

liaison officer in London, watched the Canadian prime minister with bewildered fascination:

Surely no one man can claim credit for having done so much as Mackenzie King to damage what remains in these autonomous days of the fabric of the British Empire. His efforts to make political capital out of his domestic nationalism are analogous to a vandal who pulls down a castle in order to build a cottage.¹⁴

The subject of postwar trade, which was increasingly bound up in the debate over the imperial connection, was equally divisive. Laurier's failure to conclude a commercial treaty had not materially harmed bilateral trade. Indeed, the war provided a tremendous boost to the sale of Canadian forestry products, metal manufactures and auto parts in Australia. But access to this market, which became more important as a postwar recession deprived Canada of its American sales, was threatened. In 1921, Australia introduced steep new tariffs on Canadian newsprint at the same time as it announced its readiness to conclude trade treaties with members of the British Empire. In October 1922, Mackenzie King's minister of trade and commerce, James Robb, set out for Australia in renewed pursuit of a bilateral trade agreement.

The Australians proved to be tough bargainers. As was the case during earlier rounds of negotiations, there was little incentive for them to conclude a reciprocal trade agreement. Australian officials also resented Mackenzie King's reluctance to seek a broad imperial solution to the postwar slump in trade. In their view, any agreement with Canada would merely assist American subsidiaries operating in the dominion at the expense of companies from Britain. For over two years, the discussions dragged on before Canadian negotiators were forced to give in to Australian demands in order to preserve the market for British Columbia's forestry products. In exchange for receiving important concessions on canned salmon, auto parts and paper, Canada reduced its duties on Australian meat and butter and increased the margin of preference enjoyed by Australian dried fruit.

The 1925 agreement was soon the source of some controversy. It was strenuously opposed by Canadian farmers, who feared new competition from imported Australian meat and butter. Canada's conciliatory prime minister fretted about the accord which caused this noisy debate and condemned the minister responsible. Mackenzie King's liberal philosophy was offended by the prospect of raising Canadian tariffs on imports from third countries in order to give Australia an increased margin of preference for dried fruit. Moreover, these provisions were aimed primarily at the United States just as trade between the two North American countries had begun to recover. The prime minister gave the accord only lukewarm support, and no sooner had the agreement been approved than he delighted in crippling one of its main provisions. An