

more quotas, one including all leathers, all kinds of footwear, gloves, leather garments and luggage, and the other a group of sundry items including clocks and watches, cutlery, games, toys, sporting goods, and smokers' supplies.

Each of these four quotas will be divided into two parts - one part applying to imports from countries which we must pay in dollars and which we do not know to be short of dollars; the other part applying to imports from all other countries, being either countries which we do not need to pay in dollars or which are short of dollars themselves and whose trade we should encourage if we can. The quotas are set for each group of countries on the basis of twice the pre-war value of imports except for the textile quota which is four times pre-war. Individual importers share in the group quota in accordance with their share of the imports concerned during the twelve months ending June, 1947. The current rate of imports from the group of countries short of dollars is far short of the quota, and it will not be necessary to restrict these imports from such countries so long as their trade remains below the quota level. Imports from the first group of countries, however, will be under strict control and will generally be cut severely.

#### Import Controls Non-Discriminatory

This system of quotas is, of course, hard to explain in a short talk but detailed explanations and examples will be found in the newspapers tomorrow, and full details and instructions will be available to importers from their local collectors of customs. Goods now in transit to Canada will be admitted without reference to these new prohibitions and quotas, but this exemption will not apply to goods on order. The plan does not involve discrimination against imports from some countries in favour of the same goods imported from other countries. Prohibitions apply to imports from all countries; quotas are based on pre-war trade, and permit the maximum flexibility in their use that we can afford. In selecting items to be restricted we have, of course, endeavoured to pick those which we must pay for in U.S. dollars, and we have tried to interfere as little as possible with the export trade of those countries which are short of gold and foreign exchange.

#### Restrictions Effective Now

At the coming session of Parliament a special Bill will be introduced concerning these emergency restrictions. In order to avoid widespread anticipation and evasion of these restrictions in the next few weeks, which would cost us many millions of dollars that we cannot afford, we will ask Parliament to make this new law apply as from midnight tonight, and we will put these restrictions into effect in advance, as we do in the case of Budget proposals. This can be done under the provisions of the Foreign Exchange Control Act. At the time this Act was passed the Government did not believe that such power was contained in the Act, but we are now advised by the law officers of the Crown that it provides the legal basis for such restrictions as are proposed. In the urgent circumstances which face us, we have decided that this power should be used until Parliament has the opportunity to pass specific legislation.

#### Cut in Travel Expenditures

The travel restrictions which are going into effect are approximately the same as those which prevailed immediately after the war. Effective from November 15th, the annual ration