

MAP 5

square foot of the British North American possessions clear to the North Pole." (Accusing the Liberals of being soft on the "imperial connection," and using "No truck nor trade with the Yankees" as a campaign slogan, the Conservatives won the election, toppling the Laurier government and sending reciprocity into dormancy again (Ellis, 1939; Naylor, 1975; Diebold, 1991).

Finally, in the depths of the Great Depression of the 1930's, the Roosevelt administration, at the instigation of Secretary of State Cordell Hull, proposed a new trade treaty that would provide major tariff reductions (but not full reciprocity) and, most important, exclude Canada from the notorious Hawley-Smoot Tariff of 1932. This agreement, sought by Canada since 1866, was quietly signed in 1935. Again, it was a belated acknowledgement that as in the previous century, the north-south trade flows always exceeded the east-west, and American goods and capital surged into Canada while Canadian resources expanded into new U.S. markets.

During the years of the Second World War, the benefits of reduced tariffs and increased trade were apparent to both countries, but an attempt to expand the 1935 agreement into a full reciprocity treaty in 1947 proved politically difficult to sell in Canada. In a major radio address from London, Prime Minister McKenzie King explained to Canadians that he was cancelling scheduled meetings in Washington DC on this treaty at the last minute in order to seek, at a later date, "real reciprocity" with the U.S. (Granatstein, 1987; Bennett et al., 1989). It would not be until the 1989 Free Trade Agreement that the elusive dream of "real reciprocity" would become reality, to be followed in 1993 by the North America Free Trade Act.

During the decades following World War II, trade between Canada and the United States grew into what is today the largest bilateral trade