

PRESSURE POLITICS: RETHINKING “RETALIATION” IN CANADA-US RELATIONS¹

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Brian Bow
Department of Political Science
Dalhousie University
brian.bow@dal.ca

Retaliation and Canada’s foreign policy “independence”

Given the overall asymmetry of the Canada-United States relationship, and the sheer scope of Canada’s strategic and economic dependency on the US, how much room is there for Canada to pursue policies which are at odds with those of its southern neighbour? When and where is it deterred or forced back by the threat of American retaliation? These are crucial questions for both the study and the practice of Canada’s relations with the US, and its foreign policy more generally.

Much has been said and written on the question of retaliation, but very little of it is very satisfying. Government officials from both sides of the border assure us that ours is a “special relationship,” where problems are resolved without recourse to primitive forms of diplomacy. Many of their critics, on the other hand, are certain that the US twists Canada’s arms all the time, or at least that the threat of retaliation has Canadian foreign policy-makers terrified into obedience. The truth, most of us suspect, is probably somewhere in between. But where, exactly? And what does that tell us about where and how Canada can pursue a genuinely “independent” foreign policy?

One of the most sophisticated treatments of the retaliation question that we have is a little roundtable discussion, published nearly forty years ago, in the edited volume, *An Independent Foreign Policy for Canada?* (hereafter, *IFPC*.)² The four members of the roundtable – A.F.W. Plumptre, A.E. Safarian, Pauline Jewett, and Abraham Rotstein – generally agreed that the usual “tit for tat” way of thinking about diplomatic retaliation was not a useful way of describing the way that diplomatic pressure is applied (and anticipated) in the Canada-US relationship. But they also agreed that there was a sense in which Canadian policies sometimes provoked a “reaction” in the US, and that this reaction—and the anticipation of it—was an important part of the way that political power is exercised within the Canada-US relationship.

Here, I want to develop three main ideas: First, Plumptre and the other members of the roundtable hit on the most important element in thinking carefully about “retaliation” in the Canada-US context – both in the 1960s and today – in shifting the focus from whether or not the US “hits back” at Canada to the getting and spending of what we might call “diplomatic capital.” Second, both the rules of the game and the shape of the playing field have gone through several different kinds of changes over the last forty years. The net result of these cross-cutting developments has not been either a clear-cut intensification or a relaxation of diplomatic constraints on Canada, but rather the emergence of an increasingly complex and unpredictable political landscape, in which the shadow of American pressure flickers and bends from issue to another, and from one moment to the next. And third, while there are signs that those who actually manage the relationship from day to day have absorbed and held on to (or perhaps lost and recovered) the

¹ This is the draft of a chapter to be included in an edited volume that I am co-editing with R. Patrick Lennox, *An Independent Foreign Policy for Canada?: New Directions and Debates* (proposal accepted at University of Toronto Press). Please do not cite or quote without permission. Comments and suggestions are welcome.

² A.F.W. Plumptre, A.E. Safarian, Abraham Rotstein, and Pauline Jewett, “Retaliation: The Price of Independence?” in Stephen Clarkson, ed., *An Independent Foreign Policy for Canada?* (Toronto: University of Toronto Press, 1968).

roundtable’s core insight on retaliation, it seems they are not so clear about the implications of subsequent political and institutional developments.

How retaliation works, or doesn’t

The *IFPC* roundtable thought about retaliation inductively, beginning with their own direct or indirect experiences with, or knowledge of, hard bargaining in particular episodes, and from there moving to broader, intuitive reflections on the workings of the bilateral relationship. Here I will begin by thinking about retaliation more deductively, to try to put it into a broader context, work out some general arguments about when and how the US might be inclined to pursue retaliation against Canada, and then reflect on how these general ideas might be helpful in thinking about retaliation (actual or potential) in specific episodes.

It is worth pausing to clarify what “retaliation” is supposed to refer to, and how it relates to other kinds of diplomacy. Retaliation is one of several kinds of issue-linkage – that is, one kind of signal that one’s position on a given issue is contingent on the resolution of another, unrelated issue.³ First and most obviously, retaliation refers to “negative” linkages, rather than “positive” ones. Whereas in positive linkages a negotiator tries to move past an impasse in one issue area by offering new concessions in another, unrelated area, in negative linkages the negotiator tries to force the other to change its position in one area by withdrawing concessions or inflicting harm in another.⁴ Second, retaliation refers to negative linkages which are made **after** the target country has gone ahead with an unwelcome policy, rather than in anticipation of such a policy. It is, in other words, usually understood in terms of revenge, rather than deterrence.⁵ And third, retaliation usually refers to negative linkages which are made in a straightforward, direct way, as opposed to more indirect and diffuse negative reactions. The aggrieved party “hits back” in a way that is carefully designed to make clear to the target that this is a response to a specific, previous provocation, but also to send a clear signal about the retaliator’s broader expectations about how the relationship is supposed to work.

This last distinction is especially important here. Building on the ideas developed in the *IFPC* roundtable (esp. Plumtre, Safarian), I want to distinguish here between clear-cut retaliation and what I will call “grudge” linkages. In true retaliation, the negative linkage is immediate, direct, and carefully chosen to make the right kind of impression. The purpose of the retaliatory linkage is to inflict harm on the target in a way that makes it as clear as possible that the move was made in response to the target’s unacceptable policy, and to send the signal that future provocations will draw more of the same. To that end, it generally involves an active change of policy, whose effects on the target are readily observed and unmistakably negative. Grudges, on the other hand, normally take the form of a malevolent passivity, and the relevant linkages between issues are often indirect and diffuse. Retaliation, as defined here, has historically been far

³ Borrowing from a distinction made long ago by Ernst Haas, it is worth emphasizing that we are concerned here with “tactical” linkages, as opposed to “functional” ones. A functional linkage is a practical connection between the dynamics of two different issue areas, which exists whether negotiators recognize it or not. A tactical linkage, on the other hand, is a connection made for political or diplomatic effect, in which a negotiating party signals that its position on one issue area is contingent on an acceptable resolution in another, practically unrelated area.

⁴ This apparently simple distinction is actually slightly more complicated than it looks, because particular linkages are not positive or negative by nature, but rather received as promises or threats depending on the target’s point of reference. “If you change your labour regulations, we will raise our quota on your products” will be seen as promise if the target sees the higher quota as a new proposal, but as a threat if the target sees itself as entitled to the higher quota level based on previous commitments.

⁵ In practice, of course, this is also a slippery distinction, because deterrent threats **become** retaliation when they are carried out. The crucial distinction here is of course whether or not the “if-then” connection is made clear to the target in advance. In practice, it is often hard to tell the difference because advance signaling of intentions is often (more or less deliberately) ambiguous.

less salient to the process and outcomes of bilateral bargaining in the Canada-US relationship than in other international relationships, but – at least partly because that is so – grudges have been much more important.

Table 1: Retaliation as one of several kinds of issue-linkages

	DIRECT	DIFFUSE
NEGATIVE	(Threat →) Retaliation	Grudge
POSITIVE	(Promise→) Reward	Goodwill

Retaliation’s dark shadow

Retaliation, like other forms of coercive diplomacy, is seen by conventional theories of international politics as part of the natural order of things; “the strong do what they want to do,” as Thucydides wrote, “and the weak accept what they must.” Retaliation is supposed to be one of the mechanisms by which aggregate structural power is translated into effective influence or control. There is, moreover, plenty of anecdotal evidence that the United States has been willing and able to pursue retaliation against weaker states that got in its way. As part of its scramble in 1990 to put together a multilateral coalition for the first invasion of Iraq, for example, the US put pressure on the tiny Arab republic of Yemen to vote for UN Resolution 678, and, when it insisted on voting against the resolution, promptly slashed away 90% of their development aid. “That,” Secretary of State James Baker is widely reported to have told the Yemeni delegates, “was the most expensive vote you’ll ever cast.”⁶ We also know that the US has sometimes been prepared to play hardball even with its closest friends and allies, as in Eisenhower’s decision to withdraw support for the pound in order to force Britain to back down in the Suez Crisis, and Nixon’s threat to block the reversion of Okinawa to compel Japan to make concessions in the ongoing fight over textile trade.

If we were to go on what we find in news media coverage, popular histories, and internet chatter, we would probably assume that Canada’s relationship with the US is not much different from Yemen’s. The editorial pages, airwaves, and cyberspace are packed with speculation about American arm-twisting – past, present, and future. In fact, there probably hasn’t been single high-level bilateral dispute over the last sixty years that didn’t provoke at least some speculation about retaliation, either in the abstract or in terms of specific, concrete issue linkages. It isn’t hard to figure out why. The image of an angry American colossus taking a backhanded swipe at its northern neighbour injects drama and intrigue into what would otherwise be pretty mundane and technically-complex negotiations over food safety regulations, lumber subsidies, or border security procedures. We see this same kind of hype in other parts of the world as well. But anxiety about American retaliation is more pervasive and more profound in Canada, because it taps directly into one of the country’s defining existential crises: Given the extent and the asymmetry of the interdependence between Canada and the United States, if the US is willing and able to “strike back” at Canada for pursuing policies that it doesn’t like, then Canada’s policy autonomy (both foreign and domestic) is not just limited by broad structural forces like the balance of power and globalization, but also more immediately and concretely by the interests and purposes of the United States. The question of retaliation is therefore directly related to the broader question of Canada’s sovereign independence. Canadians are therefore naturally preoccupied with the question of retaliation, acutely sensitive to even the vaguest hints that it is in the works, and inclined to associate it with all kinds of threatening intentions and circumstances.

⁶ Theodore Draper, “The True History of the Gulf War” *New York Review of Books* 39 (January 30, 1992).

If there is this much smoke, then surely there must be some fire as well? It is hard to say for certain, but it is striking how little solid evidence there is of **any** clear-cut retaliation over the last sixty years. It turns out, in fact, that much of the popular conventional wisdom about retaliation is debatable, at best.

Much of the media speculation over the years has been driven by ostensibly-unauthorized statements by unnamed US government officials. This certainly suggests that at least some American foreign policy elites are inclined to at least seriously consider retaliation, but it is not very compelling evidence that retaliation has actually taken place, or even that retaliatory threats have been made. US foreign policy bureaucrats and military officers often make unauthorized statements to the press, sometimes to raise the stakes for a foreign government, but more often to put pressure on their own political or bureaucratic superiors. It is possible that at least some of these statements have been made with the active encouragement of the political leadership, as part of a larger effort to coerce Canada, but that raises questions about why there is no record of any such direction in the US archival records. Even if we could trace these public comments back to the White House, it is not clear that we ought to think of them as clear-cut signs that (threats of) retaliation were in play as a meaningful diplomatic move.⁷ To fit with the definition of retaliation laid out above, and to be tactically effective, a threat to retaliate should be explicit and direct enough that it leaves no doubt about the threatener's intention and ability to follow through on the commitment if his/her expectations are not satisfied. An anonymous quote in the newspaper may cause concern for Canadian policy-makers, but it will also leave them wondering about whether the source really reflects the true US position, and therefore about whether or not to take the threat itself seriously. There is a similar credibility problem when anonymous US officials claim after the fact that a recent policy change was made to punish Canada for some prior decision, particularly where there were no tangible retaliatory threats beforehand. It is quite likely that the political leadership in Washington permits, and even encourages, US officials to make threatening statements to the media from time to time (before and after unwelcome Canadian policies are made), in order to send signals about the seriousness with which many in Washington oppose a prospective Canadian policy, and to draw attention to the "availability" of various options for retaliation. I'll return to this possibility soon; for now it is enough to be clear that this constitutes something less than clear-cut retaliation.

A few studies of particular bilateral disputes have made the case that the US political leadership explicitly threatened retaliation or actually pursued it. Knowlton Nash, for example, argued that the Kennedy administration threatened to restrict imports of Canadian oil as part of its effort to pressure Diefenbaker's government into deploying nuclear weapons.⁸ Edgar Dosman argued that the Nixon administration actually cut Canada's share of the oil import quota in 1970, to punish the Trudeau government for pushing ahead with its claim to jurisdiction over the Northwest Passage.⁹ Stephen Clarkson maintained that the Reagan administration threatened to have Canada kicked out of upcoming G8 meetings, in order to force Trudeau to "de-fang" the National Energy Program.¹⁰ In all of these cases, the authors based their accounts on government documents and/or interviews with well-placed Canadian politicians or officials, and there is no reason to doubt that the Canadian political leadership believed that retaliatory linkages were being seriously considered in Washington.

⁷ Asked about the meaning and importance of these eruptions in the press, Allan Gotlieb dismissed them as "background noise." Interview, Toronto, May 23, 2001.

⁸ *Kennedy and Diefenbaker: Fear and Loathing across the Undefended Border* (Toronto: McClelland & Stewart, 1990), pp. 18-19.

⁹ *The National Interest: The Politics of Northern Development, 1968-75* (Toronto: McClelland & Stewart, 1975), p. 58.

¹⁰ *Canada and the Reagan Challenge* (Toronto: Lorimer, 1982), p. 32.

Yet there are at least two kinds of reasons to be cautious about thinking that retaliation – as we have defined it above – was really in play in these episodes.¹¹ First, the archival record for the older disputes doesn't support it. US records for the nuclear weapons dispute indicate that the Kennedy administration was certainly at wit's end about what to do with Diefenbaker, but they don't show even the slightest trace that anyone in Washington seriously considered retaliatory linkages. Those for the Arctic waters dispute suggest that the US Navy wanted to "put the screws to" Canada, but were energetically and effectively opposed by the State Department and the White House.¹² Without concrete evidence that any given linkage scenario was actually carefully studied by at least some component of the US government, it is probably better to treat free-floating hints at retaliatory linkages – even those made by cabinet-level officials – as expressions of frustration, rather than meaningful bargaining moves. Second, this hunch is often confirmed by objective assessment of the conjectured linkage scenarios, which frequently leads to the conclusion that, if US policy-makers **had** seriously considered these options, they would almost certainly have rejected them out of hand. The Nixon administration's decision on the oil import quota, for example, doesn't make much sense as a supposed effort at retaliation. Eliminating the "over-land" exemption from the quota, or even radically cutting back Canada's quota share, would have done quite a bit of damage to the Canadian industry. But the Nixon administration made its decision on the quota **before** it was clear what Canada's Arctic waters legislation would look like, and it ultimately made only minor changes to Canada's quota share.¹³ In fact the quota reduction was so small, relative to what US domestic producers and the Venezuelan government had demanded, that it looks more like a favour to Canada than a punishment.

The absence of retaliation – explanations and implications

Most "insider" accounts of Canada-US relations categorically reject the idea that direct retaliation has played an important part in Canada-US relations. Plumptre, a well-placed former senior civil servant and negotiator, reflected that he "could only remember two or three occasions, in regard to rather specific issues, on which either the word or the concept of 'retaliation' against Canada entered into consideration."¹⁴

If retaliation apparently has not played an important role in Canada-US relations, why might that be? One possibility is that there actually **has** been quite a bit of retaliation, or at least threats of retaliation, and it has just been covered up very thoroughly. It is not particularly surprising that, in spite of decades of thorough research on post-war Canada-US relations, no one has found any "smoking-gun" evidence of retaliation. Policy-makers on both sides would have good reasons to keep such a thing under wraps. But it is surprising that no one has yet turned up any compelling **circumstantial** evidence of retaliation being pursued, of threats of retaliation being made, or even of threats of retaliation being seriously considered in Washington. Given the number and variety of other kinds of skeletons found in the archival closet – including several instances of profoundly undiplomatic diplomacy – it is hard to believe that politicians and bureaucrats on both sides could have done that good a job of cleaning up after themselves.¹⁵

¹¹ These three episodes, and the assessment of them that follows, are covered at some length in my dissertation research: "The Missing Link: Transgovernmental Networks, Bargaining Norms, and Issue-Linkage in US-Canada Relations" (Cornell, 2003).

¹² Interview with former State Department official, June 2002. See also: Ottawa Embassy to Secretary of State, December 10, 1969, "Arctic Claims" US National Archives, RG 59, Subject-Numeric Files 1967-69, Box 2927.

¹³ J.J. Greene, "'Canada Can't Moan over Oil Cuts' – Greene" *Ottawa Citizen* (March 11, 1970), pp. 1, 21.

¹⁴ Plumptre, in *An Independent Foreign Policy for Canada?*, p. 44.

¹⁵ Recently released Kennedy administration phone records, for example, feature George Ball and McGeorge Bundy joking about the State Department press release they authorized having "brought down" the Diefenbaker government: e.g., Ball to Bundy, 2/7/63, George Ball files, John F. Kennedy Library.

Another possibility is that there has been little or no retaliation because Canada hasn't done anything sufficiently provocative to the United States. Each of the four contributors to the *IFPC* roundtable saw this as an important part of the story, and disagreed mainly over whether this was because Canadian interests really tended to coincide with American ones (Safarian), or because Canadian policy-makers had shied away from pursuing divergent interests and purposes (Jewett, Rotstein). Given that most examples we have of other countries feeling the sting of US retaliation are ultimately stories about diplomatic mismanagement, the fact that Canadian policy-makers have so far avoided crossing the proverbial line in the sand might best be seen as a testament to their inside knowledge of the US and sound judgment as negotiators.¹⁶ There have undoubtedly been times, as Pauline Jewett remembered, when anxiety about US retaliation had a "mesmerizing effect" on Canadian policy-makers, and they backed down when they might have pushed farther.¹⁷ Her account of the magazine tax confrontation in the mid-1960s seems a good example.¹⁸ But there were also a number of episodes in the 1950s and 1960s where Canada severely tested US self-restraint. In the disputes over UN membership in the mid-1950s and nuclear weapons in the early 1960s, Canada broke with the US on important diplomatic and strategic questions. In the early phases of the auto production dispute in the early 1960s and in the Mercantile Bank affair in the mid-1960s, Canada put the bite on powerful US corporations and challenged the core premises of US foreign economic policies. It wasn't easy for American policy-makers to be forbearing with Canada in these episodes, not only because the stakes were high within the bilateral context, but also because Canadian policies set dangerous precedents that might be (and sometimes were) followed by others. Since the late 1960s, Canada has from time to time pursued foreign and domestic policies at odds with the US, including ongoing circumvention of the US blockade of Cuba, the National Energy Program and Trudeau's "peace initiative" in the early 1980s, the public break over relations with South Africa in the mid-1980s, aggressive support for the landmine ban treaty and the International Criminal Court in the 1990s, and the more recent decisions to opt out of war in Iraq and the ballistic missile defence program (BMD).

The fact that the US isn't constantly engaging in retaliation against Canada isn't really very surprising, for reasons that apply just as well to US relations other countries. The fact is that retaliation, as defined here, is not easy. Like other kinds of coercive diplomacy, it involves a complex calculus of costs and benefits: The costs imposed on the target must be high enough to be taken seriously, but not so high that they risk a more fundamental diplomatic breakdown. And of course there are likely to be costs for the retaliating state as well, which must be acceptable in the context of the given dispute and the relevant diplomatic precedents. The benefits, moreover, must be clear-cut and substantial, either in terms of concrete effects on the target's future policies, or in terms of sending clear signals to others about one's determination not to let provocations go unpunished.

It is a well-worn cliché that Canada and the United States are so interdependent that virtually anything American foreign policy-makers might do to hurt Canada would "bounce back" and hurt the US as well. As with many clichés, there is a lot of truth in this, and it is an important part of the explanation for the relative unimportance of direct retaliation in the Canada-US relationship. But the crucial question is not whether linkages set up absolute costs for the US, but rather whether those costs outweigh the costs of doing nothing – i.e., accepting provocative Canadian policies, and the diplomatic precedent that goes with

¹⁶ The Anglo-American showdown in the Suez Crisis is a good example of this, as most historians agree that the Eden government should have known that it would not be able to keep its plan a secret from the Americans, and should have had no trouble anticipating their reaction to it.

¹⁷ Jewett, in *An Independent Foreign Policy for Canada?*, p. 52. See also the discussion of "non-decisions" in K.J. Holsti, "Canada and the United States," in Steven Spiegel and Kenneth Waltz, eds., *Conflict in World Politics* (Cambridge: Winthrop, 1971), pp. 376-377.

¹⁸ See also: Stephen Azzi, "Magazines and the Canadian Dream: The Struggle to Protect Canadian Periodicals, 1956-65" *International Journal* 52 (Summer 1999): 502-533.

doing so. In general then, we ought to expect the US to generally be very cautious about pursuing retaliation against Canada, but still inclined to do so when the stakes are high enough.

There are also a variety of challenges in terms of the signaling of threats and the conveying of messages through retaliatory linkages: more explicit linkages, for example, are more likely to effectively convey the retaliator's refusal to accept the target's provocative policies, but they are also more difficult to back away from as the situation evolves, and are more likely to create domestic political complications. Given Canadians' acute sensitivity to perceived American bullying, US officials considering retaliatory linkages would have to step very carefully, to make sure that their message got through to the right people in Ottawa, without triggering an eruption of public outrage that would make it politically impossible for the Canadian government to make any kind of concession or retraction. The United States is not well equipped for this kind of diplomatic subtlety, because the fragmentation of control over foreign policy in Washington means that the US speaks with many voices, many of which have no incentives for self-restraint, and few of which are in a position to make clear and credible diplomatic commitments.

Cost-benefit calculations and signaling problems are further complicated by domestic politics in the state that is considering retaliation. Any given retaliatory linkage might seem promising in the abstract, but out of the question in practice, because it is outside of the immediate control of the political executive, obstructed by prior institutional procedures or legal commitments, or effectively blocked by mobilized interest groups that might be injured by the issue-linkage. The breadth and complexity of the Canada-US relationship means there are always literally hundreds of possible linkage scenarios "available" to American negotiators at any given time, but only a small number of these involve policies over which the executive branch is actually able to exercise the kind of direct, timely control that would be necessary to make an effective linkage. The most obvious and distinctive limit on the United States' capacity to make diplomatic linkages between issues is the constitutional separation of powers, which sometimes gets in the way by setting up formal limits on executive decision-making, but more often does so by making secret negotiations public and enabling bureaucratic and societal interests that oppose linkages. The United States is a formidable international power, but it is a "weak" state in terms of the institutional structure of foreign policy-making, and is therefore generally not well equipped to play the retaliation game.¹⁹

As Robert Keohane and Joseph Nye argued in *Power and Interdependence*, the extraordinary interpenetration of Canadian and American societies fostered the growth of bureaucratic and societal coalitions with a stake in maintaining both the overall health of the bilateral relationship and their own particular interests.²⁰ These groups monitor bilateral relations closely, and intervene to prevent their interests from being traded off in potential issue linkages. In some cases, such as the long-running speculation about an attack on the Auto Pact in various disputes during the 1970s, mobilized domestic actors in the US have actively lobbied to derail potential retaliatory linkages. More often, it is the anticipation of this kind of domestic opposition that steers the White House away from particular linkage options.

In addition to these political and strategic reasons, the United States is generally reluctant to pursue retaliation, and especially so with Canada, for normative reasons. By definition, coercive diplomacy entails an exploitation of another's vulnerability, and is therefore inherently provocative; all states are therefore generally reluctant to engage in blackmail and retaliation, particularly with close allies and partners. The United States is especially disinclined to play the retaliation game, because it conflicts with the country's deeply-rooted sense of international exceptionalism. Arm-twisting and petty revenge might be business as

¹⁹ Stephen D. Krasner, "Policy Making in a Weak State," in John G. Ikenberry, *American Foreign Policy: Theoretical Essays* (6th ed., Toronto: Pearson, 2006). See also: Allan E. Gotlieb, "Canada-US Relations: The Rules of the Game" *SAIS Review* 2 (Summer 1982): 177-187, p. 183.

²⁰ Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics in Transition* (Boston: Little Brown & Co., 1977).

usual for other major powers, most Americans believe, but the US has a special set of international responsibilities and a special code of foreign policy ethics to go with them.²¹ Of course the US doesn't always live up to these high ideals, but they are there nonetheless, and they do set limits on what foreign policy decision-makers can do – especially what they can do “in public.” This normatively-grounded sense of self-restraint is even more pronounced when it comes to disputes with Canada, because the close, almost familial relationship between the two countries sets it up as a crucial test case for America's foreign policy virtues. Based in part on this sense of mutual identification and common purpose, Canada and the United States have gradually developed their own distinctive “diplomatic culture,” in which – as Kal Holsti explained it – “conflicts of interest...are essentially ‘problems’ to be solved rather than...confrontations to be won at all costs” and there is a deeply-rooted shared norm against coercive issue-linkage.²² The norm against linkage, Gotlieb argues, is “a cardinal rule. [Y]ou do not need to link issues with your friends, because linkage is implicitly an exercise in seeking advantage, and if issues are being treated solely on their merits, linkage is unnecessary.”²³

We should be cautious about taking this kind of interpretation too far. Americans' moral qualms about coercive diplomacy certainly haven't prevented their government from pursuing retaliation against countries other than Canada, including important allies and commercial partners like the UK and Japan. And the close relationship between the United States and Canada hasn't prevented the two countries from resorting to “primitive” forms of diplomacy, including some which directly challenge other well-entrenched bargaining norms. The savage public criticisms of the National Energy Program by the Reagan administration, for example, and the Chrétien government's ambivalence about various cheap shots taken at George W. Bush, give us a good sense of how ugly things can get. Moreover, the crude hints at retaliation made anonymously in the press by US officials prove that not everyone in Washington subscribes to a norm against coercive linkages. Still, the fact that people sometimes kill each other doesn't mean there isn't a norm against murder; the infrequency with which we have seen clear-cut retaliation in the Canada-US relationship, and the fervency with which it has been disavowed, rationalized, and condemned suggest that there has been a norm in play, and it has acted as a brake on US recourse to retaliation.

Of course, none of these bases for US restraint are absolute, and there can be no doubt that if Canada were to push hard enough, the US would eventually feel compelled to retaliate.²⁴ Still, the number and weight of barriers against direct retaliation outlined above would seem to open up quite a bit of space for Canada to “get away with” policies at odds with those of the US. But there is more at stake than this kind of direct, “tit for tat” retaliation. As the contributors to the *IFPC* roundtable recognized, and as Canadian negotiators have always known, there are other ways in which provocative Canadian policies can trigger a negative response from the US, and these less-direct forms of diplomatic counter-pressure do set subtle limits on Canada's foreign policy independence.

Grudges and goodwill

Not all American “reactions” to Canadian policies are best understood as retaliation. Some changes to US policies are better understood as essentially-automatic adjustments to choices made, or not made, in Ottawa. One way to think about this is through the chess-match metaphor introduced by Plumptre and refined by Safarian: “each move takes into account all previous moves made by **both** players, and their possible future moves,” and every move is driven by the desire to improve future options, not to take

²¹ Samuel J. Huntington, “American Ideals vs. American Institutions” *Political Science Quarterly* 97 (Spring 1982): 1-37.

²² Holsti, “Canada and the United States,” p. 373. See also: Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence: World Politics in Transition* (Boston: Little Brown & Co., 1977), ch. 7.

²³ Gotlieb, “The Rules of the Game,” p. 183.

²⁴ Safarian, in *An Independent Foreign Policy for Canada?*, p. 49.

revenge for previous upsets.²⁵ The metaphor is slightly flawed because it frames the larger relationship as a zero-sum contest, but there is a lot of value in the underlying emphasis on the way particular moves are not immediate responses to the other side's last move, but rather are arrived at as the culmination of a long series of prior moves, and based primarily on expectations about likely future choices.

After Canada decided not to formally participate in the American ballistic missile defence initiative, for example, the US took steps to shift some aerospace defence decision-making from NORAD to NorthCom, and to change information-sharing protocols within NORAD. Most US foreign policy-makers were disappointed, and some were very frustrated, that Canada had chosen not to participate in BMD. It is possible that the way that the changes were made was coloured, at the margin, by this frustration, but in general the restructuring of aerospace defence decision-making was not driven by the urge to punish Canada, but rather by the need to recognize and adapt to the reality of Canada's non-involvement in this aspect of continental defence.²⁶ These changes are likely to undercut the benefits Canada derives from its participation in NORAD, and probably NORAD itself, but it is misleading to call this "retaliation."

More interesting and more consequential here are "grudge" linkages. Sometimes a particular Canadian policy will cast a long shadow in Washington, affecting US policies toward Canada across a wide variety of issue areas, and for years to follow. In other cases, the US reaction will not be based on a particular Canadian choice, but rather on the impression created by a series of choices. Either way, grudge linkages can be fueled by emotion and poorly thought-out, or they can be based on a sober strategic assessment of what it would take to effectively signal the US government's disapproval of Canadian choices.

Grudge linkages usually take the form of malevolent inaction, rather than active coercion. 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 virtually always 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 ignoring it. As Plumptre explained:

There can hardly be a day, and never a week, in Washington when some US official is not taking action to ensure that some Canadian interests under this treaty, or that agreement, or some non-recorded but gentlemanly understanding, are being protected. In Washington, as indeed in Ottawa and in every capital, the erosive rats are always nibbling away. However, there are always borderline cases, matters for judgment. And in those cases the judgment may be affected by whether the wind is, at the moment, blowing in favour of Canada or in the opposite direction.²⁷

Thus – to add just one more metaphor to the pile – the management of Canada's relationship with the US depends in part on the getting and spending of what could be called "diplomatic capital." When Canada's stock of goodwill in Washington is abundant, it can expect the political leadership there to be more inclined to put its own political capital at risk, in order to support policy outcomes that Canada likes, and to derail those it doesn't like. When Canada pursues policies that are at odds with core US priorities, its stock of accumulated diplomatic capital is "burned up," and the political leadership will be less inclined to pay costs or take risks to keep the relationship running smoothly.²⁸ Of course, no US administration is going to risk

²⁵ Plumptre, in *An Independent Foreign Policy for Canada?*, p. 45, emphasis in original.

²⁶ Barry Cooper and Mercedes Stephenson, "Ballistic Missile Defence and the Future of Canada-US Cooperation" *Fraser Forum* (March 2005): 9-11.

²⁷ Plumptre, in *An Independent Foreign Policy for Canada?*, p. 47.

²⁸ The phrase is borrowed from an interview with a former Canadian official, Ottawa, November 24, 2006.

domestic political disaster just to do Canada a favour (or to do it harm), but most can be expected to lean in Canada's favour (or against it) at the margin.

The accounting for this kind of diplomatic capital is definitely not an exact science. Whether the wind inside the Washington beltway is blowing in favour of Canada or against it does not depend on objective and detailed assessments of the vast inventory of Canadian policies, but rather on impressionistic judgments about whether or not Canada has been – and therefore is likely in the near future to be – a helpful, reliable, and trustworthy neighbour.²⁹ And, while the amount of weight that the administration is prepared to put behind an issue based on its effects on Canada will depend in part on the weight of current goodwill or grudges, it will also depend on other conditions over which Canada has no control, such as the president's approval rating, the balance of votes in Congress, the electoral calendar, and the number and importance of other international issues crowding the White House agenda.

As with more direct forms of retaliation, the identification and confirmation of grudge effects is always ultimately based on counterfactuals which cannot be readily tested empirically. But grudge linkages are even harder to find than instances of "tit for tat" retaliation, because – by definition – the cause-and-effect connection between the original Canadian provocation and the American reaction is indirect and diffuse, and the expected effects on US policy are marginal. There have nevertheless been a number of specific episodes in Canada-US relations in which we can see what look to be fairly clear-cut grudge effects. One example, which highlights both the absence of direct retaliation and the salience of grudge linkages, is the confrontation over nuclear weapons in the early 1960s.³⁰ In 1959, the Diefenbaker government agreed to acquire American-made Bomarc missiles as part of a major restructuring of its contributions to continental defence, but would not commit to equipping them with nuclear warheads, because of cabinet divisions and (unfounded) anxiety about domestic political opposition. After the Cuban Missile Crisis, the Kennedy administration became impatient and ratcheted up the diplomatic pressure. In January 1963, Pearson's Liberals abandoned their longstanding anti-nuclear position and began to argue that Canada ought to live up to its NORAD obligations by deploying nuclear weapons. Facing an increasingly skeptical electorate and an intensifying cabinet split, Diefenbaker made a series of public statements about Canada's alliance commitments that raised awkward questions about NATO nuclear weapons policy. This provoked the State Department into issuing an inflammatory press release, which "publicly called [the Prime Minister] a liar."³¹ Diefenbaker's cabinet split, his government fell to a no-confidence vote, and his party was defeated in the subsequent election.

Why didn't the Kennedy administration force the issue before things escalated to a risky public confrontation? A number of potentially-viable retaliatory threats were within reach. The US could have hardened its position on Canada's balance of payments measures, and imposed new capital-export restrictions of its own. It could have imposed new restrictions on Canadian oil and lumber. Or it could have temporarily restricted military intelligence-sharing or special access to military procurement contracts through the Defence Production Sharing Agreement. It is true that each of these retaliatory linkages would have imposed significant costs on the US as well, but, given the high stakes in the nuclear weapons dispute, and the deep frustration it caused in Washington, this doesn't seem like an adequate explanation for the Kennedy administration's evident disinclination to pursue threats of retaliation against Canada, or even to carefully consider them. The absence of retaliatory linkages in this case could be attributed in part to anticipated resistance from domestic "blocking" coalitions, particularly with respect to military cooperation, but the principal obstacle to linkages here seems to have been normative self-restraint.

²⁹ Interview with senior State Department official, Washington, August 2005.

³⁰ This account of the dispute is based on my dissertation research. See also: H. Basil Robinson, *Diefenbaker's World: A Populist in Foreign Affairs* (Toronto: University of Toronto Press, 1988), esp. chs. 20, 23, 27-29.

³¹ Jocelyn Ghent-Mallet, "Deploying Nuclear Weapons," in Don Munton and John Kirton, eds., *Canadian Foreign Policy: Selected Cases* (Scarborough: Prentice-Hall, 1992), p. 102.

While direct retaliatory linkages were conspicuously absent in the nuclear weapons confrontation, grudge linkages had important effects on the process and outcomes of this and other, concurrent disputes. Lower-level bureaucrats and military officers continued to manage the day-to-day business of the bilateral relationship as best they could, but the rapidly-accelerating escalation of personal tensions between Diefenbaker and Kennedy had a chilling effect on diplomatic engagement to resolve ongoing frictions over co-management of balance of payments problems, the Seafarer's International Union strike, and US trade restrictions on oil, lumber, wheat, and lead and zinc.³² The White House essentially "[gave] up on" Diefenbaker, and refused to pay much attention to its requests for renewed talks on these issues.³³ When Canadian officials asked their American counterparts for assistance with the Seafarer's Union, they received half-hearted expressions of support. But the White House was clearly not in the mood to go to bat for Canada against a powerful and well-connected transnational labour union, and it made absolutely no effort to intervene on Canada's behalf.³⁴

Grudge linkages are probably important in every international relationship, but they seem to be especially important in the Canada-US context, for at least two reasons. First, because the relationship with Canada is so important and so complex, yet receives so little sustained and critical attention in Washington, it is that much more likely to be governed by broad impressions of the way the overall relationship is going. Second, as Safarian noted, the virtual foreclosure of "hard" retaliation options pushes US foreign policy-makers toward grudges by default.

An independent foreign policy for Canada? – then and now

A number of things have changed since the *IFPC* roundtable was published in 1968, and these developments have had important effects on the way that bilateral conflicts are managed. Most obviously, the Cold War came to an end, removing one of the more important rationales for US self-restraint vis-à-vis Canada. In fact, the strategic basis for US restraint started to unravel in the 1960s, as the need for forward defence against a Soviet manned bomber attack was displaced by ICBMs, and continued to recede through 1970s and 1980s, as Canada's alliance contributions steadily deteriorated, in both relative and absolute terms.³⁵

At the same time, economic interdependence between the two countries continued to expand and deepen. The US had been hugely important to the world economy in the 1950s and 1960s, but the world economy was not so important to the US, as the vast majority of American jobs and investments still depended on the home market. As the US became increasingly embedded in the international economy, economic developments abroad began to have politically-important effects on American firms and workers, and they in turn began to put more pressure on the White House and Congress to defend their interests against foreign competitors. As mentioned previously, Keohane and Nye argued in 1977 that the extraordinary scale of economic interdependence between Canada and the US helped to strengthen the Canadian bargaining position, by fostering domestic coalitions in the US with a stake in blocking potential issue-linkages. But we can also see in retrospect that deepening interdependence also created new challenges for Canada, by catalyzing the emergence of coalitions with a stake in more aggressive bargaining strategies, which might press their government to pursue retaliation as a way to force changes to Canadian economic policies.

³² See: Legere to Bundy, no date, "Subject: Follow-up with Canadians on Hyannis Port," White House Staff Files, Myer Feldman, John F. Kennedy Library.

³³ Robert F. Kennedy, quoted in Nash, *Kennedy and Diefenbaker*, p. 11.

³⁴ Charlotte S.M. Girard, *Canada in World Affairs, Volume 13 – 1963-65* (Toronto: CIIA, 1980), pp. 72-78.

³⁵ Denis Stairs, "Myths, Morals and Reality in Canadian Foreign Policy" *International Journal* 57 (Spring 2003): 239-256.

These two developments, in combination, undercut the US executive's willingness and ability to use national security rationales to deflect domestic pressure to "get tough" with Canada. During the 1950s and 1960s, the management of the United States' relations with Canada was firmly in the hands of a self-reproducing network of "Canada-watchers" who were strongly committed to the "partnership" approach to conflict management and the associated norm against coercive issue-linkage. This network of generally-sympathetic bureaucrats, and thus the salience of the "diplomatic culture" they followed, was massively undercut by the transformation of US foreign policy decision-making in the 1970s. The war in Vietnam and the Watergate scandal effectively smashed the "imperial presidency," and, in combination with the concurrent weakening of the State Department and the breakdown of the seniority-based committee system in Congress, led to a radical fragmentation of control over US foreign policy. The result was that engagement with the US became much more complicated and unpredictable, with many more hands on the steering wheel, and far fewer of them with any real knowledge of or interest in the smooth running of the larger bilateral relationship.

Over the last thirty years, moreover, the bilateral relationship became increasingly enmeshed in a web of formal institutional structures, including – but not limited to – the Canada-US and North American free trade agreements. In the early Cold War decades, most aspects of the bilateral relationship had been governed by informal, bilateral agreements or tacit understandings, which were maintained and translated into policy by the transgovernmental network mentioned above. There were some prominent integrative regimes in place as early as the 1960s, such as the Defence Production Sharing Agreement and the Auto Pact, but these were exceptions to the broader tendency to bilateral informalism.³⁶ The CUSFTA and NAFTA set clear limits on the kinds of policy changes that were considered acceptable, and provided mechanisms for each country to pressure the others to follow the rules. At the same time, the transition from the GATT to the WTO further formalized the multilateral trade regime, and pushed institutionalized limits on state autonomy into new "behind-the-border" trade distortions, such as education, investment regulations and government procurement, and environmental regulation. These new institutional layers represent not only a set of general constraints on state autonomy in general, but also an additional barrier to certain kinds of issue-linkages.

The net effect of these developments on the salience of retaliation in Canada-US relations is complex and somewhat ambiguous. Simplifying things a little, it is possible to draw out a few key observations. In the early Cold War decades, the executive branch in the US was relatively coherent and had much greater discretion/latitude in managing the bilateral relationship, so its capacity to identify, pursue and effectively commit to retaliatory linkages was relatively high.³⁷ Its inclination to act on that capacity, on the other hand, was low, based in large part on policy-makers' commitment to the shared norm against coercive issue-linkage. Because the primary obstacle to linkages was a deeply-rooted set of ideas about how the relationship ought to be managed, US self-restraint went beyond direct retaliation, to discourage grudge linkages as well. Nevertheless, where the stakes in a particular dispute were particularly high and/or where provocative Canadian policies raised doubts about common interests and mutual trust, American officials were clearly prepared to make grudge linkages.

Beginning in the 1970s, the number of American policy-makers prepared to consider both retaliation and grudge linkages seems to have increased, but their capacity to actually make it happen seems to have deteriorated. The loosely-connected community of "Canada-watchers" in Washington continued to subscribe to the old bargaining norms, but their influence over bargaining strategy choices and related policy outcomes declined markedly. Pushing them out of the way were other executive foreign policy

³⁶ K.J. Holsti and Thomas Allen Levy, "Bilateral Institutions and Transgovernmental Relations between Canada and the United States" *International Organization* 28 (Autumn 1974): 875-901.

³⁷ The executive branch was also much better equipped to deflect pressure for retaliation from various domestic interests, through cooptation, concealment, or compensation.

agencies like the National Security Council, which was inclined to see Canada as a distraction from more pressing problems, and various “domestic” departments and members of Congress, both of which had strong incentives to be responsive to immediate pressures from various domestic interests, but few reasons to be attentive to the long-term health of the bilateral relationship. Pressures to “do something” about troublesome Canadian policies, and calls for retaliatory linkages, became much more common in Washington and had much more traction on executive decisions. Congress even began to experiment with its own capacity to make retaliatory linkages, as in the 1978-80 initiative to withdraw the Canadian exemption from taxes on professional conventions held abroad, in order to force Canada to back down from new tax laws that hurt US-based television broadcasters.³⁸

However, this new inclination to “get tough” with Canada did not lead to a sudden outbreak of retaliation, because the same fragmentation of power that undercut the transgovernmental network also created new obstacles to the making of issue linkages. The breakdown of hierarchy within both the executive branch and Congress made it easier for mobilized domestic interests to access, and exert pressure on, the policy-making process.

One consequence of this new responsiveness was that it became increasingly difficult for US officials to conceal, justify, and protect special exemptions for Canada in a variety of policy areas. Favourable informal understandings like the voluntary export restraint arrangement for Canadian oil in the 1960s and one-sided formal agreements like the Auto Pact became more and more difficult to sustain, and virtually impossible to create. The silver lining on this cloud, in terms of Canada’s foreign policy independence, was that it effectively removed the most likely bases for retaliatory linkages. Because these early Cold War-era special exemptions were generally much more favourable to Canada than what would have been worked out through hard bargaining between the two sides, they represented an important reservoir of “unexploited bargaining power” for the United States.³⁹ As they became less common and less favourable to Canada, the potential vulnerability that was built into them went away as well.

The other important consequence of the fragmentation of power in the US was that, while it made it easier for aggrieved domestic interests to push the White House and Congress for retaliatory linkages, it also made it easier for groups that might be hurt by those linkages to anticipate and oppose them. One example of this came out of recent speculation that American frustration with Canada’s decision to opt out of the war in Iraq might make the US more inclined to take a tough stand in the ongoing dispute over softwood lumber. The home-builders’ lobby in the US responded to this potential threat immediately, stepping up its efforts to lobby Congress and embarking on a major public relations campaign against strict import restrictions.⁴⁰

It is important to recognize that the new mechanics of issue-linkage within the more fragmented American political system apply not only to direct retaliation, but also to grudge linkages. In that sense, these long-term historical developments have reinforced the general tendency for the foreclosure of “hard” linkage options to push US policy-makers toward “soft” linkages. But they have also complicated the way that grudge linkages work.

³⁸ Donald K. Alper and Robert L. Monahan, “Bill C-58 and the American Congress: The Politics of Retaliation” *Canadian Public Policy* 4 (Spring 1978): 184-192.

³⁹ For a general theoretical discussion of the importance of “unexploited bargaining power” as the key to political leverage in asymmetrical interdependence, see: R. Harrison Wagner, “Economic Interdependence, Bargaining Power and Political Influence” *International Organization* 42 (Summer 1988): 461-483.

⁴⁰ National Association of Home Builders (NAHB), “Rush to Reach Lumber Deal Could Have Long-Term Impact on Housing Affordability,” June 15, 2006: http://www.nahb.org/news_details.aspx?newsID=2771 (accessed May 1, 2007).

These continuities and changes are illustrated in recent tensions over the Chrétien government's decision not to support US intervention in Iraq and the Martin government's decision not to formally participate in the ballistic missile defence program. Canadian participation/support were certainly not indispensable to the US in either case, but the two back-to-back refusals – and the way in which they were delivered – stirred up a great deal of frustration in Washington, and seem to have provoked a broader reappraisal of Canada's value and reliability as an ally and diplomatic supporter.⁴¹ Eruptions of this frustration in the press fueled speculation about retaliatory linkages, particularly with respect to tightened border security protocols. The issue of border security reform was well within the White House's reach after 9/11, and the executive branch had a fair amount of latitude in setting the terms of US policy on this issue, but this was not – and still is not – an especially promising basis for retaliation. There is no question that severely tightened border security measures would hit the Canadian economy hard. But they would also have readily-identifiable, substantial, and concentrated effects on politically-powerful interests in the US, particularly multinational companies whose transnationalized production networks might be massively disrupted.⁴² In fact, there are very few promising scenarios today for the United States to initiate new policies which might impose harm on Canada, without triggering tidal waves of domestic opposition. In that sense, Keohane and Nye's arguments about the implications of interdependence seem to have been (belatedly) confirmed.

There were, however, a variety of ways in which the political executive could make grudge linkages, by withholding attention and support in other concurrent disputes, and there is a fair amount of circumstantial evidence suggesting that it did so through 2004 and 2005. There were, during this period, a number of US policy changes pending or recently-undertaken which clearly hurt Canadian interests, and stirred up intense political pressure on Ottawa to deflect or overturn them. The most prominent of these were the long-running protectionist campaigns against Canadian lumber and beef, and North Dakota's new Devil's Lake water diversion project. Each of these three issues, like many diplomatic frictions over the last thirty years, involved an indirect challenge to longstanding bilateral understandings or agreements, which had been initiated and driven forward by local interests in the United States, and enabled by Congressional parochialism and opportunism. They were, in other words, classic examples of Plumtre's "erosive rats...nibbling away" at the bilateral order.

George W. Bush's White House didn't do anything to make these problems worse for Canada, but neither did it do anything to make them better. In American eyes, Chrétien had been an eccentric and unreliable partner, too ready to provoke or embarrass the US just to win a few political points with the home crowd. Martin had appeared committed to getting the relationship back on track, but in the missile defence decision he seemed to be just as ready to put domestic politicking ahead of bilateral partnership. Why should the US do things any differently?⁴³ The Bush administration's resentful disinterest in Canada's problems had a crippling effect on the day-to-day governing of these issues and on bureaucratic efforts to reinvigorate stalled negotiations. After the Liberals were replaced by Harper's unabashedly-continentalist Conservatives in 2006, official talks on beef and lumber resumed in earnest, and formulas were quickly found for temporary "resolutions" of the conflicts. Neither of these political settlements was as good as the new government in Ottawa might have hoped for, but they seemed at the time to be much better than living with the politically combustible and economically draining status quo.

Retaliation and "independence," revisited

⁴¹ For example: Dwight Mason, "Canada and the Future of Continental Defense: A View from Washington" *CSIS Policy Papers on the Americas* 14 (September 2003).

⁴² Peter Andreas, "A Tale of Two Borders: The US-Mexico and US-Canada Lines after 9/11" Center for Comparative Integration Studies, Working Paper 77 (May 2003).

⁴³ Interview with senior State Department official, Washington, August 2005.

The preceding discussion suggests two main conclusions that can be drawn about how coercive linkages work in the Canada-US relationship, and how they might be important in thinking about the nature and limits of Canada's foreign policy "independence." First, the management of diplomatic tensions and conflicts of interest works differently in the Canada-US context than in other international relationships. Retaliation, as defined here, is a normal and pervasive feature of world politics. There are of course a number of strategic and political challenges involved in using retaliation (or the threat of retaliation) effectively, but these are often overcome where the stakes are high and viable linkage scenarios are available. In the Canada-US relationship, these practical obstacles are much more numerous and weighty, and they have historically been supplemented by deeply-rooted norms against coercive issue-linkages, so the bar for resort to retaliation is set very, very high. Though we have seen some bilateral conflicts over the last sixty years which have tested this threshold, we apparently have not yet seen any which have actually crossed it. Because retaliatory linkages have essentially been "off the table" in Canada-US relations, American frustration has been channeled toward what I have called "grudge" linkages instead. These grudge linkages set up a very subtle and complex diplomatic dynamics, in which signals of resolve are often cryptic, Canadian politicians and officials have strong incentives to try to build up and maintain their stock of "diplomatic capital" in Washington, and Canadian vulnerability often depends on ephemeral configurations of executive control in the United States.

Second, the basis for American self-restraint has evolved over time, based on long-run historical changes to the institutional structure of US foreign policy-making. In the 1950s and 1960s, the executive branch in the US was in a position to engineer direct retaliatory linkages in especially high-stakes disputes, and to pursue grudge linkages pretty much at will. The main obstacle to coercive linkage during this period was the policy-makers themselves, or rather their commitment to shared diplomatic culture, which ruled out coercive linkages as fundamentally inappropriate in the Canada-US context. After the early 1970s, with the increased sense of vulnerability among domestic interests in the US, and the fragmentation of control over foreign policy-making, the old normative barriers to coercive linkage began to crumble, and the US was increasingly inclined to consider both direct, retaliatory and less-direct, grudge linkages. However, this same fragmentation of political power also created new obstacles to the pursuit of effective issue-linkages, by enabling relevant bureaucratic and societal groups to fight against dislocations that might sacrifice their interests for the sake of others. The result has been a much more contentious and often confusing pattern of bilateral diplomacy, where anxiety about possible retaliation is pervasive and intense, and government officials on both sides are often frustrated by their inability to influence one another's policy choices and/or satisfy demanding constituents at home.

Canadian thinking about how best to manage the relationship with the US has also evolved over time. In the early Cold War decades, Canadian officials and diplomats were relatively confident about the bases and extent of US self-restraint, and therefore tended not to spend a lot of time worrying about the threat of retaliation. At the same time, they recognized how frequently favourable settlements in the past had depended on timely and energetic interventions by sympathetic and far-sighted members of the executive branch, and so also recognized the potential risks involved in failing to cultivate and maintain goodwill in the White House and the State Department. They didn't lose a lot of sleep worrying about grudge linkages, but they did work hard to maintain the spirit of "partnership" and they were often prepared to sacrifice gains in particular disputes when they believed that doing so would keep the larger relationship running smoothly.

In retrospect, it seems clear that Canada had little to worry about in terms of grudge linkages during this period, at least relative to the way things have been since the early 1970s. As the impacts that political and economic developments outside the US could have on various domestic interests intensified, and control over foreign policy-making became more fragmented, the US government became less generous and forbearing, more and more likely to argue in public about how best to "get tough" with foreign trouble-makers, and increasingly inclined to consider coercive linkages. In this new political environment, US

officials often have irresistible incentives to talk tough, and may find it politically risky to be seen to create or maintain favourable deals for Canada, or even to come to the bargaining table with them, while recent Canadian policies are churning up resentment among domestic constituents. Canadian priorities and strategies have also become increasingly “politicized,” and Canadian political leaders have been much more inclined to stir up speculation about retaliation while in opposition, and to make a show of pushing at the limits of US restraint while they are in office.

The new US foreign policy dog certainly has more bark, but it doesn’t necessarily have more bite. The fragmentation of power within the US, and the ever-tightening straitjacket of global market pressures and international institutional commitments, seem to have made it much harder for American policy-makers to translate their new inclination to make coercive linkages into diplomatic practice. But these new obstacles to linkage are less thorough and pervasive than the old ones. Whether or not the United States is willing and able to make grudge linkages in any given case varies over time, and from one issue area to another, depending on complex, shifting domestic political alignments within the US.⁴⁴

This obviously doesn’t make it any easier for Canadian officials, or the general public, to think strategically about how best to engage with the US. In recent years we have seen both a smug complacency that seems to assume nothing important has changed since the 1960s and a near-panic that seems to believe that Canada has entrapped itself into a subordinate relationship cemented by perpetual bullying and intimidation. Neither is correct, and both are potentially dangerous as guides to diplomatic strategy. In fact the bases for grudge linkages – like the process and outcomes of foreign policy-making in the US more generally – has become increasingly complex over time, and so therefore have the sources and limits of Canada’s foreign policy autonomy.

⁴⁴ Brian Bow, “Out of Ideas? Models and Strategies for Canada-US Relations” *International Journal* 62 (Winter 2006-07): 123-144.