

to accelerate their efforts to expand continental defence facilities to meet the anticipated Soviet threat (Documents 448 to 462). Even so, it took most of the year for Ottawa to agree to an American request for a distant early warning line stretching across the arctic (Documents 446 to 490). By then, policy-makers in the Departments of National Defence and External Affairs were beginning to confront the probability that the United States would eventually wish to establish some form of joint command over Canadian and American forces assigned to the defence of North America (Documents 469, 476, 478 and 486). In dealing with these two questions (and indeed, with the other defence issues that make up the first half of the chapter on relations with the United States), Ottawa's perspective was characterized by both a willingness to cooperate and a careful regard for Canadian sovereignty.

Canadian-American relations were distinguished by the host of natural resource and trade questions that arise normally from the close continental partnership. At long last, the United States Congress signalled its willingness to move ahead with the St. Lawrence Seaway, albeit with a set of conditions that required lengthy negotiations with Ottawa before construction could begin (Documents 559 to 580). Even then, the project remained beset by technical uncertainty and petty bickering (Documents 581 to 588).

Similar problems occurred elsewhere in North America. Canadian policy-makers, for instance, were alarmed by Congress's efforts to increase the volume of water diverted southward from Lake Michigan at Chicago (Documents 612 to 621). Further west, the two countries began to wrestle seriously with the long-term implications of developing the Columbia River (Documents 600 to 608). At the same time, the Department of Trade and Commerce watched uneasily as Canadian natural gas found its access to the American market restricted (Documents 589 to 595). What all this meant seemed clear: "One of the most important policy problems now coming into focus ... is concerned with the terms and conditions under which certain Canadian exports of energy — natural gas and water power — may be exported to the United States."⁶

More traditional trade irritants were also present in 1954. The problems created for Canadian wheat and cheese exports by new legislation in the United States aimed at reducing that country's agricultural surplus (Documents 513 to 522) figured prominently in the first meeting of the cabinet-level Joint Canada-United States Committee on Trade and Economic Affairs (Documents 523 to 558). So too did the future of the General Agreement on Tariffs and Trade (GATT), and the growing number of restrictions a protectionist Congress placed on imports to the United States.

The future of GATT, American protectionism and Europe's progress toward convertibility were the interrelated subjects of a protracted international discussion on trade liberalization. It unfolded in Sydney, where the Commonwealth finance ministers met in January (Document 385), and in Washington, where the Canada-United States Joint Committee gathered in March (Document 525). From there, it

⁶ O.W. Dier to F.H. Soward, October 15, 1954, DEA File 5420-40, National Archives of Canada.