**How Important Was International Trade?**

**Canada’s Economic Patterns**

* Canada had a small economy and needed strong economic partners in order to increase its prosperity;
* Divided opinion whether economic future lay with Britain or the United States;
* Canada’s Balance of Trade was negative with the United States and positive with Britain;
* Britain also invested four times more money into Canada than the United States;
* However, the United States was catching up to Britain as the most powerful nation in the world, and people began to recommend closer ties with the USA.

**Laurier and Reciprocity**

* By 1911, Laurier was convinced that Canada’s economic future lay with USA;
* Representatives reached a reciprocity agreement;
* Allowed duty-free on natural products across the border and reduced duties on manufactured goods;
* Borden’s Conservatives were able to convince the House of Commons that reciprocity with USA was bad.

**The Election of 1911**

* Laurier called an election to make reciprocity the main issue;
* If voters returned the Liberals to office, he would get the House’s approval for the treaty;
* Laurier no longer wanted compromise but rather victory;
* Borden would win a majority government.

**The Results of the Election of 1911**

* Laurier had won victories in 1896, 1900, 1904, and 1908;
* He had been Prime Minister for 15 years;
* This time he was defeated;
* Many thought he was finished as a politician, but he remained Liberal leader for eight more years until his death in 1919.

**Conclusion**

* Reciprocity had no future in Canada;
* The voters returned the Conservatives to power;
* For the immediate future, Canada would still be economically tied to Britain;
* 1911, voters chose British ties over American ones;
* Within three years, Canada was at war on the side of Britain against Germany.