

having subsidized the consumers of this nation on food products as they have done since 1942, by a measure such as this should be asked to pay \$50 to \$100 extra in the matter of excise tax for that one piece of equipment? That is what has been done to them. I want to add my humble voice in protest just as strongly and as loudly as I can against that sort of legislation at this time.

I agree with the hon. member who has just taken his seat. I hope enough of us can be here to defeat the government on that sort of thing. I am receiving letters daily complaining about this matter, not only from dealers but from the people themselves who had been saving up a bit of money in difficult times to purchase that sort of equipment, to which they are certainly entitled in their homes at this time. I want to make that point. I hope the request made this afternoon by the hon. member for Kootenay West will be met, and that the minister will be able to release the tax on, I think it was a kerosene Frigidaire, because many people in the outlying points are able to get great use and comfort out of that equipment where hydro electric power has not been extended. I cannot understand the reasoning of the government at all. Certainly anything the minister has ever said has not proved to anybody in Canada why an excise tax should be imposed upon these articles listed in there as they are today. The people are entitled to something altogether better from the government of the day.

Mr. ABBOTT: I have not taken much part in this committee debate so far. We have been getting a series of speeches, and I think it is appropriate that I should say a word just at this time, because I want to try to put before the committee, if I can, some of the facts of life in connection with our overall current account position which is the fundamental reason for our exchange shortage. The position is this. We are taking certain measures to endeavour to correct our exchange position. One of them is to impose import restrictions to cut down on imports from the United States. Another is the imposition of excise taxes, which is the measure we are now considering, to accomplish two things. The primary purpose is to reduce the consumption of articles in this country which are either imported or contain a high import content. Canada's position is this. We have been producing at a high level, and we have been exporting substantial quantities of goods and merchandise to other countries.

Mr. MacNICOL: Giving it away, really.

Mr. ABBOTT: That is a point I am coming to. We have been doing that in a large measure on credit. A country can do that on credit, provided that it has a surplus of its production over its consumption to lend or to send to other countries. That was Canada's position up to about the end of 1946. Up to the end of 1946 the people in this country still were producing something in the order of \$400 million worth more of goods and services than they were consuming. But that position changed in 1947. In 1947 we consumed in this country just about what we produced. Nevertheless we continued to export to foreign countries, in order to assist in the reconstruction of those war-devastated countries, substantial quantities of goods. We did that on credit. We were able to do that by digging into our cash reserves, but we seriously impaired those cash reserves. If we are to continue to play our part in assisting in the reconstruction of these devastated countries, we can do so only in one of two ways. We must either increase our production in this country or we must reduce our consumption. It is just as simple as that. Unless we can re-create what the economists refer to as an over-all current account surplus, which we have not today, we cannot continue to do what we have done in the past. If we in this country want to live in a lush atmosphere with a high standard of living, with everybody buying all the refrigerators, hair curlers, toasters and automobiles they want to buy, well and good. But when I was speaking in Montreal not very long ago, I had occasion to say I do not believe that Canada can continue to live in an era of prosperity in the midst of a starving world. That is what this measure is intended to do—to reduce consumption. In my judgment the real criticism or the sound criticism of this measure would be that it does not go far enough. We should have covered a far wider field in an endeavour to reduce to some extent consumption in this country. That may not be a pleasant thing to say, but that is the position we are in. If we are to continue to play our part in world reconstruction, that is just what we have to do; we must increase our production or decrease our own consumption. Perhaps we can increase our production. At the present time we are operating under relatively full employment. People might work longer hours, of course; that is a possibility, or we might become more efficient. Speaking generally, however, I think it fair to say that both in the agricultural section of the economy and in the industrial we are operating nearly at full capacity.