One of the most enduring characterizations of Canada-United States relations, voiced by Canadian and American decision makers alike, is that the two countries constitute an exceptional international relationship. Over the years this has been signified in the pervasive use of such terms as "good neighbourhood," "special," "unique," "exemplary," and "model" to describe their bilateral association. The idea implied in these articulations is that the relationship constitutes a paradigm case of the effective management of complex interdependence between states.

But while the relationship has been so acclaimed, commentators on Canadian-American relations have frequently expressed doubt about the wider applicability of the Canada-U.S. experience. Some, moreover, have argued that the concept of exceptionalism has actually had a detrimental effect upon the relationship itself, creating exaggerated notions of bilateral commonality which obscure essential differences in the interests of the two countries. It is the thesis of this essay, however, that quite apart from the concept's broader relevance, it constitutes an integral part of the distinctive dynamics of the Canada-U.S. interaction. Denoting a mutual commitment to cooperative issue resolution, through the development of principles and procedures for the effective management of an extraordinarily complex relationship, it comprises a highly important method of maintaining Canada-U.S. bilateral stability.

By any standard the Canada-U.S. relationship is unique in the international system, unmatched in the range and intensity of its intimacy and complicated by huge asymmetry in the capabilities of the two countries. Indeed, so great is the intertwining between them that issues usually thought of as being purely domestic often have important bilateral implications. In economic terms the two countries represent the world's largest volume of bilateral trade with the U.S.
accounting for some seventy per cent of Canadian trade, while Canada accounts for over twenty per cent of that of the U.S. American investment constitutes some eighty per cent of all foreign capital in Canada (and twenty-five per cent of all U.S. investment abroad) while Canada is the third largest foreign investor in the U.S. In strategic terms North American defence is pursued on a cooperative basis in a context in which Canada relies on the U.S. for its essential military protection while the U.S. is, in varying degrees, dependent on Canadian territory and airspace for its own physical safety. In cultural terms the two countries share an enormous level of travel and communications interaction, with relatively few restrictions, although the balance is similarly lopsided.

It is from these conditions of Canada-U.S. interdependence, and an awareness of the implications of interdependence by each country that the need for effective bilateral management arises. For it can be seen that interdependence consists of mutual dependencies, unequal though they may be, which convey benefits to both countries and which therefore can only be severed at some cost. Thus while expanding interdependence, and policies which affect the levels of that interdependence, can generate friction between the two countries and hence increase the relationship's conflict potential, those same factors can also produce important incentives for mutual restraint.

Three principles are basic to the notion of effective bilateral management, as it has developed in the Canada-U.S. context. They include: prior notification by which each country alerts the other to impending policy shifts or new policies which may affect its interests; consultation between the two countries concerning the implications of such policies (and to coordinate certain of their policies); and willingness to seek accommodative solutions which would minimize the disequilibrating impact of such policies, thereby maintaining the essential stability of the relationship. In attempting to give effect to these principles the two countries have, over the years, devised an array of joint organizations and ad hoc techniques to manage and coordinate various aspects of their relationship. 5

For both Canada and the U.S. articulation of the concept of exceptionalism and implementation of the principles and processes it implies are designed to ensure a predictable environment for the conduct of their bilateral relations, assuring that each other's interests will be respected and that the benefits that accrue from their interaction will continue. It also constitutes a standard or norm to which each country can appeal to induce more cooperative behaviour from
the other should it prove reluctant to resolve bilateral questions. Beyond this, exceptionalism also serves important specific purposes for each country. For Canada, as the lesser member of the relationship, use of the concept reflects an attempt simultaneously to balance its separate presence and interests vis-a-vis the U.S. against the realities of bilateral interdependence. In the case of the U.S., preoccupied with its global concerns and whose policies often lack a specific Canadian focus, the concept serves as a corresponding signal alerting its decision makers to Canada’s interests in the context of the relationship.

This essay seeks to describe the origin and development of the concept in the conduct of Canada-U.S. bilateral diplomacy, to relate the concept to the overall bilateral approaches of the two countries, and to illuminate some of the contemporary facets of the management of their interaction. Before doing so, however, it is useful to summarize briefly the historical evolution of Canada-U.S. interdependence.

The Evolution of Canada-U.S. Interdependence

The overall historical pattern of the Canada-U.S. relationship is one of relentlessly increasing interdependence coupled with a persistent asymmetry in their bilateral interaction. It does not follow that relations between the two countries have always been amicable, however. Indeed, during the nineteenth century the U.S. was seen as a military threat by Canada though one of steadily declining proportions as the century drew to a close. As a means of countering the overpowering American presence, Canada focused its reliance on Britain. Thus, through the century Canada remained a diplomatic dependency of the U.K. and relied on it for military protection. Britain also accounted for the bulk of Canada’s trade and investment capital although by the mid 1880’s the U.S. had become its main source of imports.

After the turn of the century, however, the pattern of Canada’s relations became more and more focused on the U.S. Well before the outbreak of World War II, for example, the U.S. had evolved from a threat to guarantor of Canadian security, a factor which was confirmed by President Roosevelt’s pledges to defend Canada in 1936 and 1938. On the economic side, by 1926 the U.S. had replaced Britain as Canada’s chief source of foreign investment and by 1933 it rivalled the U.K. as Canada’s largest export market. Growing economic interdependence between the two countries was registered in the 1935 Canada-U.S. trade agreement, which placed their trade
on the basis of mutual consent for the first time since 1866. The pre-war period also saw the development of Canadian and U.S. instruments and joint organizations for the conduct of bilateral diplomacy. (This coincided with Canada's drive for autonomy from Britain, a process that was formally completed in 1931.) These included the International Joint Commission, established in 1909; the International Pacific Halibut Commission (1923); the International Boundary Commission (permanently established in 1925) the exchange of diplomatic missions in 1927 and the International Pacific Fisheries Commission in 1937.

World War II had a profound impact on the Canada-U.S. interaction as the external pressures it generated produced a marked intensification of the pattern of their strategic and economic interdependence. Growing strategic interdependence was confirmed with the creation of the Permanent Joint Board on Defence in 1940 to coordinate North American defence on a continuing basis. This was paralleled on the economic side the following year by the Hyde Park Declaration which provided for the coordinated defence production of the two countries. Five temporary wartime committees: the Materials Coordinating Committee (1941-46), the Joint Economic Committees (1941-44), the Joint War Production Committee (1941-45) the Joint Agricultural Committee (1943-45) and the Joint War Aid Committee (1943-45) were subsequently set up to give effect to the Declaration's provisions.

The emergence of the two countries into the post-war world, dominated by the cold war with its bipolar concentration of power in the U.S. and the Soviet Union, only increased the pattern of Canada-U.S. interdependence that World War II had set in motion. Strategic interdependence between the two countries culminated in the creation of the North American Air Defence Command (NORAD), an integrated bilateral air defence system, in 1958; and the Defence Production Sharing Agreement the following year. In economic terms U.S. investment in Canada reached its current level of 80 per cent of total foreign investment in the country in the mid 1960's. Canada-U.S. efforts to deal with the implications of these developments in the strategic realm included the formation of the Military Cooperation Committee in 1946, the Canada-U.S. Joint Regional Planning Group in NATO (1949), the Joint Industrial Mobilization Committee (1949), the Ministerial Committee on Joint Defence, and the Senior Committee on Defence Production/Development Sharing (1958). This was paralleled on the economic side by the creation of the joint Ministerial
Committee on Trade and Economic Affairs (1953) and the Balance of Payments Committee (1963). A Canada-U.S. Interparliamentary Group was also established in 1959. 7

While the pattern of Canada-U.S. strategic interdependence levelled off, if not declined after the 1960's, economic interaction between the two countries continued apace with trade between them reaching its present level in the early 1970's. This was matched by increases in the cultural interaction between the two countries which was similarly dominated by the U.S. These developments, however, were accompanied by a growing Canadian concern about the implications of American influence on Canada. This in turn led to the implementation of government measures designed to reduce the overall U.S. impact in the economic and cultural areas.

Since the concept of Canada-U.S. exceptionalism is both a reflection of and a response to this evolving historical pattern of Canada-U.S. interdependence it is to this aspect that the following section turns.

The Concept of Canada-U.S. Exceptionalism
In attempting to establish the genesis of the concept of Canada-U.S. exceptionalism, many observers have pointed to the Rush-Bagot Agreement of 1817 and the more than a century and a half of peace between the two countries to which it allegedly gave rise. The agreement, which was actually an Anglo-American pact, was designed to regulate the level of their armaments on the Great Lakes following the war of 1812-14. Despite the subsequent deluge of rhetoric concerning the so-called "undefended border" there is little evidence that the agreement was taken seriously by any of the parties involved. For it had a highly checkered history of compliance and the at times precarious period of North American stability that followed through the rest of the century was more due to the existing balance of British and U.S. power and interests than to adherence to the terms of the agreement. 8 In addition, not only were Canadian views of the U.S. coloured by threat perception but also their bilateral agenda remained dominated by numerous contentious issues ranging from boundary questions to fisheries disputes. Reflecting on the agreement in 1922, Canadian Prime Minister Mackenzie King observed that it was "a mockery to speak of its terms in the manner in which we do." 9 And King, in fact, asked for a revision of the agreement at the 1923 Imperial Conference. 10
The beginnings of the concept are to be more accurately found in the terms of the Canadian-U.S. rapprochement which took place following the highly contentious Alaska boundary case of 1903. That rapprochement was embodied in the 1909 Boundary Waters Treaty which settled outstanding Canada-U.S. boundary questions and created a bilateral International Joint Commission (IJC) to deal with future boundary waters disputes as well as any other matters which the two countries wished to put before it. Like the earlier Rush-Bagot Agreement, the treaty was the product of Anglo-American diplomacy resulting from the determination of British and U.S. decision makers to consolidate their emergent turn-of-the-century friendship and remove possible irritants arising from remaining unresolved Canada-U.S. issues. Although the creation of the IJC arose from these factors, the form it took reflected Canada’s insistence on the establishment of a permanent commission to resolve boundary waters questions in accordance with a set of fixed principles.11

The creation of the IJC was a landmark development in the Canada-U.S. relationship. The Commission provided for the first formal direct contact between the two countries and removed boundary waters questions from the larger sphere of Anglo-American relations. Moreover, the IJC was highly important from the perspective of Canada-U.S. exceptionalism in its structure, mandate and operation. For it was both endowed with potentially broad powers of investigation and decisions and structured on the basis of Canada-U.S. equality. Canada enjoyed legal and operational parity with the U.S. so that the actual disparity between the two countries did not become an issue in the Commission’s operation.12 Consequently a potentially fractious issue area in the relationship was effectively defused. As such the IJC marked an innovative departure not only in Canada-U.S. relations but also in world politics more generally.

The concept of Canada-U.S. exceptionalism thus created was reinforced by the contrast between this method of North American issue resolution and the highly unstable European experience.13 Thus, during his 1923 visit to Canada, U.S. President Harding could declare “What an object lesson of peace is shown today by our two countries to all the world . . . . If only European countries would heed the lesson conveyed by Canada and the United States, they would strike at the root of their own continuing disagreements and, in their own prosperity, forget to inveigh constantly at ours.”14 And Mackenzie King could write in 1923 that the IJC contained “the new world answer to old world queries as to the most effective methods of adjusting inter-
national differences,"¹⁵ a theme he returned to in his 1928 address to the League of Nations Assembly.¹⁶ Again in 1937 King told the Canadian Parliament that Canada and the U.S. "in the constitution of the International Joint Commission . . . (have)set the world the finest example it enjoys in the way of dealing with possible international differences."¹⁷ King went further in 1942, suggesting to President Roosevelt that the IJC might serve as the basis for post-war international organization.¹⁸ Roosevelt, however, had other ideas.

While the exceptionalism idea was grounded in the two countries' bilateral methods of issue resolution, the pre-Wold War II period saw the beginnings of the extension of the concept into the policy sphere, especially on the U.S. side. Thus, for example, an American State Department official suggested in 1933 that U.S. relations with Canada were "and should continue to be exceptional." He observed "our trade relations with Canada, often described as our "best customer," economically our most powerful neighbor, indissolubly an immediate part of the economic system of this hemisphere, are and must be considered on a different footing from our trade relations with distant nations or with all nations."¹⁹ And, in inaugurating preliminary discussions leading to the 1935 Canada-U.S. trade agreement, a State Department press release expressed the hope that such a pact would "bring into practical application the 'good neighbour' policy between these two great countries which have so much in common."²⁰ Furthermore Roosevelt and King agreed that the successful conclusion of the agreement constituted an "example to the world" of interstate cooperation.²¹ The following year, Roosevelt extended the "good neighborhood" theme into the security sphere in pledging U.S. military protection to Canada.²²

However, the use of such terminology in a policy sense partially obscured important differences in the perspectives and preoccupations of the two countries. For the U.S. approach towards Canada appeared to be grounded in assumptions of bilateral commonality and perceptions of joint as opposed to individual interests. The Canadian view was more cautious. Thus, on the completion of the trade pact Roosevelt observed "Between two such peoples, if we would build constructively for peace and progress, the flow of intercourse should be mutually beneficial and not unduly hampered." King, on the other hand, noted "The Agreement will . . . confer substantial benefits (to) both countries, while safeguarding with great care every essential interest."²³ Similarly on the strategic side while Roosevelt was invoking the good neighbour theme in committing the U.S. to the defence of
Canada in 1936 and 1938, King, under the same guise, was pledging only that Canada would not become a source of military weakness to the U.S.\textsuperscript{24}

These apparent differences in Canadian and U.S. bilateral perspectives did not have important policy ramifications in the relative calm of the pre-war period when each country's approach towards the other was highly centralized and coordinated. However, as Canada-U.S. interdependence accelerated during the wartime and post-war eras the two countries' perspectives would become somewhat blurred and ambiguous. The problems that this would ultimately create for the relationship began to become apparent during the war. For proliferating administrative machinery within Canada and the U.S. led to the fragmentation of their internal policy processes. This complicated problems of overall policy coordination and coherence not only within each government but between them as well. New Canadian and U.S. agencies began dealing directly with their opposite counterparts, bypassing established diplomatic channels. And these problems persisted despite the creation of several bilateral organizations to coordinate their expanding interaction. As a result the dynamics of the relationship became increasingly open-ended, less amenable to overall management and control.\textsuperscript{25}

A further set of problems from the Canadian standpoint was created after the U.S. entered the war. As the American government became more and more preoccupied with the higher direction of the allied war effort in concert with Britain, it increasingly made decisions affecting Canadian interests without consulting Canada, a factor that was aggravated by U.S. assumptions of Canada-U.S. commonality. Growing U.S. unilateralism called into question Canadian decisions makers' assumption that the U.S. would "always regard Canadian interests as a close second to their own" implying "an important modification of the special relationship in which Canada has hitherto stood with regard to the United States."\textsuperscript{26} And Lester Pearson, then a Canadian diplomat in Washington, noted that in contrast to Canada's "punctilious care to secure United States approval before we take any action which might affect United States policy," the U.S. was failing "to consult us or even inform us in advance on matters of mutual concern."\textsuperscript{27}

In an effort to deal with this in 1943, Pearson struck a theme to which Canadian officials would frequently return in subsequent years. He publicly invoked the exceptionalist concept, linking it to a call for the adoption of an agreed set of principles for the manage-
ment of Canada-U.S. interdependence. The first of these principles, he argued, was that the U.S. recognize "Canada as a nation in its own right" and not as an extension of the U.S. or Britain. The effort was not entirely successful, however, for the next year he complained that the resolution of Canada-U.S. issues was "not made easier by the American tendency to treat us as another State of the Union, but one without congressional representation; a kind of external District of Columbia." These registrations of Canadian concern notwithstanding, the open-endedness of the Canada-U.S. relationship only increased further in the post-war period under the pressures of the cold war and the unremitting pace of bilateral interdependence. Individual government departments on both sides continued to enjoy relatively free hands in their own functional areas, making the problems of policy coherence, coordination and bilateral management more acute, especially for Canada. All of this, moreover, contributed to a bilateral context in which both countries tended to stress their joint as opposed to individual interests and developed an increasing disposition to deal with issues on an ad hoc, problem-solving basis. This in turn led to greater and greater ambiguity in the Canadian and U.S. bilateral approaches. This found its ultimate expression in 1965 in the publication of a jointly commissioned report on bilateral management entitled Principles for Partnership which envisaged the establishment of consultative principles encompassed within the framework of Canada-U.S. partnership. (For a fuller discussion of the report see below.) Indeed as early as 1947 the intertwining between the two countries had become so extensive that the then Canadian External Affairs Minister, Louis St. Laurent, could declare that it was "not customary" for Canada "to think in terms of having a policy in regard to the United States . . . . We think of ourselves as settling, from day to day, questions that arise between us, without dignifying the process by the world "policy." His statement was echoed by U.S. President Truman who observed that "Canada and the United States have reached the point where we no longer think of each other as "foreign" countries. We think of each other as friends, as peaceful and cooperative neighbors on a spacious and fruitful continent." Both agreed, though, that this state of affairs was the result of deliberate policy choice based on a mutual commitment to consultation and accommodation on matters of joint concern.
From time to time, however, Canadian officials continued to express concern about the American tendency to 'take Canada for granted.' Thus, for example, in 1948 St. Laurent stated that "One source of whatever difficulties we have with our good neighbour is a ... tendency on their part to consider us so much as one of themselves that, with the best of intentions, they occasionally forget that we are as sensitive as any nation about having control over our own affairs." And Lester Pearson, now Secretary of State for External Affairs, appealed to the concept of exceptionalism as a standard in resolving outstanding bilateral issues, arguing

The way and the spirit in which we set about the solution of our mutual problems must continue to stand as an example of the way in which relations should be conducted between free states. That example would be spoiled if we were to admit failure to find mutually acceptable solutions to our own problems.

Moreover, when the relationship entered a new phase with the outbreak of the Korean war in 1950, Pearson went further, saying that "the days of easy and automatic relations" with the U.S. were over in that Canada had become almost inescapably involved in, and hence preoccupied with, the consequences of the exercise of American power. This circumstance, he argued, called for a "new maturity" in the management of Canada-U.S. affairs. The content of this "new maturity" was to be found in consultation which was to be accomplished through "quiet diplomacy". This was to entail the private resolution of Canada-U.S. issues which would allow the two countries to register and compose their differences without destabilizing their relationship in the cold war context.

Canadian and U.S. decision-makers continued to reiterate the importance of effective bilateral management through the 1950's by reference to the exceptionalism concept. To Prime Minister St. Laurent, the two countries proved "to the world that a great power and a lesser power can work in harmony without the smaller being submerged by his bigger neighbour." For President Eisenhower they represented "an example that other nations someday surely will recognize and apply in their relationships." These were not mere rhetorical flourishes. For example, Eisenhower observed after his retirement that when he had been made aware of bilateral problems while in office he "gave instructions that they be solved at once. If we can't have good relations with our closest neighbours," he asked, "how can we expect to get along with people who live farther away."
Despite his own commitment, however, the actual orchestration of U.S. policy towards Canada did not always correspond to the model. For it was often affected not only by fragmented bureaucratic processes but also occasionally by the separation of powers and in particular the role of Congress in the U.S. policy apparatus. This was exemplified in congressional protectionist inclinations which hampered Canadian attempts to achieve a better balance of bilateral trade with the U.S. Once again Canada appealed to the exceptionalist norm in attempting to resolve the question.40

By the late 1950's the implications of Canada's heavily imbalanced interaction with the U.S. began to generate concern within the country. The new Prime Minister, John Diefenbaker, gave voice to this "intangible sense of disquiet" shortly after his election in 1957, coupling this with a call for more effective bilateral consultation.41 His call was followed by additional proposals to this end. A U.S. congressional House Committee Special Study Mission to Canada reported that "Canadian and United States interdependence demands a new category of relationship. Canada does not stand in a position toward us of a "foreign" country."42 And Lester Pearson, now opposition leader in Parliament, sought to institutionalize the exceptionalist norm, suggesting in 1959 that the time had come for the conclusion of a formal agreement between the two countries "embodying principles that should govern our relations . . . so that when one government takes action without consultation or even with consultation that seems to controvert the principles of this particular agreement it could be appealed to in order to restore the position."43

What actually resulted from this was somewhat more modest. But apparently it was enough for Prime Minister Diefenbaker and President Eisenhower who noted "with pleasure" in their 1960 summit communique:

the extent to which the problems arising in (the relationship) have yielded to the process of friendly and continuing consultation . . . satisfactory means of carrying on such consultation have been established in personal exchanges as well as by regular diplomatic arrangements and the various joint committees that have been created. They expressed their belief that there has been established between the two countries a model for the relationship between neighbors.44

Diefenbaker and the newly elected American President, John F. Kennedy, recommitted their governments to the concept of consultation at their first bilateral summit meeting in February 1961. But the for-
formula proved unequal to the task of containing and resolving the fundamental conflict that arose between the two governments over Canada's failure to assume nuclear obligations arising from its NORAD and NATO commitments. And by the time the Diefenbaker government fell in the spring of 1963, the relationship was badly in need of repair.  

One of the first acts of Lester Pearson's new Canadian government was to move to restore the relationship's stability. Thus in May 1963 Pearson and Kennedy met at the summit level, resolved the nuclear question, and reaffirmed the importance of consultation in maintaining bilateral harmony. Their communique:

> stressed the importance of each country showing regard for the views of the other where attitudes differ. For this purpose they are arranging for more frequent consultation at all levels in order that the intentions of each Government may be fully appreciated by the other, and misunderstandings may be avoided.  

Within a month, however, Pearson was sounding a familiar refrain. Referring to the lack of awareness by the U.S. of the effects of its policies on Canada he argued, "It is of the utmost importance that the relations between our two countries should be an example to the world; an example of how two free and independent countries—of great disparity in power—can work together without fear on the part of the smaller, or force on the part of the larger." And Paul Martin, the new External Affairs Minister, while lauding the "exemplary record" of the two countries in cooperatively resolving issues nevertheless wondered whether "some new institutionalized approach" was needed. Accordingly in January 1964 Pearson and President Lyndon Johnson announced the formation of a Canada-U.S. working group to consider "the practicability and desirability of working out acceptable principles which would make it easier to avoid divergences in economic and other policies of interest to each other."  

The results of that examination, undertaken by two senior Canadian and U.S. diplomats, Arnold Heeney and Livingston Merchant, appeared in 1965 under the title *Principles for Partnership*. Their report argued that the "unique" nature of the relationship was such as to require "something more than the normal arrangement for the conduct of their affairs with one another." Continuing bilateral harmony necessitated mutual awareness of each country's interests and sympathetic understanding of each other's international responsibilities. Above all it required "intimate, timely and continuing con-
sultation” on all matters of mutual concern. “Wherever possible,” they argued, “divergent views between the two governments should be... resolved in private, through diplomatic channels.” While the report was criticized by some observers as a formula for the forfeiture of Canada’s sovereignty and, the Canadian government itself reacted cautiously, it fully endorsed the conceptual framework of partnership that informed it. As Paul Martin put it “Canadians want partnership with the United States in all the major fields in which that now exists, and could scarcely conceive of any other type of basic relationship with their neighbour.”

The partnership framework, however, in many ways disguised a steadily increasing Canadian dependence on the U.S. and the implications of that dependence. This was reflected in the 1960’s in the economic sphere where Canada had become heavily reliant on American investment for domestic development purposes and to ease its chronic balance of payments deficit with the U.S. And when the U.S. imposed restrictions on capital outflows to relieve its own balance of payments problems in 1963, 1965 and 1968, the Canadian government sought and received special exemptions from the measures. While government officials agreed that it would be “very unwise” to seek “favours” from the U.S., they did not consider that the exemptions fell into this category. As one senior official explained it, they:

were negotiated on the basis of their being in the interests of the United States as well, and as a result... it was possible for us to accept such special treatment without becoming beholden to the Americans and without really calling in question and putting at risk our independence, if they had a change of heart.

Subsequent events, however, would drastically alter this assumption. By the beginning of 1969 new governments had taken office in Canada and the U.S. The first summit meeting between their leaders, Prime Minister Pierre Trudeau and President Richard Nixon, began on a promising note heralding a “new era of consultation” between the two countries. But the formula was soon ignored as both sides, increasingly preoccupied with their own national concerns, embarked on divergent policy courses that strained relations between them. This was shown in the more frequent adoption of protectionist policies by the two countries and resort to unilateral methods of achieving them.
Thus in March 1970 President Nixon suddenly imposed quotas on Canadian oil exports to the U.S. in an apparent effort to induce changes in Canada's energy supply policy. The Canadian government immediately criticized the move, with the Energy Minister observing that "The unilateral action on quotas has created for us grave political problems . . . . Canadian public opinion is interpreting this as a pressure play, to squeeze Canada into some form of energy deal which would not be to the Canadian advantage." Within a month, however, the Canadian government had enacted measures of its own which affected U.S. interests. This occurred when the Trudeau government introduced the Arctic Waters Pollution Prevention bill establishing a 100 mile pollution zone in Canadian arctic waters and the Territorial Sea and Fishing Zones bill which extended Canada's territorial sea to 12 miles. The U.S., concerned about the precedent that the Canadian action would set, immediately stated its opposition to this "unilateral approach to a problem we believe should be resolved by cooperative international action." But the Trudeau government refused to modify its stand. These events culminated in the Nixon administration's surprise "New Economic Policy" measures in August 1971. The measures, designed to ease U.S. balance of payments pressures, included the ending of dollar-gold convertibility and the imposition of a temporary ten per cent import surcharge. The Canadian government immediately sought an exemption from the surcharge but the Nixon administration, in contrast with the approach taken by its predecessors, refused. The refusal vividly demonstrated the potential cost factor in Canada's extensive dependence on American policies and led the government to make a major reassessment of the relationship.

1972 provided the setting for the articulation of new U.S. and Canadian bilateral approaches. This took the form of President Nixon's address to the Canadian Parliament and the publication of a Canadian policy statement entitled Canada-U.S. Relations: Options for the Future. The statements represented parallel U.S. and Canadian attempts to strike a more stable balance between individual and joint interests as opposed to the previous emphasis on bilateral commonality. They also foreshadowed a more formalized relationship characterized by more cohesive, coordinated individual approaches in contrast to the prior bilateral intimacy.

From Nixon's standpoint it was "time for Canadians and Americans to move beyond the sentimental rhetoric of the past" and "to recognize that we have very separate identities; that we have
significant differences; and that nobody's interests are furthered when these realities are obscured." Henceforth, he said, U.S. policy toward Canada would reflect the Nixon Doctrine which was based "on the premise that mature partners must have autonomous independent policies." For its part the Trudeau government declared that it would aim to reduce Canada's "vulnerability" to the U.S. through the adoption of "a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life." This so called Third Option strategy would consist of two components: internal measures to consolidate and strengthen Canada's economy and cultural life and diversification of external economic relations to create countervailing factors with regard to the U.S. Both statements declared an end to the era of preferential treatment with Nixon stating that "No self-respecting nation can or should accept the proposition that it should always be economically dependent upon any other nation," while the Canadian statement envisaged the likely demise of "special" Canada-U.S. arrangements. The two governments agreed, however, that their relationship was "unique" in its range and complexity, and underlined the continuing need for cooperative issue resolution between them.

These developments could have placed the relationship on a sounder footing. But the transition was badly managed by both countries. Heavy-handed American attempts to redress its temporary trade deficit with Canada in 1972 and 1973 were matched by apparent unilateral Canadian action with respect to the supply and taxing of oil exports to the U.S. Relations were further strained early in 1974 when the Canadian government, citing the potential health hazard from use of the chemical DES, banned American beef exports to Canada. The two governments reached an agreement on a certification program but the Canadian government, apparently for protectionist reasons, continued its boycott. The Americans retaliated by banning Canadian beef exports to the U.S.

These actions underscored what was becoming a new reality in the relationship: increasingly, Canadian decisions were having an adverse impact on established U.S. interests. By September 1974 the American Ambassador to Canada, William Porter, publicly complained that the U.S. had been "confronted by decisions in food and energy without opportunity for effective consultation. This," he argued, was "not consistent with the usual practice of mutual consultation which has marked our economic relationship." And if in the past Canadian decision makers, acutely conscious of the impact of
American policies on Canada, had invoked the theme of exceptionalism in attempting to induce more cooperative U.S. behaviour, it was now the Americans turn. Porter noted:

We approach our Canadian friends well-aware that Canada has arrived as a great economic power and our foremost idea is to achieve accommodation if that is at all possible or at a minimum to limit the damage that unilateral action by one or the other may bring about. That is what our predecessors did to make us the world’s greatest trading partners. In full understanding of the meaning that we are neighbors for better or worse, they made the U.S./Canadian relationship something special in this world; it’s up to us to keep it that way.61

Shortly thereafter, however, Canadian External Affairs Minister, Allan MacEachen, declaring that Canada-U.S. relations had entered a new era in the 1970’s, proclaimed the death of the “special relationship.”62 While MacEachen was careful to stress the continuing need for bilateral consultation on matters of mutual concern, his statement introduced new confusion into relations between the two countries. For it gave the impression that Canada was unilaterally redefining the terms of the relationship, including the managerial principles for maintaining its stability. Indeed by June 1975 the confusion had become so great that MacEachen expressed regret at ever having made the statement, remarking that it was “one of those expressions one uses that, in hindsight, one would like to rephrase. I have been trying ever since to explain exactly what I mean by “the end of the special relationship.”63 Just how much difficulty MacEachen had in conveying his meaning became evident later in the year during the visit of U.S. Secretary of State, Henry Kissinger, when it was left to the latter to explain that it had been intended to denote the end of the era of special concessions. But while both officials agreed to bury the “special” relationship they quickly resurrected a new term to describe it. Henceforth the relationship would be known as “unique.”64 The nature of the terminological change was revealing for it illustrated that while it was “difficult to define the relationship, both Governments recognize that the unparalleled interdependence between Canada and the United States calls for close and coordinated management of our affairs.”65

But if the idea of effective management was fully endorsed by both countries, its actual orchestration and observance was another matter. Efforts to define and apply managerial guidelines had begun in December 1974 at the first bilateral summit meeting between Prime
Minister Trudeau and President Gerald Ford. There the leaders devised a set of principles composed of two main elements: prior notification and consultation regarding contemplated policy initiatives on matters of joint concern. Yet relations between the two countries continued to be plagued by unresolved irritants despite the fact that intergovernmental cordiality had been restored. This was noted by departing American Ambassador Porter in December 1975 when he observed that bilateral relations had deteriorated during his two-year tenure in Ottawa, pointing to a growing negative reaction towards Canada developing in U.S. business and congressional circles. The sources of this reaction, he argued, lie in such Canadian measures as energy pricing and supply policy, Saskatchewan’s plans to nationalize the American owned potash industry in the province, the deletion of commercials carried on U.S. television stations reaching Canadian viewers on cable TV and pending government legislation removing tax breaks for Canadian businesses advertising on those stations. Although Porter’s observations were quickly challenged by Prime Minister Trudeau and President Ford and foreign ministers MacEachen and Kissinger, they were supported by U.S. State Department officials.

Despite the intergovernmental reaffirmation of Canada-U.S. cordiality, Canadian policies, especially cable television commercial deletion and implementation of the advertising restrictions, continued to have a disruptive effect on the relationship. Affected U.S. broadcasters, who had formed themselves into an effective lobby group, pressured the U.S. administration and Congress to seek redress of the Canadian measures. This coupled with Canada’s rejection of State Department requests for effective consultation created a receptive mood in Congress for retaliatory countermeasures when the opportunity should arise. That opportunity came at the end of 1976 when Congress passed an amendment to the U.S. income tax act restricting American foreign convention travel. The move, which was undertaken without thought of its implications for Canada, had an immediate effect upon the Canadian convention industry and the Trudeau government quickly pointed out the adverse effects of the new law. However, the broadcast lobby managed to persuade Congress to link the two issues, making modification of the Canadian cable TV restrictions a condition for the relaxation of the convention tax amendment. The question has remained stalemated ever since.

In the midst of these developments new U.S. and Canadian calls for effective bilateral management began to emerge. For example, in
his first Canadian speech the new U.S. Ambassador, Thomas Enders, elaborated a set of managerial principles foremost among which was consultation. From Washington, the Canadian Ambassador, Jake Warran, called for the adoption of an effective "early warning system" embracing a three-fold issue management process of information, consultation and policy accommodation. By the summer of 1976 these suggestions had begun to produce results. Moreover, they were soon to be matched by major modifications in the overall bilateral policies of the two countries. Declining economic prospects on both sides, the gathering energy shortage and Canada's re-emergent national unity question with the election of the PQ government in Quebec refocused Canadian and American attention on the benefits of closer relations.

The shift was confirmed when Prime Minister Trudeau visited Washington in February 1977 to meet the new American president, Jimmy Carter. The two leaders extolled the virtues of the relationship. Trudeau, without making a single reference to the Third Option, told the U.S. Congress that friendship between the two countries was "so basic that it has long since been regarded by others as the standard for enlightened international relations. No Canadian leader would be permitted by his electorate consciously to weaken it. Indeed, no Canadian leader would wish to, and certainly not this one." The key to the maintenance of bilateral stability, he said, was the "continuing process of management" which they had "successfully incorporated" into the relationship. For his part President Carter observed that the two countries had "approached an era of recognition, of mutual purpose ... concerns and problems that might bind (us) even closer together now than in the past." Canada-U.S. rapprochement was exemplified in the conclusion of a number of cooperative ventures including the northern gas pipeline agreement in September 1977. In fact, so cordial did relations become that by the end of the year Canadian External Affairs Minister, Don Jamieson, proclaimed that while the two countries had never before "faced more difficult and complex problems," including the so-called fish war and the lingering deadlock in the cable TV and convention tax issues, relations had "seldom been better." This assessment was reciprocated by U.S. Secretary of State, Cyrus Vance, who pointed to the "exceptional atmosphere of mutual confidence and respect" that characterized the relationship. This, they both agreed, was the result of mutually shared commitment to consultation and cooperation.
Rapprochement, however, appeared to have been accompanied by a return to less centralized Canadian and U.S. bilateral policy processes and, consequently, to a more open set of dynamics in the relationship. This in turn led to a new ambiguity in the conduct of their bilateral diplomacy. This was, perhaps unconsciously, captured by Jamieson who, in praising the “remarkable and unique example” that the two countries presented to the world, commented “How satisfying (it was) to know that in Canada-U.S. relations a simple phone-call between Ottawa and Washington is often enough to resolve a serious problem and that a handshake can serve as well as a complex treaty.”

These developing new characteristics, however, had not been fully consolidated when the Trudeau government was rejected by the electorate in the May 1979 general election.

Finally, the continuing importance of the exceptionalism concept was demonstrated during the brief tenure of the Clark government. While that government was not in office long enough to put its own stamp on Canadian policy towards the U.S., spokesmen for both the Canadian and American government were quick to convey the reassurances inherent in the idea, the essence of which, they agreed, was effective bilateral management.

CONCLUSION
It has been seen that successive Canadian and American administrations from King and Harding to Clark and Carter have evoked the concept of Canada-U.S. exceptionalism in referring to the conduct of the two countries' bilateral diplomacy. The importance of the concept for the relationship lies in the mutual commitment to cooperative issue resolution, through the development of effective bilateral managerial principles and processes that it embodies. The idea of exceptionalism is both a product of and a response to the complex dynamics of asymmetrical interdependence, conveying assurances to each country that its interests will be respected by the other and that both will continue to derive the benefits of their close interaction. Over the years Canadian and U.S. governments have attempted to give effect to the concept through the periodic elaboration of specific principles and the creation of an array of managerial arrangements ranging from joint commissions and committees to various forms of ad hoc procedures.

In the most general sense, the successful implementation of managerial principles requires an awareness by each country of the impact of its policies on the other's interests and a sophisticated understanding of the operation of its policy process. But such
Awareness has not always been present. In the words of a former State Department official there is "always the danger" that the U.S., given its global interests and preoccupations and its lack of overall focus on Canada, "will take unilateral action that will harm Canadian interest." And Canadian officials, very much alert to the implications of American policies for Canada, have frequently appealed to the exceptionalist norm in attempting to generate greater U.S. awareness. It does not follow, however, that Canadian officials have been correspondingly sensitive to the impact of Canada's policies on the U.S., perhaps because of a tendency to underestimate that impact. For example, it was only in 1976 that a Canadian External Affairs Minister took public note of the "higher profile" being accorded to Canadian policies by affected interests there. Moreover, the case of the cable TV/convention tax issue suggests that there has also been a lack of sensitivity to the role of the Congress in the American policy process.

The impact of congressional actions on Canadian interests, however, has been matched by the increasingly felt implications of Canadian provincial activities for interests in the U.S. This has been shown in such actions as Saskatchewan's 1976 nationalization of the U.S. owned potash industry, current Quebec government attempts to nationalize American controlled asbestos operations and the important role of oil-producing provinces, especially Alberta, in the making of Canadian energy policy. The complicating factors which these developments have added to the more general problems of Canada-U.S. bilateral management may, in fact, generate still more difficulties. One possible illustration of this is the Alberta government's recent attempts to develop an informal, issue-oriented, transborder coalition with several U.S. congressional leaders. This reflects Premier Lougheed's strategy of seeking to persuade U.S. business and congressional leaders to use their influence to reduce American tariffs on such items as petrochemicals and farm products, thereby permitting greater access for Canadian (Albertan) exports, in return for Alberta's attempts to pressure Ottawa to increase Canadian natural gas exports to the U.S.

To be fully effective in the final analysis, however, managerial processes must be structured and implemented in the context of coherent, coordinated Canadian and U.S. bilateral approaches that properly balance national and continental interests, thereby avoiding the destabilizing effects of stressing one to the exclusion of the other. For example, too great an emphasis on Canada-U.S. divergence may preclude potentially fruitful areas of binational cooperation. And ir-
reconcilable differences on fundamental questions, as illustrated in the case of the nuclear weapons controversy during the Diefenbaker years, can have a seriously destabilizing effect upon the relationship that managerial processes, no matter how effective, cannot restore.

On the other hand, too great an emphasis on bilateral commonality can be just as unsettling as excessive divergence. As the history of the postwar Canada-U.S. relationship suggests, excessive bilateral intimacy ultimately triggers pressures for detachment which generate dislocations and hence new sources of bilateral friction. For it results in the development of increasingly open dynamics in relations between the two countries making the relationship less capable of overall management and control. Administrative decentralization within the two countries and uncoordinated interaction between them leads to a blurring of national perspectives creating, in effect a de facto fusion of the two policy processes and the adoption of continental rather than national criteria in policy formation. Essential differences between the two countries are thereby obscured.

Canada-U.S. bilateral stability therefore requires the development of balanced, coordinated national approaches and effective management principles and procedures to harmonize them. This would not only lead to the realistic resolution of bilateral issues, but also put the relationship on a more mature footing. And that is the surest way to enduring Canada-U.S. exceptionalism.

NOTES

1. This is a revised revision of a paper prepared for the Annual Meeting of the Western Social Science Association, Albuquerque, New Mexico, April 24-26, 1980. I should like to thank A. Balawyder, Charles Doran, Donald Page and Denis Stairs for their helpful comments on the initial draft.

2. So pervasive has the use of such terminology become that a 1972 Canadian government statement could describe the Canada-U.S. association as “probably the most articulated relationship between any two countries in the world”—“Canada-U.S. Relations: Options for the Future,” International Perspectives. Autumn 1972, p. 22.

3. It should be noted that the concept of “exceptionalism” itself is not part of the vocabulary of Canadian and U.S. government officials in referring to the two countries’ interaction. Rather it is used here as an analytical device to identify a consistent pattern of Canadian and U.S. intergovernmental behaviour. This has been expressed at the declaratory level through the use of a variety of terms ranging from “special” and “unique” to “exemplary” and “model” to describe their interaction and given practical effect through the periodic elaboration of principles and the creation of various organizational and ad hoc procedures for managing the relationship.


33. Quoted in Swanson, *Summit Diplomacy*, p. 117.

34. CHCD, April 29, 1948, p. 3443.


The text of the Nixon address is reproduced in Swanson, Summit Diplomacy, pp. 298-302. The Canadian statement was published as a special issue of International Perspectives, (Autumn 1972).


Canada, Standing Senate Committee on Foreign Affairs, June 10, 1975, p. 16:14.


74. SS 77/21 and SS 78/17. See also Kirton, “Foreign Policy Decision-Making”, pp. 308-311.


