of the purpose for which imported. This material is now being used in connection with the production of alloys for steel but the existing duty-free provision did not cover this use. Material for use in the manufacture of nicotine sprays will henceforth be admitted duty free. Forgings for the manufacture of scissors and shears will be admitted at the special rates now applicable to blanks for knives, forks and spoons. The proposed amendment of the item covering dressed lumber permanently removes an anomaly temporarily taken care of by an item due to expire on July 1, 1940. The only other tariff change provided for continues the reduced rates of duty that have applied for several years to imports of rayon fabric now being used in the manufacture of certain rubber tires.

The measure enacted during the special session last September, providing for additional duties of customs, is being amended. The additional duty on manufactured tobacco of all descriptions, except cigars, cigarettes and snuff, is increased from 5 cents per pound to 15 cents per pound, and the additional duty on cigarettes is increased from \$1 to \$2 per thousand. These increases are necessary to correspond with the additional excise duties which I have announced as applicable to domestic tobacco items.

In the case of tea, while no change is being made in the actual rates of additional duties imposed last September, the value brackets are being lowered to bring a greater quantity of the imports of tea within the scope of the tax of 7½ cents per pound. Previously the lowest rate of tax, 5 cents per pound, was allowed where the value was less than 35 cents per pound. Under the proposed change only tea valued at less than 22½ cents per pound will be entitled to the low 5 cents per pound rate. The two remaining value brackets are also reduced accordingly.

I may summarize the results of the new and increased taxes which we are recommending by stating that we expect them to produce an increase in revenue of approximately \$280 million for a full year. Of this total it is expected that about \$110 million will be paid into the treasury during the balance of the current fiscal year. The house will realize how difficult it is under present conditions to predict with any degree of precision the yield of some of these new taxes. But I give below the results of such estimates as we have been able to make:

	Full year	Balance of current fiscal year
Excess profits tax	\$100,000,000	\$ 25,000,000
Graduated personal income tax	58,000,000	nil
National defence tax	35,000,000	20,000,000
War exchange tax	65,000,000	50,000,000
Automobile excise tax	3,500,000	1,500,000
Taxes on tobacco and smokers' supplies	15,500,000	11,700,000
Taxes on radios, radio tubes, cameras and phonographs	1,500,000	1,100,000
Taxes on tires and tubes	1,100,000	800,000
Other excise taxes	500,000	400,000
	\$280,100,000	\$110,500,000

Earlier this afternoon I estimated \$650 million as the probable revenue for the present year without increases in taxes. Adding the \$110 million which we expect to receive as a result of these new taxes, we get a total estimated revenue of \$760 million. This may be increased somewhat as a result of prepayment of taxes because a number of individuals and corporations have already reported that they intend to make instalment payments in advance on account of their taxes which will not be due until next April. We can therefore take the figure of \$760 million as a conservative estimate of our aggregate revenues.

Taking our expenditures at \$1,148 million, our over-all deficit for the year would amount to \$388 million, but that assumes that our war expenditures will not exceed the \$700 million war appropriation already voted by parliament. There are still the further war commitments already made which I have roughly estimated at another \$150 million to \$200 million, and these will not be all. This means that in spite of the very heavy increase in taxes which I have proposed, it is not safe to count on an over-all deficit less than from \$550 million to \$600 million. This will be a staggering deficit, larger indeed than our total governmental expenditures during the depression years.

Whatever the total deficit may be, it will have to be met by borrowing except to the extent of cash on hand. We shall also have to raise funds to continue the repatriation programme which I have already described