**Factors Leading to Confederation**

**Economic Depression**

Adding to the country’s financial difficulties was [Britain’s](http://maps.google.com/maps?ll=51.5,-0.116666666667&spn=10.0,10.0&q=51.5,-0.116666666667%20(United%20Kingdom)&t=h) adoption of [free trade](http://en.wikipedia.org/wiki/Free_trade) with all of North America in **1846**.  Before free trade, Canadian wheat had paid a lower duty (fee) on entering Britain than wheat from the [United States](http://maps.google.com/maps?ll=38.8833333333,-77.0166666667&spn=10.0,10.0&q=38.8833333333,-77.0166666667%20(United%20States)&t=h).  As a result, the Americans were sending their wheat to Canada to be ground into flour, and then exporting it to Britain under the Canadian preference.  This led to the creation of many flour mills in Canada and increased business for the shipping industry, transportation and longshoremen.

When Britain adopted free trade, the Canadian preference ended.  The milling and shipping business was ruined and there was a depression with unemployment.  Canadians were moving to the United States where conditions were better.

**Debt over Railways**

Railways were all the rage in the 1850s. They were seen as the great indispensable key to economic prosperity. Unlike canals, which had previously been the main transportation routes in the Canadas, railways could go anywhere and they could go year-round. They weren't dependent on nearby waterways and they didn't freeze up for four months of the year. A trip from Toronto to Montreal that had taken the early pioneers weeks to travel, could now be done in less than a day. People in rural communities could read newspapers that had been published just the day before in the city. And the telegraph lines that ran alongside the railways, speeded up communications, too.

During the 1850s almost 3000 kilometres of railway track were built in the Canadas. These were very expensive projects and usually required investment from outside the country. Even this was not enough, though. The government soon became involved in backing or guaranteeing loans for railway construction. Because of these guarantees (which often left the government holding the bag on loans that were never repaid), many railway building projects expanded too much and went over their heads in debt. Although there was tremendous excitement and emotion attached to railway building, the railways, themselves, were never very profitable.

When the Grand Trunk Railway was finished in 1859 it was the longest railway in the world. It linked the interior of British North America to an ice-free Atlantic port in Portland, Maine and included the Victoria Bridge, a major feat of engineering which crossed the St. Lawrence to the island of Montreal. By the time it was built, the Grand Trunk was $60 million in debt. That was a lot of money in those days, when a penny could by you a bag of candy. The government agreed to help out, a decision which probably had something to do with the fact that six of the railway company's twelve directors were also executive members of the government.

**Changing Economy**

During the 1850s new industries were growing up in Canada. First of all, there were all the businesses that were associated with railway development like engine foundries, metal workshops and rolling mills, as well as the thousands of workers required to build and maintain the tracks. Then, as towns began to appear along the route of the railway, other industries were added - flour mills, breweries, boot factories, wagon manufacturers. Ironworks were particularly important during this rising industrial age. And the production of tools and machines for farming would become another major industry, serving the rich agricultural lands of Canada West.

The beginnings of industry in the colonies coincided with the decline of the old mercantile system where Canada traded its wheat, lumber and other raw materials for manufactured goods from Great Britain.

**American Civil War & Manifest Destiny (1861-65)**

The northern states fought against the southern states in a civil war between 1861 and 1865. The industrialized north finally won, defeating the southern Confederacy. One of the main issues was slavery. The southern states wanted to break away from the north and continue to use slavery. The north was antislavery.

During wartime a country's industry and agriculture are disrupted. At the same time they have an army of men they need to feed and clothe. Canada enjoyed a boom in its economy during the war, because our products were needed by the Americans and our trade greatly increased.

There was also a war in Europe at the time, the Crimean War, which increased the demand for Canadian goods even more.

After the Civil War, though, Canadians began to fear that the victorious northern states would turn their armies on Canada. Britain had supported the south during the war and Canadians expected retaliation for that. Also, there was a vocal movement in the States which claimed that it was their country's **Manifest Destiny** to control all of North America.

Manifest Destiny was a phrase that expressed the belief that the United States was destined to expand and control all of North America from the Atlantic seaboard to the Pacific Ocean. It was a phrase also used to advocate for or justify other territorial acquisitions. Advocates (supporters) of Manifest Destiny believed that expansion was not only good, but that it was obvious (“manifest”) and certain (“destiny”).

These fears increased the motivation of Canadians to unite. They also spurred on railway building plans as Canada hastened to lay claim to the vast western plains.

**Fenian Raids 1866**

Another factor which spurred on the idea of Confederation was a series of attacks on the Canadian border from the Fenians in the summer of 1866. Fenians were a secret society of Irish Catholics who had emigrated to the United States, but were still committed to Irish independence from Great Britain.

Since the North American colonies were the closest place they could attack Britain, they launched raids at several points along the Canadian border. They expected the colonists to give in willingly, especially the Irish immigrants and the French Catholics. They were mistaken. Neither the Americans nor the Canadians supported them. But their attacks made Canadians realize how vulnerable they were and strengthened support for Confederation.

**Changing Attitudes in Britain**

In the mid-19th century the British attitude towards its colonies was changing. Many people were beginning to feel that the colonies cost too much to maintain. Aside from the cost of protective trade tariffs like the Corn Laws, there was the cost of maintaining the apparatus of political control. When the colonies began to approach Great Britain about Confederation and independence, the British were quite ready to give up their political hold on the colonies. But they intended to keep as much economic control as possible.