

of funds for pleasure travel will be fixed at an amount not to exceed \$150 per person for those who desire to travel in a U.S. dollar area. Applications for travel funds when required for genuine reasons of business, health, or education will be dealt with on their merits. We take this step reluctantly since it limits the friendly contacts between our people and our neighbours to the south, but we simply cannot afford the large sums of U.S. dollars that Canadians are spending in pleasure travel.

Special Taxes on Durable Consumer Goods

Import restrictions alone will not be enough to keep down our use of goods which contain a high proportion of parts or materials from the United States. Many of these goods are produced on a large scale in Canada and we cannot properly limit and ration the imported parts and materials. I am, therefore, proposing to use the same fiscal devices as we used during the war to restrict purchases of this type of goods. The Government will ask Parliament to place an excise tax of twenty-five per cent on a wide range of these durable consumer goods, the purchase of which can normally be postponed by the average family if necessary and most of which are of a less essential character. This tax will apply to sporting goods, outboard motors, pleasure launches, firearms, oil burners, motorcycles, musical instruments, cameras, radios, phonographs and to most types of electrical home appliances. In some cases there is already a ten per cent tax that is to be increased to twenty-five per cent. In the case of automobiles, the present ten per cent tax is to be increased to twenty-five per cent on the value up to one thousand two hundred dollars with fifty per cent applying to the additional value up to two thousand dollars and seventy-five per cent on the excess over two thousand dollars. These taxes of course will apply on the manufacturer's price, not the retail price.

Taxes Designed to Limit Purchases

These new or additional taxes are not being proposed for the purpose of raising revenue. Their purpose is to limit expenditures on these goods and thereby on the steel and other imported materials or parts which they contain. We should partially defeat our objective if, after banning many such imports, domestic production of the same type of articles were to expand to fill the gap at the cost of further substantial imports of components and materials.

Tax Reductions

While the cold facts of our dollar position make it necessary to impose these special types of taxes, we are proposing to remove or reduce certain other taxes in cases where this should result in a lowering of the prices of essential goods which have to be purchased by all Canadian families. With this in mind I am proposing that the excise tax of one cent a pound on sugar be removed, that the import duty on tea from the normal sources be removed, that the duty on coffee be reduced, and that electricity and gas used in dwellings be exempt from the eight per cent sales tax.

Now that the Government's proposals have been announced, we propose to follow the usual budgetary practice of asking Parliament to make them effective from the time of announcement, and taxes at the new rates will therefore be collected on all sales by manufacturers and on imports, beginning tomorrow morning.