

dismantle its system of imperial preferential tariffs on timber and grain, leaving Canada in a somewhat awkward position (Bennett *et al.*, 1989).

To offset the loss of British markets, Canada in 1854 entered into a Reciprocity Treaty with the United States. This treaty was very favorable to Canada in that it provided reciprocity for natural resources in return for American fishing rights in inshore waters. By 1855, imports from the U.S. exceeded those of Britain for the first time, a pattern which increased as world grain prices rose astronomically during the Crimean War (1856-1859) and the U. S. Civil War (1861-1865). In 1866, the United States abruptly terminated the treaty, primarily because of the postwar collapse of demand for Canadian resources, but also in retaliation for perceived British and Canadian support for the Confederacy. There is also speculation that this was a way of seriously weakening Canada for an eventual political takeover. In a panic, the Canadian colonies pursued Confederation with one another as their only salvation from economic abandonment by Britain and the "Manifest Destiny" threat from the United States (Taussig, 1920; White, 1989).

After decades of pursuing a new reciprocity treaty with an increasingly indifferent and preoccupied U.S., the issue appeared again in 1911 when an agreement was hammered out between the Taft and Laurier administrations. This would have allowed free trade in natural resources and agricultural commodities, with concurrent tariff reductions on manufactured goods. Again, this treaty would have been generally beneficial to Canadian farmers and consumers. But the treaty met with enraged opposition from Canadian manufacturers and some dissident Liberals, who saw it as a wedge for an American takeover. The Speaker-Elect of the U.S. House of Representatives merely added fuel to the fire by declaring, with regard to the treaty, "I am for it, because I hope to see the day when the American flag will float over every