

be admitted into Brazil on very favorable terms. In fact the terms on which these American products were to be admitted into Brazil were more favorable than the terms accorded Britain. There was no help for it, and Brazil yielded to Mr. Blaine's proposition for reciprocity with what grace she could.

This transaction gives the United States, with protection, a more favored nation footing with Brazil than Britain ever had and probably ever will have under her free trade policy. Mr. Blaine used the protection lever most effectually in inducing Brazil to accord special facilities to American products, but Britain has no such lever to use, and she is fast losing even the advantages she had. This adaptation to and profiting by the vagaries of such protectionist nations as the United States and Brazil, by free trade Britain, that the *Globe* speaks about, is of infinitesimal value.

THE LOGIC OF PROTECTION.

THE Montreal *Herald* welcomes THE CANADIAN MANUFACTURER to the ranks of free traders because we advocate putting raw sugar on the free list and reducing the duty to a nominal amount on refined sugar: and it goes into hysterics because we advocate paying a bounty of, say two cents per pound upon all sugar manufactured in Canada. The violence of the hysterics is apparent when it attempts to show that this bounty to sugar producers would go into the pockets of the refiners.

The logic of protection is to encourage the production in Canada of whatever can be made here; and as to those things which cannot be made here, to make them as cheap as possible by low duties if duties must be levied for revenue, or by no duties at all if possible. There are strong reasons why the sugar duties should be removed; and there are other strong reasons why a bounty should be paid upon the production of sugar in Canada.

There never was a pound of sugar produced in Canada for commercial purposes such as is now imported for use in the refineries. The sugars imported into Canada are manufactured from cane and from beets. In the nature of things, sugar cane cannot be grown in this country, but the sugar beet can, and to as great perfection as in any other country. But the sugar beet is not grown here for sugar making, and it is not at all probable that it will be unless it is under the stimulus of a bounty as in other countries. Unlike many other industries, the business of refining sugar gives employment to comparatively few men. No Canadian industry is employed in producing sugar, therefore the removal of the duty would injure no Canadian industry. It is true large capital is invested in refineries, but the removal of the duty upon raw sugar would not affect them, if, as we suggested, a proper duty be maintained upon refined sugar, as in the United States. This duty upon refined sugar would afford protection to the refiners and enable them to keep their works in operation, the duty serving to exclude foreign refined sugar. If the Government can find a way to obtain in other directions the duties sacrificed by making sugar cheap—and that way can certainly be found—then the logic of protection demands cheap sugar. As long as the price of sugar in Canada and in the United States was about the same, in view of the necessity for the revenue

derived from it, it was well to maintain the duties; but now that they have cheap sugar in the United States there is a great incentive to smuggling, which incentive would be removed by the removal of the duty. There are several industries in Canada which will suffer great damage now that sugar is cheap in the United States unless it is made correspondingly cheap in Canada, or changes are made in the tariff granting them increased protection; and confectioners and all industries requiring the use of sugar are included in these. If these industries are not to be destroyed the Government must give them either increased protection upon their products, or make sugar cheaper than it now is.

The logic of protection, as we have said, is to encourage the production in Canada of whatever can be made here. Beet sugar can be made here; and it would require no wonderful or superhuman effort for the farmers of Canada to grow the sugar beet in quantities sufficient to produce all the sugar required in Canada. As it is, the agricultural labor of growing sugar cane and sugar beets, from which all of our sugars are made is expended by foreigners in foreign countries, and every dollar that goes to pay for them depletes the wealth of the country to that extent. But every dollar of this money would be kept at home and go to enrich our farmers and others if we raised our own sugar beets and manufactured our own sugar from them. If the payment of a bounty will ensure the establishment of this industry why not pay the bounty and have the industry? The only objectors would be such pessimists as the *Herald* and the soreheads who think with it. The farmers would not object, for it would enable them to diversify their crops, which would be very valuable, and they would receive in good hard cash the bounty that would be awarded them for the sugar produced if they were shareholders and part owners of their neighboring factories, in which their beets would be converted into sugar. The capitalists who invested in these factories would not object, for they would receive liberal remuneration for the use of their money; the employees in the factories would not object, for their employment would be certain and remunerative; the machinery builders and their skilled workmen would not object, because the establishment of the industry would open up a new field for them which would pay them well. Then by all means let us offer the bounty and establish the industry.

If the Government conclude to reduce or remove the sugar duties the loss to the treasury would have to be compensated by imposing duties upon articles now on the free list, or by increasing the duties upon articles already subject to duty. There are some Canadian products upon which export duties might and ought to be levied, among which we mention saw logs, fish caught by foreign fishermen in Canadian inland waters, and nickel ore and matte; it would be well to increase the duty upon pig iron to six or seven dollars per ton; upon wrought scrap iron to an equal amount; place steel rails upon the dutiable list, and impose the duties specified in the McKinley tariff upon most of the American manufactures coming into Canada. These changes would compensate for the loss of revenue incurred by making sugar cheap.

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