage
Power, Interdependence, and Ideas
in Canada-US Relations



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For Jacquie, for everything, forever

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Abbreviations

| | |
|--------|---|
| AWPPA | Arctic Waters Pollution Prevention Act |
| BMD | ballistic missile defence |
| CUSFTA | Canada-US Free Trade Agreement |
| DPSA | Defence Production Sharing Agreement |
| EMR | Energy, Mines and Resources Canada |
| FIRA | Foreign Investment Review Agency |
| GATT | General Agreement on Tariffs and Trade |
| ICJ | International Court of Justice |
| ICSC | International Commission for Supervision and Control |
| IEA | International Energy Agency |
| IMCO | International Marine Consultative Organization |
| ISAF | International Security Assistance Force |
| ITC | International Trade Commission |
| MOIP | Mandatory Oil Import Program |
| NAC | National Archives of Canada |
| NAFTA | North American Free Trade Agreement |
| NARA | National Archives and Records Administration |
| NATO | North Atlantic Treaty Organization |
| NDP | New Democratic Party |
| NEP | National Energy Program |
| NORAD | North American Aerospace Defence Command (formerly North American Air Defence Command) |
| OAPEC | Organization of Arab Petroleum Exporting Countries |
| OECD | Organisation for Economic Co-operation and Development |

| | |
|-------------|--|
| OPEC | Organization of Petroleum Exporting Countries |
| PIP | Petroleum Incentive Program |
| PJBD | Permanent Joint Board on Defence |
| PMO | Prime Minister's Office |
| TEA | United States Trade Expansion Act of 1962 |
| USSR | Union of Soviet Socialist Republics |
| US NORTHCOM | United States Northern Command |
| USTR | Office of the United States Trade Representative |
| WTO | World Trade Organization |

The Politics of Linkage

1

The Social Foundations of the Special Relationship

Policy-makers and pundits often say that there is – or at least that there once was – a “special relationship” between Canada and the United States. There are of course a number of other countries (e.g., Britain, Australia, Israel, Japan) that have claimed to have their own special relationship with the US. But “some special relationships are [apparently] more special than others,”¹ and Canadians have traditionally believed that their relations with the US were genuinely exceptional, not only in the sense that the two countries share common interests and values but also in the sense that the US has given Canada special attention and consideration. Those who study the bilateral relationship closely know that American policy-makers do not spend a lot of time thinking about Canada, but they often do seem to treat Canada differently from other countries.

More skeptical observers have argued that the special relationship is a myth – a story about friendship that coincides with, and conceals, the stark calculations of national interest that really drive Canada-US relations. The relationship seems special because the two countries’ interests happen to overlap most of the time; the real tests of the relationship are those rare occasions when national interests clearly diverge, and there the US has tended to be just as tough with Canada as with anyone else. Perhaps even tougher. Rather than a genuine friendship, the skeptics might say, the relationship between the US and Canada is like the classical Greek story of the crocodile and the trochilus (“crocodile bird”). The crocodile opens its mouth to let the little bird pick bits of food from between its teeth, and both benefit. The crocodile resists the urge to try to take a second lunch, because it knows it will need to have its teeth cleaned again tomorrow. But if the bird pecks a little too hard in a sensitive spot, then there will be a loud snap, and one less trochilus on the riverbank. This kind of symbiotic relationship is special in the sense that it is different from what we might normally expect (i.e., it doesn’t look like the law of the jungle), but it is not special in the sense that there is any meaningful connection. There may be mutual restraint

from day to day, but there is no real sense of mutual obligation, without which there can be no assurance of restraint in those times when it is most needed.

The overarching argument of this book is that there was a time – in the early Cold War decades – when the Canada-US relationship *was* genuinely special, in that it was governed by a distinctive diplomatic culture that shaped the way policy-makers on both sides thought about what their interests were and how bilateral disputes could be resolved. Conflicts of interest could therefore be resolved “between friends,” even when the stakes were high and when personal relationships between political leaders were not particularly friendly. Since the 1970s, however, the nature of the relationship has changed; if it is still special today, it is only so in the crocodile-and-trochilus sense. There are still policy-makers on both sides of the border who are committed to a special way of doing things, but the people who think that way are no longer consistently able to direct the bilateral relationship accordingly.

The postwar diplomatic culture was a way of thinking about how the bilateral relationship ought to be “managed,” which was shared within a network of high- and mid-level officials in Ottawa and Washington. For members of this transgovernmental network, “conflicts of interest ... [were] essentially ‘problems’ to be solved rather than ... confrontations to be won.”² Over time, Canadian and American officials developed a set of specific – but still mostly tacit – bargaining norms, which former Canadian ambassador to Washington Allan Gotlieb once referred to as the “rules of the game” for Canada-US relations: grievances were to be raised behind closed doors, disagreements would always be resolved “on their merits,” through technical arguments, and – perhaps most important of all – neither side would try to force a favourable resolution of an issue by making coercive linkages to other, unrelated issues.³

These rules were developed through a process of informal signalling, reinforced by normative arguments about mutual obligation, and maintained through interpersonal contacts within the transgovernmental network that they defined. There were moments where the rules were explicitly called on or openly challenged, but for the most part they existed as a set of tacit understandings. It was not until just a few years before they began to lose their grip – ironically – that the core principles of the postwar diplomatic culture were spelled out as such, in a 1965 report by former ambassadors Arnold Heeney and Livingston Merchant, titled *Principles for Partnership*.⁴

Beginning in the early 1970s, the proponents of the postwar diplomatic culture were increasingly marginalized by new actors and new decision-making procedures, especially on the American side. With the displacement of the postwar transgovernmental network and its distinctive bargaining

norms, broader structural features associated with interdependence – and, later, formal institutional structures – came to the fore. The fragmentation of foreign-policy decision-making created space for various bureaucratic and societal interest groups to drive US responses to provocative Canadian policies, either by putting pressure on government to pursue linkages or by politically opposing specific linkage scenarios.

In advancing a social interpretation of Canada-US relations, I mean to directly challenge more thoroughly structural accounts of the relationship – that is, those that focus on the overall asymmetry of power and the configuration of basic interests.⁵ I do not mean to argue that structural features are not important, however. In fact, the social aspect of the relationship I describe was originally enabled by, and ultimately proved dependent on, favourable structural conditions: the Cold War alliance, extensive economic interdependence, and relatively centralized domestic political institutions. Yet I will show that the pattern of Canada-US relations cannot be explained in terms of structure alone. Only by understanding the distinctive diplomatic culture that governed the relationship during this period can we account for the process and outcomes of bilateral bargaining in some crucial episodes and the broader pattern over time.

Nor, in making the argument that the Canada-US relationship has at times been governed by informal bargaining norms, do I mean to dismiss the importance of power. International relations theorists (particularly in the US) tend to ignore Canada-US relations because they are supposedly characterized by an “indifference to power,” and are thus the great exception to the rule in international politics.⁶ Some Canadian foreign-policy specialists, on the other hand, tend to see power everywhere in Canada-US relations, with little or no room for Canada to pursue a genuinely autonomous foreign policy.⁷ The truth is somewhere in between. Power *is* in play when Canadian and American diplomats sit down at the bargaining table. But it is power exercised within certain limits, and therefore takes a different form than we might expect – a subtler and more complex form, which may be more characteristic of the relations between advanced industrial states than any simple theoretical model of international relations can convey.

The Question of Linkage

The focus in this book is on one specific element of the larger postwar diplomatic culture: the shared norm against resort to coercive issue linkages. Linkages, to be clear, are efforts to break an impasse or otherwise improve one’s bargaining position on a particular issue by tying it to another, unrelated issue. Linkages can be cooperative or coercive, and they can be prospective (promises, threats) or retrospective (rewards, retaliation). Most government officials and many academic observers have argued that the

virtual absence of coercive linkages is one of the most distinctive features of Canada-US relations, and for many it is the key to the special relationship.⁸ Others have argued that linkages do in fact play an important role in Canada-US relations, although it is usually through the *anticipation* of American linkages and the profound self-restraint it induces in Canadian policy-makers.⁹

The question of linkage is a crucial one for Canada-US relations, and for Canadian foreign policy more generally. If the US is willing and able to use coercive linkages to force changes to Canadian policies, then Canada faces some tough choices. It can find ways to limit vulnerability by restraining or even rolling back interdependence between the two societies, which would involve severe – perhaps even catastrophic – economic costs for Canada. It can try to find ways to set limits on the exercise of American power, which apparently can be purchased only through reciprocal cessions of Canadian sovereignty, or perhaps not at all. Or it can find ways to live with profound vulnerability, which would ultimately amount to accepting strict limits on Canada's autonomy in both foreign and domestic policy.

If, on the other hand, the US is *not* willing and/or not able to make linkages in disputes with Canada, then the overall asymmetry of the relationship matters less, and the limits of what Canada can “get away with” depend on the specific bargaining context within particular issue areas. The diplomatic agenda would be that much more complex, but the scope of Canada's autonomy would be that much greater.

I make four main arguments. First, the US historically has not used direct, coercive linkages to force Canada to change its policies. American self-restraint has increased the space for Canada to pursue policies at odds with the US, and to exercise greater autonomy than the overall asymmetry of the relationship might lead us to expect. The expectation in Canada that the US might resort to linkages grew rapidly during the 1970s, however, and Canadian policy-makers have generally been much more cautious ever since, and more inclined to pursue previously unthinkable strategies (such as integration) as a way to set new limits on the exercise of American power.

Second, the reasons for American self-restraint have changed since the 1970s. In the early Cold War decades, the bilateral relationship was effectively governed by the broad diplomatic culture described here, and relevant US officials were committed to the norm against direct, coercive linkages. Their adherence to the norm was so reflexive, in fact, that American policy-makers tended not to see linkage options as options at all, even in high-stakes bilateral disputes. In the 1970s, a new cohort of policy-makers, who knew and cared little about Canada, began to make their presence felt, and the established transgovernmental network had to work hard to keep US bargaining strategies in line with the postwar diplomatic culture. The traditional foreign-policy bureaucracy's claim to “manage” the bilateral relationship broke down

under pressure from a newly assertive Congress and increasingly overbearing “domestic” agencies. Canada-watchers in the State Department and other agencies continued to subscribe to the postwar diplomatic culture, but their ideas were far less influential in identifying and selecting foreign-policy priorities and diplomatic strategies.

Once the transgovernmental network had been effectively displaced, the degree to which the US would be prepared to bargain aggressively with Canada – up to and including resort to coercive linkages – depended mainly on shifting configurations of bureaucratic and societal interests within the United States. There was no sudden outbreak of coercive linkages in the 1970s, but – as I will explain below – that was mostly because of American officials’ growing appreciation for the *domestic* political consequences of linkages, not because of broad adherence to a norm against them.

Third, the virtual foreclosure of these “hard” linkages as bargaining options for the US increased the importance of what we might call “soft” linkages. In what we normally think of as coercive linkage – what Wynne Plumptre once referred to as “tit for tat” retaliation¹⁰ – the aggrieved party makes a threat, or actually lashes out, in a way that is immediate, direct, and unambiguous. But American policy-makers can also have other kinds of reactions to provocative Canadian policies, which may be less dramatic but have just as great an impact on Canadian interests. They can hold grudges against a particular Canadian government, or even against Canada more generally, and therefore refuse to expend political capital in issues that are more important to Ottawa. Whereas hard linkages generally involve an active change of policy, with actual or potential effects on the target that are readily observed and unmistakably negative, these soft linkages usually take the form of a malign passivity, and the relevant linkages between issues are often indirect and diffuse.

The Canada-US relationship requires perpetual care from bureaucratic managers and occasional attention from the political leadership, in order to prevent mobilized bureaucratic and societal interests from attacking and destabilizing the vast and complex latticework of bilateral agreements and informal trade-offs. The absence of this kind of care and attention can hurt the interests of both countries but it usually hurts Canada much more, so the US is in a position to signal its unhappiness with Canada, and even inflict harm on it, just by neglecting it.¹¹ At least in part because American officials have not seen hard linkages as real options vis-à-vis Canada, soft linkages have been much more important to the process and outcomes of Canada-US bargaining. Elsewhere I have offered a more general argument about how soft linkages play a role in the resolution of Canada-US disputes.¹² The primary concern of this book is hard linkages – or rather, the absence of hard linkages – and the implications for the process and outcomes of Canada-US bargaining. In exploring hard-linkage scenarios in the chapters

that follow, I will also look for soft linkages and try to relate them to American officials' thinking about what bargaining strategies are available, and which are appropriate, in each of the four historical cases. Ultimately, as I will argue in the concluding chapter, the US tendency to limit itself to soft linkages has ambiguous implications for the management of the bilateral relationship and for Canadian autonomy.

Fourth, the mechanics of issue linkage in the Canada-US relationship, and their evolution over time, have important implications for the management of the bilateral agenda, and for Canadian foreign policy more generally. By understanding what was special about the special relationship during the early Cold War years, we can develop a better understanding of the choices that have been made since (e.g., the free trade agreements, defence integration/interoperability) and of some of the fundamental challenges for Canadian and American policy-makers today.

The Origins and Function of the Postwar Diplomatic Culture

The story of America's special relationship with Canada begins with the historic rapprochement between the US and Great Britain in the early and mid-nineteenth century. Before that, of course, the relationship was anything but special, with the US nervous about the prospect that Canada might be used as a staging area for Britain's anticipated attempt to reconquer the colonies, and at the same time coveting the land and resources of the north as part of broader aspirations to continental expansion ("manifest destiny").

As tensions between the US and Britain cooled in the nineteenth century, it became possible to negotiate the demilitarization of the US-Canada border, and to consider a more cooperative relationship with the new Canadian confederation.¹³ An important by-product of the Anglo-American rapprochement, which supported the new view of Canada, was the popularization in the United States of a new sense of shared values and history within the family of "English-speaking" nations – "mother" England and her far-flung "daughters" (the United States, Canada, Australia, and New Zealand). Americans found their dealings with Canada easy and straightforward, and tended to see the interests of the two societies as naturally convergent. Many believed that some kind of political integration of the two societies was natural and inevitable, though perhaps not in the near future.

While relations generally improved through the late nineteenth and early twentieth centuries, the calm was broken by a number of relatively severe diplomatic confrontations, and the process and outcomes of these disputes tended to reaffirm our usual expectations about international politics, particularly where one country is much stronger than another. In the Alaska boundary dispute, in subsequent trade disputes such as those over lumber and fish, and in disputes over border issues such as the Chicago water diversion and Trail Smelter cases, the US bargained very aggressively with Canada

– often with Britain’s acquiescence – and repeatedly forced Canada to back down.¹⁴

The nineteenth century’s vague ideas about common values and shared destinies gave way in the middle of the twentieth century to a powerful sense of common purpose, which made possible a genuinely extraordinary sort of closeness between the two governments during the Second World War and the early decades of the Cold War. There had been extensive policy coordination and pooling of resources between the two countries during the First World War,¹⁵ but this paled beside the breadth and depth of co-operation during the Second World War and the early years of the Cold War. In 1940, with the US not yet at war and Britain in serious jeopardy, Canada and the US negotiated a number of bilateral agreements that provided for very close coordination of defence and economic policies, and the US relied on Canada as a go-between with Britain. After Pearl Harbor, American commanders preferred to share the council table with Britain only, and Canadian diplomats and military officers were frozen out of allied strategic planning.¹⁶ Yet close coordination of day-to-day preparations for war and management of the two increasingly intertwined economies quietly continued.

In fact, the two governments collaborated so extensively and so intimately on these more mundane issues during the later years of the war that it was sometimes difficult to tell where one left off and the other began.¹⁷ The most prominent bilateral forum during the war was the Permanent Joint Board on Defence (PJBD), but more important connections were made at the working level between bureaucrats and military officers who mixed together on a day-to-day basis, to coordinate marshalling and transport of troops and war materiel, infrastructure building, and the ironing out of trade and monetary policy disputes. This collaboration was managed through a set of functional committees (e.g., Materials Coordinating, Joint Economic, Joint Agricultural), but the institutional format was less important than the approach, which emphasized personal relationships, pragmatism, and common purposes. The two governments certainly were not equal partners, but there was a strong sense on both sides that the urgency of wartime challenges and the spirit of partnership must override considerations of relative power. Even the usual state preoccupations with national sovereignty and legal precedent were relaxed, with resources pooled, laws and regulations set aside as necessary, and chains of political and military authority allowed to overlap and merge together.

Canadian officials were often frustrated that the US seemed inattentive to Canadian advice and concerns, and took access to Canadian territory and resources too much for granted; on a few occasions, they even complained that the US was “bullying” or being “imperialistic.”¹⁸ But their American counterparts, understandably preoccupied with other things, tended not to make much of these frictions, and the impression that wartime cooperation

left on them was overwhelmingly positive. Most Americans – in Washington and elsewhere – knew little of Canada and its concerns, and blithely assumed that Canada’s interests and values converged naturally with those of the US. Those who had worked most closely with Canadians during the war understood that the latter had special sensitivities about national sovereignty and their relationship with Britain, and could sometimes be prickly about these things, but they also generally held the popular perception that Canadians were fundamentally “like us,” easy to work with, and owed a certain courtesy and goodwill.

Close relationships between government officials (i.e., transgovernmental networks) that might have evaporated after the war were sustained, and even extended, by two main postwar developments. First, the intensification of the Cold War drove the US to accept a more “permanent” global leadership role, and to seek out reliable allies and partners. With Western Europe in ruins, Canada stood out as an important diplomatic and strategic partner. It had a thriving economy, stores of strategic resources, and even a relatively substantial military force; its vast territory, recognized as important to American defence even during the war, took on a new strategic dimension in the 1950s, as US military planners worried about the prospect of a Soviet bomber attack.¹⁹ Second, Canadian policy-makers were increasingly inclined after the war to think about fuelling the country’s economic growth through greater access to US markets and greater reliance on US investment, as opposed to their traditional reliance on Britain. Canadian and American officials were thus brought together again on a day-to-day basis, seeking ways to encourage and channel the increasingly powerful tides of north-south commercial flows in ways that maximized joint gain and minimized political “complications.”²⁰

Like their British counterparts, Canadian officials tried to build up their profile and influence in Washington by appealing to the imagery and norms of the English-speaking family of nations – what some now refer to as the “Anglosphere.”²¹ These arguments resonated in Washington during the early postwar years, just as they had during the war, and American policy-makers embraced a sense of familiarity and common purpose with the UK, Canada, Australia, and New Zealand, as manifested in their close diplomatic partnership within military alliances and international organizations, and their close collaboration on intelligence gathering and analysis. Beyond sharing in democratic traditions and common opposition to Soviet expansionism (as with, say, France or Germany), these English-speaking countries were seen to be joined to the United States by a shared cultural heritage and a natural sense of mutual responsibility.²² Thus, American policy-makers felt an obligation to grant these special allies exceptional access and special treatment, and in turn expected them to be reliably supportive and flexible on matters relating to national sovereignty (such as military bases). In this

context, they worked out a distinctive set of bargaining norms to govern relations “among friends,” emphasizing routine consultation, deference, and quiet diplomacy, and an obligation to resolve conflicts according to established principles, without resort to overt coercion.

This broader diplomatic culture took a specific, distinctive form in the context of the Canada-US bilateral relationship. Because American policy-makers’ sense of the special relationship with Canada was predicated on their experience with informal collaboration, and because Canadian officials were determined to take relative power out of the equation, the dominant theme in the Canada-US relationship during the early Cold War decades was “partnership.”²³ The underlying premise was that the interests of the two countries were essentially compatible (if not necessarily identical), and the ongoing challenge for policy-makers was to manage the bilateral relationship effectively. Domestic pressures and institutional obstacles meant that the sources of problems were always “political,” but the mindset was to approach them as “technical” problems – in the sense that bilateral negotiation would amount to a search for the formula by which these cross-cutting pressures could be reconciled (or at least deflected) and mutual gains could be realized. In the language of bargaining theory, the two sides would always be attentive to “distributive” concerns, but ultimately they were committed to an “integrative” approach to bilateral bargaining.²⁴

In keeping with this general aversion to “politicization,” policy-makers in both countries were generally inclined to think that most issues ought to be handled by bureaucrats, not politicians. Negotiators on both sides were ultimately prepared to call on the political leadership when they reached a diplomatic impasse, but they were extraordinarily reluctant to do so, and tried to strictly minimize their reliance on bilateral summitry. They also preferred to avoid formal institution building and to manage issues on an ad hoc basis, through direct, personal contacts.²⁵ In fact, there was little effort by either side to plan for the long term or to think systematically about priorities or trade-offs across issues. Edelgard Mahant and Graeme Mount have argued that this indicates that the United States had “no policy” toward Canada,²⁶ but an informal, ad hoc approach to problem-solving is not necessarily the same as no approach at all.

The centrepiece in the distinctive set of bargaining norms governing Canada-US relations during this period was a shared understanding that conflicts must be resolved without making linkages between unrelated issues. Diplomats everywhere generally shy away from making coercive linkages when they can, because resorting to overt linkages means giving up on resolving a dispute “on its merits,” brings the exercise of power into view, and runs the risk of setting off a spiral that might ultimately leave both sides worse off. But the avoidance of coercive issue linkages in the Canada-US relationship went beyond simple prudence; it was a norm deeply embedded

in the policy communities of both countries, which – as I will show in the chapters that follow – had powerful effects on the process and outcomes of bilateral bargaining, even in severe and protracted disputes.

Canadian officials obviously had practical reasons to support a principle that would set limits on the exercise of American power. “The Yanks,” as Allan Gottlieb has bluntly put it, “can out-link [Canada] any day of the week.”²⁷ But the diplomatic record makes it clear that Canadian policy-makers’ embrace of the norm was also rooted in moral convictions. When, for example, US negotiators at a March 1970 bilateral meeting hinted that their position on continental energy trade might be affected by Canada’s attitude toward sovereignty over the Northwest Passage, the Canadians erupted in surprise and indignation, demanding clarification and pressing for explicit reaffirmation of the norm against linkage. (This episode is described in some detail in Chapter 4.)

US policy-makers’ reasons for subscribing to the norm are more complex, and more interesting. Americans have always thought about their role and purposes as an international actor in “exceptionalist” terms, and have thus often been inhibited in the overt exercise of their country’s enormous power.²⁸ But the history of US foreign policy makes it clear that, when the stakes are high, the US has been both willing and able to pursue coercive linkages. During the early Cold War years, for example, the US frequently used the threat to scale back foreign aid transfers as a lever for influencing the domestic and international policies of developing states. One of the most brutally direct examples in recent years unfolded during the lead-up to the Persian Gulf War. When the government of Yemen voted against the 1991 United Nations resolution authorizing the use of force against Iraq, Secretary of State James Baker reportedly declared it would be “the most expensive vote [they] ever cast,” and Yemen’s US\$24 million aid allocation was abruptly terminated.²⁹

The US has also been prepared, from time to time, to pursue coercive linkages even against some of its closest allies and economic partners. The Eisenhower administration, for example, used the threat to destabilize the pound to force Britain to back down in the Suez crisis.³⁰ The Nixon administration quietly threatened to block the reversion of Okinawa to Japan, to force that country to accept “voluntary” restrictions on textile exports.³¹ And various administrations have tried to use border restrictions and trade leverage to try to compel Mexico to strengthen its efforts against drug trafficking.³²

American officials’ reservations about the use of coercive linkages have been deeper and more reflexive when it comes to Canada, because they have seen the relationship with Canada differently. On one hand, as outlined above, Americans had, over the preceding decades, come to see Canada as a close friend and junior partner, and so were inclined to see “principled”

relations with Canada as an important measure of America's foreign-policy virtues.³³ This tendency was further reinforced in the early postwar years, as US policy-makers saw more and more of their foreign-policy choices through the prism of the Cold War struggle to win "hearts and minds" abroad. During the late 1940s and early 1950s, State and Defense Department officials often referred to the need to demonstrate, through friendly relations with Canada, that the US – unlike its communist rival – was not the kind of power that bullied its neighbours.³⁴

These impulses encouraged American officials to exercise self-restraint in bilateral relations with Canada, but they didn't specify what kind of self-restraint. That was something learned through day-to-day engagement with Canadian counterparts. US officials who worked on Canadian issues after the war came to understand that coercive linkage had a special meaning north of the border, because of the depth and the asymmetry of interdependence between the two societies. The pursuit of overt, direct linkages, they understood, would trigger Canadians' latent impulse to reduce their vulnerability by breaking away, even at the risk of mutually damaging dislocations.³⁵

The postwar diplomatic culture was something that emerged gradually through a process of mutual socialization, as government officials and military officers from the two countries learned to work with one another. They formed an informal transgovernmental network, held together by common interest in the health of "the relationship" and adherence to the postwar diplomatic culture described above. The American component of the network was anchored in the State Department – particularly in the Bureau of European and Canadian Affairs and the embassy in Ottawa – but it reached out into many other departments, where mid- and upper-level career bureaucrats had sustained experience in working closely with their Canadian counterparts, such as Defense, Transportation, and Treasury. Leading members of the network in the US included a number of prominent and influential policy-makers, including Livingston Merchant, Willis Armstrong, Philip Trezise, Julius Katz, and Rufus Z. Smith. But there were also dozens of lesser-known officials, who were involved in bilateral affairs at a lower level and/or for a shorter time but who were still plugged in to the network's way of managing the relationship and who carried that way of thinking into new agencies and assignments.

This network – and thus the reach of the postwar diplomatic culture – did not penetrate all parts of the US foreign-policy establishment. Thus, even at the peak of the network's influence in the late 1950s and mid-1960s, network-connected officials were sometimes compelled to take action to deflect proposals for coercive linkage initiated by "outsiders" – usually political appointees, or representatives of other departments – by making

normative and practical arguments to the political leadership and/or by suffocating these options through lack of information.

In spite of these efforts, there were still some episodes where US officials sent signals (or were seen to have done so by their Canadian counterparts) about their willingness to pursue coercive linkages. One of these apparent exceptions was the “package deal” dispute of 1955, when the American representative to the UN told his Canadian counterpart that pushing ahead with the Canadian plan to break through the membership stalemate by setting aside the question of Taiwan was sure to provoke some kind of economic retaliation.³⁶ In this case, though – as in the other apparent violations of the norm during this period – the evidence suggests that the threat was not authorized by anyone in Washington or supported by any kind of assessment or planning.³⁷ Episodes like this are best understood as flashes of raw frustration – which might be reflective of underlying seriousness or resolve – not as calculated bargaining moves.

Some accounts have argued (or at least implied) that the norm against linkage – and other facets of the larger diplomatic culture – came into play only in low-stakes disputes, where it was much easier for like-minded bureaucrats to prevent “politicization.”³⁸ The transgovernmental network’s capacity to influence the bargaining agenda was certainly sorely tested in high-stakes disputes. During the early Cold War decades, however, it was nonetheless generally able to effectively derail or deflect pressures for coercive linkages, even in severe and protracted confrontations. This is not to say that US officials put Canadian interests ahead of American ones, or that Canada-US relations were always harmonious. US negotiators were often adversarial in bargaining with Canada, and some disputes became very acrimonious. The point here is that this competition played out within certain boundaries, and that those boundaries took a particular form. In fact, it is the *form* that is important here; special meaning was not attached to specific issue linkages, but rather to (*hard*) linkages *per se*.

It is important, moreover, to be clear that even among the most self-consciously committed members of the network, the norm against linkage was not absolute or unconditional. It was recognized on both sides that – at least hypothetically – there were actions that Canada might take that would constitute such an egregious threat to American interests that the US could not let them pass, and Canadian officials were constantly attentive to that threshold. “There were some buttons we could not push,” remembers one former Canadian official. “[Our American counterparts] were usually not shy about telling us which ones they were.”³⁹ There was, for example, a fairly robust consensus in Ottawa through most of the 1950s and 1960s in favour of diplomatic recognition of the People’s Republic of China, but it was not acted on until the US started to move in this direction in 1970. Prior to that

time, it was clear to successive Canadian governments that there was no prospect for changing the American position on this issue, and that it was simply not important enough to Canada to justify a direct diplomatic confrontation.⁴⁰ Every norm – from driving on the right side of the road to the laws against homicide – has its exceptions and its limitations, and this doesn't necessarily diminish the power of the norm itself. The norm against coercive linkage in Canada-US relations was important because it ruled out a wide array of bargaining options within the context of "normal" diplomatic give-and-take, raised the bar for identifying a provocation so grievous that it might justify making an exception, and shifted the burden of proof onto those that might support more aggressive strategies.

The Breakdown of the Postwar Diplomatic Culture

The transgovernmental network's capacity to shape the bargaining agenda according to its defining principles depended on its being insulated against pressure from bureaucratic rivals and mobilized societal actors, which in turn depended on the relative cohesion of the US foreign-policy making process during the early Cold War decades. When these institutional foundations were demolished, the network was disrupted, and the salience of the norm deteriorated.

The displacement of the transgovernmental network went through two main steps. The initial disruption came with the arrival of the Nixon administration in 1968, as foreign-policy decision-making was gathered into the hands of a small number of powerful cabinet figures, particularly President Richard Nixon himself, National Security Adviser Henry Kissinger, and Treasury Secretary John Connally. Secretary of State William Rogers was not one of these figures, and the State Department found itself isolated and ignored through most of the Nixon administration. The State Department had been battered and bruised by bureaucratic rivals ever since the "loss" of China and the McCarthy witchhunts, but now it was being second-guessed and supplanted even on day-to-day diplomatic "housekeeping."

The US-Canada network still retained some influence during this period, however, and, although it was unable to prevent some severe bilateral conflicts, it was able to deflect pressures for linkages against Canada. Given Nixon and Kissinger's well-known inclination toward issue linkage as a bargaining tool, and their lack of interest in the bilateral relationship, it was probably only a matter of time before the administration turned toward linkages with Canada. The line was finally crossed in August 1971, when Nixon supported Connally's decision to include Canada in a much larger linkage campaign: the abrupt suspension of the convertibility of gold and imposition of import surcharges as a means of forcing major commercial partners to pay the adjustment costs for the US balance of payments crisis.⁴¹

The decision to reject Canada's request for an exemption from the "Nixon shock" measures was an important moment, but it was not necessarily a turning point. The linkage cat had been let out of the bag, so to speak, but it was not clear at this point that it could not be put back. Even after Nixon's 1972 address to the Canadian Parliament, declaring an end to the "special relationship" and calling for a more "mature" partnership, many believed that old habits would be restored after Nixon had passed from the scene. There *was* a normalization of bilateral relations under Presidents Gerald Ford and Jimmy Carter, but this superficial restoration obscured a more permanent displacement of the network and its way of doing things.⁴²

The driving force behind this shift was a change in the domestic political structure in the United States. Although direct presidential control over foreign-policy decision-making was loosened after Nixon left office, the White House retained – and continued to build on – its Nixon-era capacity for collecting information, identifying options, and generally containing or short-circuiting bureaucratic decision-making – and thus transgovernmental relations as well. At the same time, the weakening of the State Department under Nixon accelerated the encroachment of various domestic agencies on the traditional foreign-policy bureaucracy's turf, which had begun back in the 1950s. Finally, and most importantly, the Vietnam War and Watergate catalyzed a new Congressional assertiveness in all areas of foreign policy, and the creation of a number of new institutional mechanisms by which embattled domestic interests could pressure the executive to take action against other governments.⁴³

It is important to be clear about the nature of the change: the declining salience of the norm against linkage after the early 1970s was not caused by the same old people coming to new ideas, but rather by a change in *whose* ideas were most influential within the agenda-setting process. The sense of community and shared purpose within the transgovernmental network was shaken by the bilateral conflicts of the late 1960s, and by broad demographic shifts within the American foreign-policy elite (e.g., generational turnover, replacement of northeasterners by southerners).⁴⁴ But the network continued to reproduce itself by socializing new officials to the old way of doing things, and interviews with former officials make it clear that Canada-watchers in the State Department continued to subscribe to similar ideas about what makes the bilateral relationship unique and how it ought to be managed. One former State Department official reflected: "From the first day, I was told all about the whole Livingston Merchant thing – that way of doing business ... and it seemed right to me, while I was there [on the Canada desk, in the early 1970s] ... It was the right way [to manage relations with Canada], obviously, as a set of principles, but in practice ... How could we actually do that?"⁴⁵

As US foreign-policy decision-making became more fragmented, the members of the transgovernmental network were increasingly drowned out, or pushed out of the way, by other actors, many of whom knew little and cared little about Canada and had little or no professional interest in the overall health of the bilateral relationship. More and more of these new voices were inclined to advocate linkages as a way of forcing changes to Canadian policies, partly because they were not bound by the same normative commitments and partly because they cared less about the diplomatic consequences.

Advocates of “getting tough” with Canada have often been frustrated, however, in their attempts to identify issue linkages that would actually work, both diplomatically and politically. The extensive interdependence between the two societies has been a major factor in Canadian policy-making since the beginning of the twentieth century, if not earlier, but it has had a profound effect on the range of bargaining options for the US only since the late 1960s. Three main developments have raised the domestic political costs for US policy-makers considering linkages against Canada, each one reinforcing those that came before.

The US economy was in theory a generally “open” one since the end of the Second World War, but in practice it was mostly self-contained, and only a small share of its exports and imports were with Canada. Economic interdependence between the US and Canada was not really substantial in the US, in commercial or political terms, until sometime in the 1960s, or perhaps the 1970s. As I will explain in Chapter 2, the growing number of US firms and communities in the US that would be hurt by a disruption of established connections with Canada created new domestic political obstacles to linkage.

The increasing importance of potential domestic political opposition to linkage was reinforced by the same fragmentation of power that disrupted the postwar transgovernmental network. As international developments began to have greater and greater impacts on their functional domains and political constituencies, domestic agencies became increasingly disinclined to defer to the State Department, and even the White House, on foreign-policy issues from trade and investment to environmental cooperation. At the same time, the growing assertiveness of Congress after the early 1970s meant that various interest groups had new information about how bilateral relations affected their interests, and new avenues for putting pressure on the executive branch. Those mechanisms became increasingly formalized after the mid-1960s, as the US government created a variety of legal and quasi-judicial policy review institutions (such as the International Trade Commission), which became focal points for disgruntled American interest groups working in tacit transnational alliance with Canadian firms or government.

The US was also increasingly held back by international institutional commitments, particularly after the signing of the Canada-US Free Trade Agreement (CUSFTA) in 1987. The General Agreement on Tariffs and Trade (GATT) had always served as an attractive alternative to unilateral arm-twisting, at least on trade issues, and as a potential limit on US resort to linkages, because it gave weight to normative proscriptions against certain kinds of retaliation (e.g., tariffs and certain nontariff barriers). The much more substantial CUSFTA and World Trade Organization (WTO) regimes discourage linkages even more effectively, because they cover a wider range of policy instruments (e.g., trade-related subsidies, regulation, taxes, etc.), and they have more robust mechanisms for detecting and imposing costs on rule breakers.

Thus, while one kind of constraint on US power – the postwar diplomatic culture and the transgovernmental network that carried it – has unravelled, another set of constraints – interdependence and institutions – has emerged to take its place. One might argue that not much has changed, since coercive linkages are still not a feature of Canada-US relations, and Canada is still in a position to press its issue-specific bargaining advantages. As I will argue in Chapter 7, however, this historic transition from one kind of bilateral bargaining relationship to another does have important implications for diplomatic practice, specific political outcomes, and ongoing debates about the nature and limits of Canadian autonomy.

Theoretical Implications

Beyond offering a new – or rather, renewed – interpretation of Canada-US relations, this book aspires to provoke a rethinking of the role of norms in noncooperative bargaining. This is an important area of research in a field that has tended to put a high priority on simplifying very complex relationships, and has in the process tended to overlook the social aspects of international bargaining. The history of Canada-US relations is an ideal setting in which to identify and evaluate the effects of bargaining norms on the process and outcomes of international negotiation. The richness and accessibility of the historical records (particularly on the Canadian side) and the depth of the relevant policy research give us a rare opportunity to look closely at the process leading up to particular diplomatic choices, and to put what we know about the bargaining over particular issues into a broader, multi-issue context.

Over the last twenty years, there has been growing interest in the dynamics and effects of norms within the larger literature on international cooperation and conflict, but there have been few efforts to try to connect insights from this general work to the puzzles and premises of bargaining theory, particularly with respect to coercive bargaining. It seems clear, however, that real-world negotiators are constantly engaged in sending and receiving

signals, not only about their capabilities, intentions, and resolve but also about which kinds of bargaining moves they understand to be legitimate or illegitimate in the context of particular relationships. Because these bargaining norms are established, challenged, and reproduced through the process of arguing over procedures and formulas for negotiation, they may vary widely between different sets of bargainers and/or across different issue areas, and they may change over time.

Because the key bargaining norm governing Canada-US relations in the early Cold War years was a general proscription against coercive linkages, this book has special relevance for the branch of bargaining theory that is concerned with the calculus of issue linkage. The focus in that more specialized literature has mostly been on cooperative linkages – “issue trading” to expand the range of mutually acceptable settlements – but some attention has also been paid to the special dynamics of threats, retaliation, and other forms of coercive diplomacy.⁴⁶ Most of this work has been driven by abstract modelling of expected-utility calculations, often with attention to complications introduced by asymmetrical information and signalling problems.⁴⁷ What is missing from this literature is sustained attention to the possibility that bargainers might rule out particular types of linkages, or even linkages *per se*, on normative grounds.

It is important to recognize that the norm against issue linkage that is the focus of this book was part of a larger bundle of understandings about how the bargaining game was to be played within the Canada-US bilateral relationship – that is, a diplomatic culture. There has been some important work over the last few years on mapping out distinctive styles of bargaining within various international groupings, including the community of democracies, Arab states, and the members of the Association of Southeast Asian Nations.⁴⁸ This book’s effort to trace the workings and effects of the distinctive diplomatic culture that governed Canada-US relations during the early Cold War years is intended to highlight the value of this avenue for theory and research, and to inductively identify key features that may be useful in designing future comparative studies.

The focus on identity and norms brings this study into the line of fire between rationalist-materialist and constructivist approaches to the study of institutions, which has emerged as one of the central lines of contemporary meta-theoretical debate in the study of international politics.⁴⁹ My main purpose here is to show that “norms matter” in a given context, and matter in a way that cannot simply be subsumed within prominent rational choice interpretations of Canada-US relations. The mere fact that norms matter, however, is not necessarily a serious problem for rational choice approaches generally, and the point here is not to try to knock down rational choice itself.⁵⁰ Rather, it is to show that the things that rational choice approaches focus our attention on – i.e., strategic choice, given a set of prior preferences

and beliefs – are not always the most interesting parts of the story. In the Canada-US experience, the unexpected pattern of dispute outcomes is best explained not by something unexpected about the way the bargaining context shaped negotiators' strategic choices but by something unexpected about the way that certain kinds of choices were ruled out in advance, because they held a certain meaning for decision-makers – a meaning that was in turn rooted in particular ideas about the respective states' priorities and purposes within the relationship.

Testing the Argument: A Preview

Arguments about the power of ideas are often dismissed for failing to meet the methodological standards set by more conventional approaches. Moravcsik, for example, argues that most constructivist accounts of European integration have failed to formulate their arguments in a way that could be empirically falsified, or to weigh them against credible rationalist-materialist alternatives.⁵¹ This book was conceived with these complaints very much in mind, and it is designed to test my argument head to head against the most compelling rival interpretations. The deductive arguments and empirical expectations for these alternative accounts are outlined in detail in Chapter 2. Starting from Keohane and Nye's classic *Power and Interdependence*,⁵² I develop a realist interpretation emphasizing alliance politics and strategic restraint, and two different arguments about the implications of interdependence, to set against my own diplomatic-culture interpretation. Keohane and Nye's argument about interdependence ("blocking coalitions") is undercut by the apparent deterioration of Canada's bargaining position in the 1970s, but the strategic restraint argument and the other version of the interdependence argument ("triggering coalitions") can account for this broad pattern of dispute outcomes, just as my diplomatic-culture interpretation can.

Because the strategic restraint, triggering coalitions, and diplomatic-culture interpretations all have very similar expectations about the broad pattern of dispute outcomes over time, it is necessary to look more closely at specific cases. Again, the details are given in Chapter 2, but the basic logic behind the selection of cases is as follows.

The dispute over nuclear weapons, considered in Chapter 3, is a crucial case for the diplomatic-culture interpretation. All of the other most prominent arguments about what drives the relationship lead us to expect the Kennedy administration to have been prepared to make overt, direct linkages in order to force the Diefenbaker government to accept and deploy nuclear weapons. Prime Minister John Diefenbaker's dissembling and delay on the issue was seen to undercut the bases for continental defence cooperation, and to create dangerous "demonstration" effects that challenged Washington's leadership on NATO nuclear policy. The nature of the issue

meant that US debates about how to handle relations with Canada were kept within the executive branch, and mobilized societal interests had little to do with it. The governing parties had very different priorities, and the prime minister and president disliked and distrusted each another. Diplomatic engagements between the two governments became highly charged, and some established bargaining norms (such as quiet diplomacy) were clearly violated. Yet, in spite of the fact that a number of viable linkage scenarios were within reach, the US never actually pursued hard linkages, and Canada did not accept nuclear weapons until after Diefenbaker was replaced by Lester Pearson, two years after the dispute began. The US did make soft linkages, however, and Canadian interests suffered in a number of other issue areas.

The showdown over Canada's claim to sovereignty over Arctic waters, explored in Chapter 4, also supports the argument that the relationship was governed by a norm against linkages, but it can also help us see the early signs of the diplomatic culture's displacement. Again, Canada's position directly challenged core US national security priorities (in this case, their strategic and commercial interest in freedom of the seas), and set precedents that might be followed by other states. Again the governing parties had very different priorities, and again the prime minister and president did not get along. But, just as in the nuclear weapons dispute, US negotiators chose not to pursue coercive linkages, in spite of the fact that a number of viable linkage options were available to them. What is different here is that, whereas in the nuclear weapons dispute American policy-makers did not even recognize linkages as an option, in the Arctic waters dispute they actively debated specific linkage scenarios. At the end of the day, members of the transgovernmental network won the argument and linkages were rejected on normative grounds, but it was clear that the diplomatic landscape had changed. In this case as well, the foreclosure of hard linkages seems to have stirred up soft linkages, and the Nixon administration clearly held grudges that affected subsequent bilateral outcomes.

The Reagan administration's reaction to the announcement of the National Energy Program (NEP), the subject of Chapter 5, gives a sense of the way bilateral bargaining changed after the disruptions of the 1970s. The stakes for the US in this case were fairly high, in the sense that politically powerful multinational oil companies were pressing the US government to force Canada to roll back its new investment policies, and the Reagan administration was committed to protecting the principle of "national treatment" internationally. Canada's new oil and gas policies did not directly challenge core US national security concerns, however, and the likely effects on the US economy were marginal. Yet, in stark contrast to the way the US responded to Canada's challenges in the nuclear weapons and Arctic waters cases, here the Reagan administration was quick to consider coercive linkages in order

to force Canada to back down. And Canada did back down, at least part of the way, by retracting some of the provisions of the NEP that the US objected to most strenuously. Nevertheless, it is striking how much difficulty the administration had in trying to identify and pursue a linkage scenario that would impose severe costs on Canada without provoking a sharp reaction from affected interests in the US. It seems that the US was again held back from pursuing effective hard linkages, but now it was held back by practical political obstacles rather than normative ones.

The situation was roughly similar in the 2002-4 dispute over war in Iraq, reviewed in Chapter 6, except that in this case Canada's position had very clear and direct national security implications for the United States. This was a case in which speculation about issue linkage was rampant in the media and in Canadian political debates, the Bush administration was clearly prepared to challenge traditional diplomatic practices, and there was not much trust and goodwill between the two governments. But the US ultimately did not mount an effective issue linkage in this case either. The reasons for US restraint are varied, including short time horizons and uncertainty about the Canadian position, "offsetting" Canadian contributions in Afghanistan and elsewhere, and domestic political obstacles facing all of the most prominent linkage scenarios. Again, it appears that US policy-makers were not held back by normative commitments, but rather by the constraining effects of interdependence and institutions.

In order to make the case that US negotiators were or were not held back by the absence or presence of viable linkage options, it is necessary to look beyond the core dispute in each case. I therefore consider at least three of the most widely talked about or most likely linkage scenarios in each of the four cases, to assess whether the executive branch was in a position to make its decision on those issues conditional on the resolution of the core dispute, and to assess the balance of domestic political pressures supporting or opposing these linkage scenarios. In addition, since the argument advanced in this book is mostly about the *reasons* why the United States chooses one bargaining strategy over another, it is important to look beyond the outcomes of disputes and explore the process by which strategy choices were made. The second half of Chapter 2 outlines the criteria for identifying and evaluating specific linkage scenarios, and for matching up the rival theoretical arguments' expectations about the process leading to a decision on the bargaining strategy to be pursued in each dispute.

Implications for Canada-US Relations

It is important to get these cases right, for at least three reasons. First, each of these four episodes is controversial in its own right, as historians have argued about whether and how linkages were made, and how this might have influenced the outcomes of the disputes. The research for this study

draws on new materials, including recently released archival materials and interviews with key decision-makers in Ottawa and Washington, and provides new insight into the perceptions, priorities, and politics behind government decisions in each of these high-stakes disputes.

Second, close study of these cases is the best way to resolve theoretical debates about how to understand the broad pattern of Canada-US bargaining over time. Because several of the key theoretical arguments have similar expectations about this broad pattern, we can properly assess these rival interpretations only by looking more closely at the inner workings of particular cases. But we don't want to look at just any handful of cases. In addition to having been extensively studied and debated, and so offering us more of the close-range information we need, the four cases reviewed here are drawn from different phases of the history of the bilateral relationship, giving us not only a way to test the before-and-after expectations of the rival theories but also snapshots of crucial turning-point moments in Canada-US relations. More importantly, these cases are valuable because they represent "hard cases," in which the expectations of the diplomatic-culture interpretation are diametrically opposed to those of the leading alternatives, and therefore address the complaints of Moravcsik and others about constructivists' collective failure to properly engage with their materialist rivals.

Third, and equally important, the resolution of this debate about what drove Canada-US relations in the past has important implications for the present and the future. The breakdown of the postwar network and norms has had profound effects on the way that the two countries engage with one another. Some of the more disruptive tendencies have been reinforced by the inflated expectations created by the grander "special relationship" mythology that sprouted up around the much more modest postwar diplomatic culture, and by the same fragmentation of power that undercut that diplomatic culture. These implications are more fully developed in Chapter 7, but I will highlight three of them here to give the reader a sense of what is at stake.

To begin with, there is – and there has been since the 1970s – a widespread belief among pundits and the general public that the quality of Canada-US diplomacy has deteriorated because the quality of Canadian and American diplomats has declined.⁵³ There may be an element of truth in this, in the sense that the foreign-policy bureaucracy today tends to create and reward administrative competence rather than diplomatic dexterity. But if the quality of Canada-US diplomacy has declined over the last thirty years or so, it is primarily because of the changing nature of the political context for bilateral relations, not the quality of the diplomats themselves.

The fragmentation of power in both countries has made it harder for senior foreign-policy bureaucrats to "manage" the bilateral agenda, and the subse-

quent raising of the political stakes has given the political leadership powerful incentives to intervene in the process, further muddying the waters and polarizing bilateral disputes. The net result is that neither government can be as clear and consistent as it once was about what its basic negotiating position is, what compromises it would be willing to accept, or what measures it would be willing to take in order to get its own way. Although – as I will illustrate in Chapters 5 and 6 – impulses to pursue coercive linkages are still held in check by a variety of political and practical constraints, impulses to talk tough – and even to make unsupported linkage threats – are not. We have therefore seen more frequent and more intense outbreaks of speculation about possible arm-twisting and retaliation, more aggressive grandstanding and tit-for-tat escalation, and frequent deterioration of the tone of the bilateral relationship, even in times when presidents and prime ministers have generally compatible agendas and are personally committed to improving the bilateral relationship.

Careful thinking about what was distinctive about the relationship in the early Cold War decades, and the developments that disrupted the old order, can also help us see why we cannot go back to the kind of close relationship the two countries enjoyed in the past. Some have argued recently that Canada can restore its damaged ties with the US by seeking stronger personal relationships between prime minister and president, and/or by being a more loyal and useful diplomatic and military supporter. But the case studies reviewed here raise serious questions about these arguments. The nuclear weapons and Arctic waters cases suggest that US self-restraint during the early Cold War years was not strictly conditional on positive personal relationships between leaders or on strong diplomatic and military support. And the various frustrations of the Mulroney government in the 1980s (e.g., acid rain, South Africa) and the Harper government more recently (e.g., lumber trade, border security measures) suggest that neither strong personal relationships nor strong defence ties necessarily guarantee favourable treatment in Washington.

The rise and fall of the postwar diplomatic culture can also help us better understand Canada's historic turn toward regional integration in the 1980s. Much as we usually think of Canada as a dedicated advocate of multilateral institution building, when it came to primarily continental issues, successive Canadian governments generally preferred, during the 1950s and 1960s, to keep things strictly bilateral and as informal as possible. This was partly a reflection of the reflexive commitment of members of the transgovernmental network to keep things "technical" and avoid politicization, but it was also a reflection of the way that the special circumstances of the early Cold War allowed them to effectively manage the bilateral agenda as they saw fit, and the strength of US commitment to the postwar diplomatic culture gave

Canadian policy-makers confidence that the US would continue to exercise deference and self-restraint. After the fragmentation of power in the 1970s, amid growing uncertainty in Canada about whether the US would continue to abide by the norms of the postwar diplomatic culture, Canadian policy-makers became convinced that they would need to find new ways to contain the exercise of American power.⁵⁴ Mulroney's "leap of faith" to free trade was driven by anxiety about Congressional protectionism and the prime minister's own desire to "lock in" market reforms in Canada, but it also reflected the bureaucracy's determination to find ways to restrain what was seen to be an increasingly parochial, confrontational, and unpredictable US government.

There were of course frustrations and regrets in Canada-US relations during the early Cold War decades, but there is also reason to look back with nostalgia on the 1950s and 1960s as a diplomatic "golden age."⁵⁵ Policy-makers on both sides of the border were able to manage the bilateral agenda according to a set of shared principles and priorities, engineering a series of formal and informal understandings that served mutual interests and avoided domestic political trouble – the Defence Production Sharing Agreement, the Auto Pact, the oil import quota exemption, and so on. What is most striking, from the point of view of international relations theory, is how many of these outcomes favoured the interests and priorities of the weaker power. On the whole, however, American policy-makers also had reasons to be satisfied with the way the relationship worked during the 1950s and 1960s, in spite of their exasperation over nuclear weapons, commodity trade disputes, and the war in Vietnam. Adhering to the postwar diplomatic culture reassured Canadians about the implications of growing interdependence, defused potentially serious political conflicts in the US, and reinforced Americans' sense of their country's role and purposes in the world.

The social and structural underpinnings of the postwar special relationship came undone in the 1970s, and Canada has had no choice but to seek out new ways to manage its all-important relationship with the United States. The effort to engage directly with Congress and the various domestic bureaucracies, pioneered by Allan Gotlieb's embassy in the 1980s, is an important coping strategy, but – as Gotlieb himself has argued – it is "not enough by itself." Hope springs eternal for renewal through stronger personal relationships between political leaders, but, while showing off access to the White House may boost the prime minister's profile and credibility, it rarely seems to lead to tangible influence or special treatment on the important issues. Lacking other promising options, Canadian policy-makers have (more or less reluctantly) turned to bilateral and regional integration, through formal agreements such as the CUSFTA and the North American Free Trade Agreement (NAFTA), or through informal policy coordination.

These arrangements do set up additional political and international-legal constraints on the United States, by fostering interdependence or by creating new institutional checks on US resort to policy levers such as countervailing and anti-dumping legislation. It is important to be clear, however, that they come at a cost, as Canada must give up some of its own policy levers in exchange. Some in Canada have been perfectly happy with this arrangement, with the idea that these levers do little more than create inefficiencies and distortions anyway, but the current global economic turmoil and the other major economies' ready resort to previously disavowed forms of state intervention suggest that we may want to hold on to some of these policy instruments after all. The formal constraints on US policy-making secured through integration may seem much more substantial than the informal understandings that governed bilateral relations in the early Cold War years, but Canada's disappointing experience with softwood lumber in the NAFTA dispute resolution process suggests that even the most ambitious formal institutional constraints may not be enough to tie down American power and parochialism.