

The interest each minister exhibited in the other's country fostered the development of the relationship. By the mid-1950s, there was a flurry of new bilateral activity. In 1954, for example, the two countries' departments of immigration, aware that each confronted similar problems in settling the wave of postwar European immigrants, established the first of many inter-governmental exchange programs. At the same time, stimulated by the postwar economic boom, officials began to dismantle those tax barriers that discouraged investors from seeking new investment opportunities in the other country. By the end of the decade, Canadian direct investment in Australia had more than doubled.³⁵

Not everyone seemed aware of these promising developments. In a 1956 opinion poll, for example, only 22 per cent of Canadians could identify the Australian capital. Australians were only slightly better informed; 26 per cent correctly named Ottawa as the capital of Canada.³⁶ Flush with grants from a youthful Canada Council, however, academics from each country were drawn to the study of the other. Industry, too, was aware of the changes in the relationship. In 1955, James Duncan, the president of the Canadian farm machinery manufacturer, Massey-Harris-Ferguson, drew together a blue-ribbon panel of Canadian and Australian business executives to promote economic and cultural cooperation. The quickening pace of bilateral relations attracted the attention of Pearson's cabinet colleagues. In 1955, Canada's ubiquitous "minister of everything," C.D. Howe, visited Australia in his capacity as deputy prime minister. Howe's visit, which led to a 1959 agreement on nuclear cooperation, heralded a slow but steady stream of Canadian visitors that culminated in 1958 when John Diefenbaker became the first Canadian prime minister to visit Australia.

A good many of these visitors were struck by Australia's potential as a market for Canadian products. Canadian exports had remained stagnant for most of the 1950s, constrained by the import restrictions that Australia imposed to protect sterling's weak foreign exchange position. This hiatus gave the booming Australian economy an opportunity to redress its perpetual trade deficit with Canada, and exports to Canada doubled during the decade.³⁷ As Australia gradually liberalized its import regulations in the late 1950s, there were grounds to hope that the warm political partnership might secure preferential access for Canadians to this strong economy. After two years of discussions, which were complicated by Canadian efforts to protect its dairy and agricultural industries, a new trade agreement with most of the substantive provisions found in its 1931 predecessor came into effect in June 1960. When combined with Australia's decision to lift the last of its import restrictions, its effect on trade was dramatic. In three years, Canadian exports to Australia almost doubled from \$54.2 million in 1959 to \$105 million in 1962. By 1964, they had jumped to almost \$146 million.³⁸