

## Fast Forward

### Free Trade

Canada had free trade with the United States from 1854 to 1865. Today we have free trade once again. On 1 January 1989,

Canada and the US signed a Free Trade Agreement (FTA) allowing many goods to cross the border without tariffs. Some people saw the deal as a key to economic prosperity for Canada. Others warned of a possible American takeover of the Canadian economy.

On 1 January 1994, Canada entered the North



American Free Trade Agreement (NAFTA) with the United States and Mexico. This joined North Americans into a single trading region from the Yukon to the Yucatan. Canada, Mexico, and the United States provided open access to each other's markets for most goods. Free trade agreements are part of a growing trend today toward **globalization**—the freer exchange of goods and services across international borders around the world.

Strange as it may seem, there was very little trading among the British North American colonies themselves. When they did exchange goods with one another, they always charged high tariffs. When wheat was sent from Canada into the United States, it crossed tax-free into that foreign country. But when wheat was shipped to New Brunswick or Nova Scotia, it was taxed!

During the 1860s, the colonies began to worry that the United States might end the reciprocity agreement. Americans were saying they were losing money by allowing British North American goods into their country tax-free. Americans were growing hostile toward the colonies. They were upset because of the British support of the South during the Civil War. In 1865, the United States announced that it intended to end the Reciprocity Treaty.

The British North American colonies were thrown into a panic. The only solution seemed to be free trade among the colonies themselves. If the colonies were united, it would be easy and logical for them to trade with one another.

### RECIPROCITY WITH THE UNITED STATES, 1854



A Reciprocity Agreement was signed with the US in 1854. The United States could fish in the waters off the Atlantic colonies. Both countries would allow the products of farms, mines, and sea to cross the border tax-free. When the Reciprocity Agreement ended in 1865, the British North American colonies faced economic turmoil.