



THE POLITICS OF LINKAGE

Power, Interdependence,
and Ideas in
Canada-US Relations

BRIAN BOW

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in Canada-US Relations



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The Politics of Linkage

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

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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